



INTEGRATED REPORT

FOR THE YEAR ENDED 31 MARCH

**20
25**



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OUR REPORTING SUITE

Our Integrated Report provides a comprehensive review of SENTECH's strategic direction, initiatives, operational and financial performance, and our progress in creating, delivering and preserving value over time. It outlines our approach to integrating the six capitals of the Integrated Reporting Framework into decision making and demonstrates our dedication to environmental, social and governance (ESG) principles.

Integrated Report

Our Integrated Report is our primary communication to our stakeholders, including our Shareholder, the Government of South Africa, which requires comprehensive reporting in compliance with established frameworks.

Sustainability reporting

Since adopting our ESG strategy to advance our sustainable development goals, we report on our sustainability contributions in our Integrated Report. Our sustainability reporting reflects our ESG strategy and the integrated thinking underpinning the six capitals approach.

Financial reporting

Our financial reports are comprehensive and provide detailed financial performance for the year ended 31 March 2025.

Regulatory and reporting frameworks

This report has been prepared in accordance with the following legislation, regulations and frameworks:

- SENTECH Act (No. 63 of 1996), as amended
- Companies Act (No. 71 of 2008), as amended
- Electronic Communications Act (No. 36 of 2005)
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)
- Integrated Reporting Framework
- International Financial Reporting Standards (IFRS)
- National Treasury Framework for Managing Programme Performance Information
- Public Finance Management Act (No. 1 of 1999) (PFMA)
- National Treasury Regulations (2005)
- Broad-Based Black Economic Empowerment (B-BBEE) Act (No. 53 of 2003)
- Protection of Personal Information Act (No. 4 of 2013)
- Independent Communications Authority of South Africa Act (No. 13 of 2000) (ICASA Act)



ABOUT OUR REPORT

We have prepared this Integrated Report for our Shareholder and our various stakeholders and used the <IR> Framework to compile it. It reflects integrated thinking at SENTECH.

In addition to providing comprehensive reports on financial and operational performance, it focuses on the organisation's corporate governance, socio-economic contribution, environmental management and its dedicated commitment to applying the principles outlined in King IV. It also outlines SENTECH's value creation methodology through its capitals as well as profiling other strategic issues as per SENTECH's Corporate Plan and Strategy.

This report is aligned with IFRS requirements, and all material issues have been addressed.

Scope and boundary

This report covers SENTECH's financial and non-financial performance for the financial year (FY) ended 31 March 2025.

Materiality

SENTECH applied a double-materiality approach to identifying the material matters disclosed in this report, assessing their significance to the Company and our stakeholders. This materiality determination approach included evaluating our impact on society and the environment and the impact of these material matters on our ability to create and preserve value over time. We intend to repeat this process annually to ensure continued alignment with our strategy and evolving operating context.

Combined assurance

The Board of Directors (Board) and its committees ensure the integrity of financial and non-financial reporting through a combined assurance model and an integrated approach to compliance, risk management and governance.

SENTECH's combined assurance model incorporates five lines of defence – management review, risk management and control, and internal and external assurance – to strengthen oversight. The Board and the Audit and Risk Committee use this combined assurance model to evaluate the effectiveness of the Company's management and internal controls.

Forward-looking statements

The report contains forward-looking statements, which represent the Company's assessment of future expectations, risks, uncertainties and other important factors. Should some of the underlying assumptions in these statements prove incorrect, actual developments and results could differ from those anticipated at the time of writing. SENTECH does not undertake any obligation to update, revise or alter any forward-looking statements contained in this report whether due to new information, future events or other developments.

Board approval and responsibility

The SENTECH Board and Executive Committee (EXCO) are ultimately accountable for the integrity and accuracy of this report, which they approved with confidence in the relevance and materiality of quantitative and qualitative metrics it presents.

The Board and EXCO have reviewed the report and confirm its preparation and content, are accurate, reliable and complete.

This report, including the audited Annual Financial Statements, complies with the requirements of the PFMA, the SENTECH Act and the Companies Act. The Board is the Accounting Authority in terms of Section 49(2)(a) of the PFMA.

Independent external auditors

SNG Grant Thornton, the South African member firm of Grant Thornton International Ltd, is SENTECH's Independent external auditors.



Directors' interests

The Directors have no interest in any third party or companies responsible for managing any of the business activities of the Company.

Public-private partnerships

The Company did not enter into any public-private partnerships during the reporting period.

Events after the date of financial position

No adjusting or non-adjusting events were identified after the date of financial position.

Dividends

No dividends were declared in respect of the year ended 31 March 2025.

Liquidity and solvency ratios

The liquidity ratio of 2.5 times and solvency ratio of 81.03% are favourable. This indicates that SENTECH will easily be able to settle its short- and long-term liabilities. These ratios also support the Board's going concern assessment.

Going concern

The Group and Company financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and, accordingly, the Group and Company financial statements have been prepared on a going concern basis. The Directors are satisfied that the Company is in a sound financial position to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Company.

Mr Tebogo Leshope
Chief Executive Officer (CEO)

Mr Themba Phiri
Chairperson of the Board



ABOUT US

SENTECH is a leading South African state-owned company (SOC) specialising in broadcasting content distribution. We deliver broadcast transmission services to all commercial and public broadcasters, including daily support to over 140 community radio stations countrywide. We also play an important role in providing connectivity to telecommunications operators through our tower and satellite infrastructure across the country.

Our infrastructure covers over 80% of South Africa, allowing us to offer facility leasing, co-location on masts and connectivity services to retail, telco and public sectors.

Ownership

The Company is wholly owned by the Government of the Republic of South Africa as represented by the Minister of Communications and Digital Technologies.

Memorandum of Incorporation

The Company's Memorandum of Incorporation (MOI) is aligned with the requirements of the Companies Act and was approved by the Shareholder's Representative. The approved MOI was accepted and placed on file by the Companies and Intellectual Property Commission on 14 May 2014.

Legal structure

The Company holds Individual Electronic Communications Network Services and Individual Electronic Communications Services licences, allowing it to offer voice telecommunications, broadband and multimedia services.

SENTECH is a Schedule 3B Government enterprise in terms of the PFMA and derives its mandate from legislation, particularly the SENTECH Act and the Electronic Communications Act. The Company is also a B-BBEE Level 5 contributor.

The Company was corporatised as a wholly owned subsidiary of the South African Broadcasting Corporation (SABC) in 1992. In 1996, the SENTECH Act converted SENTECH into a public entity with the largest terrestrial signal distribution infrastructure for television (TV) and radio.

SENTECH owns 100% of four subsidiaries as illustrated in the organogram below:

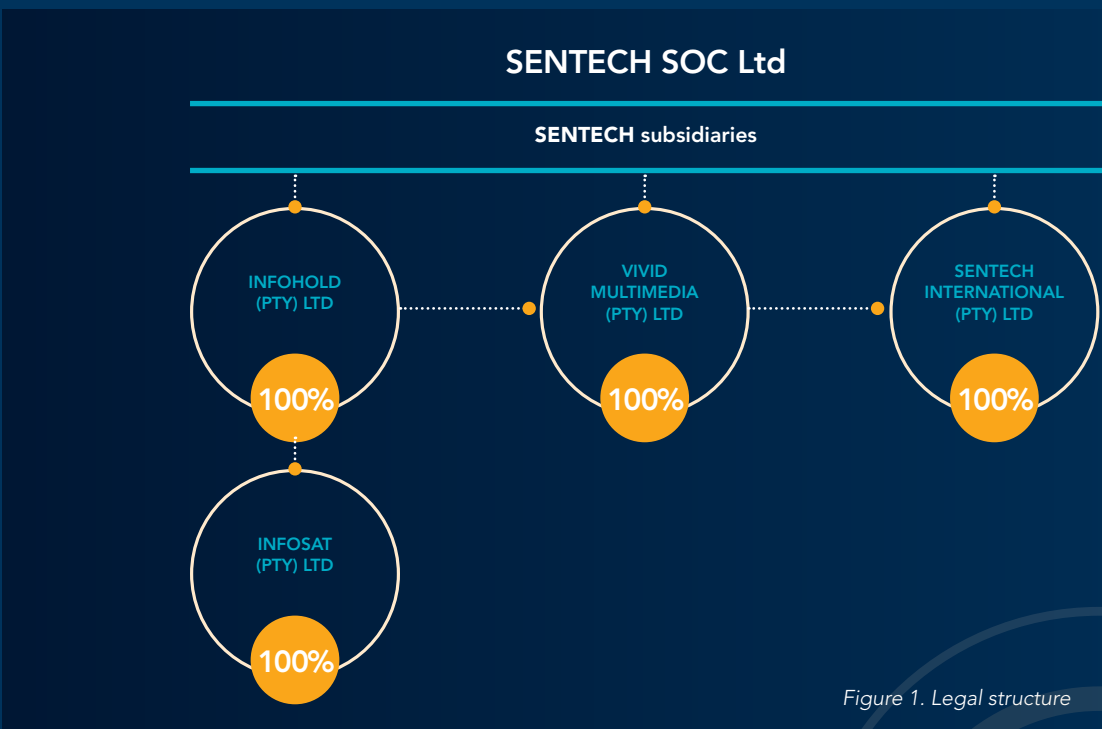


Figure 1. Legal structure



Shareholder's Compact

The Shareholder's Compact includes key performance indicators (KPIs), which are revised annually by agreement between the Shareholder's Representative and the Board of Directors and serve as the performance monitoring framework for the Company. Performance against the Shareholder's Compact for the reporting period is outlined on page 31 of this report as required by Section 55(2) of the PFMA.

Organisational structure

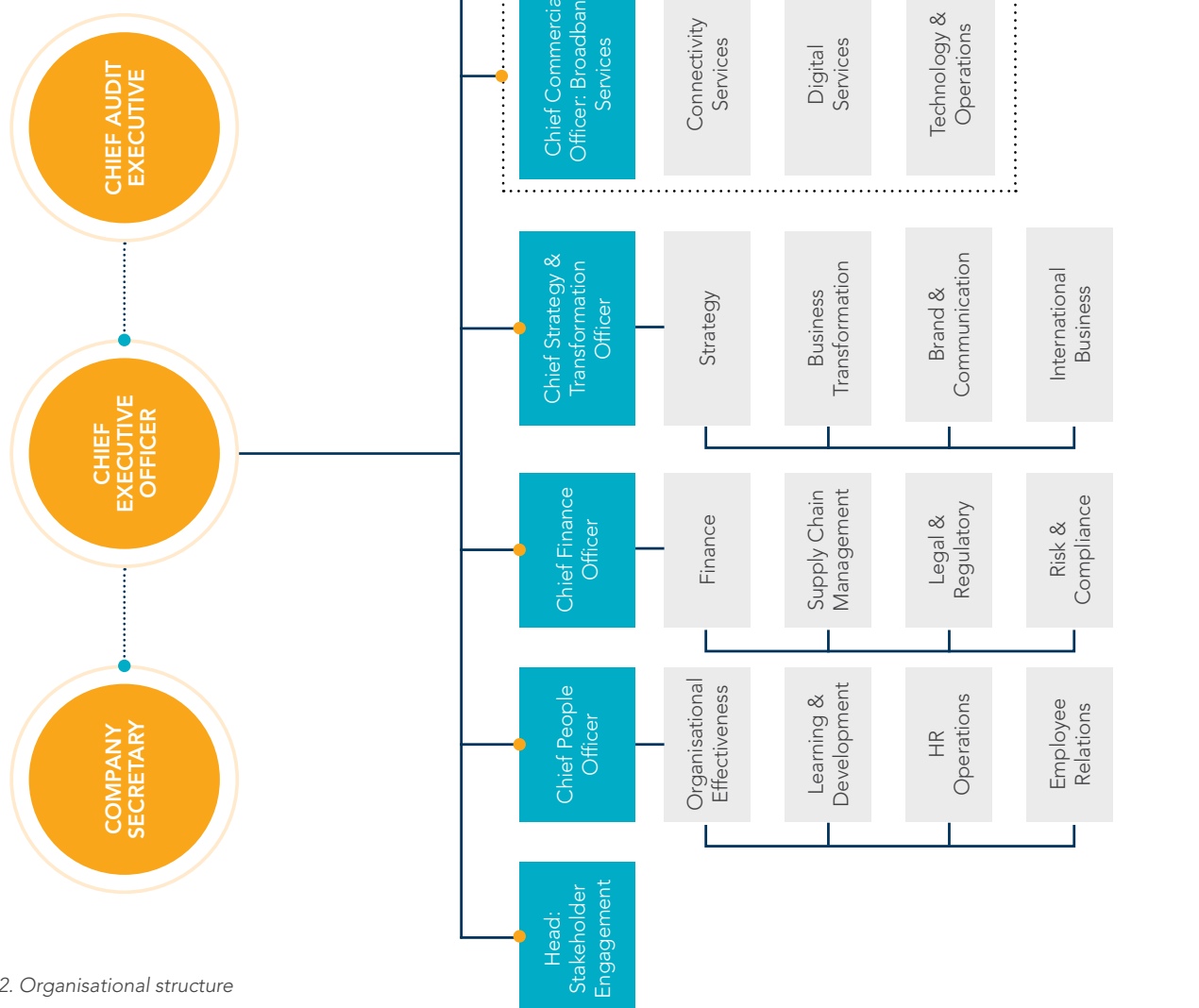


Figure 2. Organisational structure

Our value and brand offerings

CONTENT DISTRIBUTION



Our value proposition in Media Services is anchored in reliability and reach across its traditional infrastructure while embracing innovation and strategic partnerships to support its digital future trajectory.

As the leading South African broadcasting signal distributor, we ensure reliable access to TV and radio. We provide video and audio content infrastructure and platforms to broadcasters and content providers in South Africa and across Africa. We deliver this service through direct-to-home

(DTH) satellite, digital terrestrial television (DTT) and our over-the-top (OTT) terrestrial network. Other services include multiplexing, encoding and encryption.

DTT sites provides a footprint coverage to approximately 84% of the national population. We have 192 frequency modulation (FM) sites servicing 151 radio broadcasters, including one public broadcaster (the SABC), 21 commercial broadcasters, four community TV broadcasters and 142 community radio stations.

MANAGED INFRASTRUCTURE

Through our Managed Infrastructure business, we enable broadband connectivity, media distribution and facilities leasing through more than 300 high-site towers and newly updated data centre.



We offer facilities leasing or hosting services on our facilities, land and towers to South Africa's leading mobile network operators, emergency services and municipalities. We also provide specialised technical services and passive infrastructure solutions with anticipated value-added services for customers such as electricity and backup power, real estate, network management services, access to towers up to 300m, build-to-suit and third-party contract management.



We currently offer Tier 2 data centre services while we are in the process of upgrading to Tier 3 which will enable us to offer enterprise-level cloud and infrastructure hosting services. We have conducted technical market analysis of our data centre potential with plans to grow in this area, especially through partnerships and leveraging our existing infrastructure.

BROADBAND BUSINESS



We connect households, healthcare, education facilities, municipalities and communities in South Africa through satellite (VSAT) and fixed wireless, including services such as internet and Internet of Things (IoT) solutions. We plan to provide 5G, cloud services and fibre.



We provide satellite capacity for broadcasting and broadband connectivity for South Africa and Africa. We are championing the development of a South African-based satellite project:

- 394 VSAT internet connectivity sites for Government departments and commercial customers
- 20 rural connectivity sites (14 fixed wireless and six VSAT)
- Satellite coverage for sub-Saharan Africa
- 1 292 South African Connect sites
- Two 5G trial sites

SATELLITE BUSINESS

Our performance snapshot

TOTAL REVENUE

▲ **R1.606bn**

FY2024: R1.381bn

EARNINGS BEFORE INTEREST AND TAX (EBIT)

▼ **(R164 548m)**

FY2024: (R44 042m)

NET (LOSS) AFTER TAX

▼ **(R246 002m)**

FY2024: (R145 967m)

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

▲ **85%**

FY2024: 64%

EARNINGS BEFORE INTEREST, TAX DEPRECIATION AND AMORTISATION (EBITDA)

▲ **R410m**

FY2024: R302m

AUDIT OUTCOME

▲ **Clean audit**

FY2024: Unqualified
with findings

CUSTOMER SATISFACTION SCORE

▲ **78%**

FY2024: 71%

REPUTATION SCORE

▲ **82%**

FY2024: 70%

BRAND EQUITY SCORE

▲ **85%**

FY2024: 81%

SOCIO-ECONOMIC TRANSFORMATION SPEND

▲ **R431m**

FY2024: R365m

SMALL, MEDIUM AND MICRO ENTERPRISE (SMME) EARLY PAYMENTS

▲ **13 days**

FY2024: 14 days



Figure 3. Performance snapshot



CHAIRPERSON'S STATEMENT

I am pleased to present our Integrated Report for the year ended 31 March 2025. Under the leadership of our CEO, Mr Tebogo Leshope, SENTECH has progressed towards a sustainable future. I look forward to collaborating with Tebogo and his team during my tenure as interim Chairperson.

Despite the challenging macro-economic climate, with GDP growth of 0.6%, SENTECH has shown resilience and agility. Total revenue increased by 16% from R1.3 billion to R1.6 billion. For details on our financial performance, please refer to the overview by our Chief Financial Officer (CFO) on pages 18 and 19.

We have updated our sustainability approach to an ESG strategy that aligns with our Corporate Strategy and Plan as approved by the Board. On page 24, we highlight our material matters and commit to providing updates on our ESG goals.

The Shareholder reappointed the Board from 1 December 2024 to 28 February 2025 with further extension until a new Board is appointed. In December 2024, the Board held a three-day strategic session to finalise its objectives in line with the Shareholder's priorities. In July 2025, the Minister announced the appointment of a new Board.

Following a thorough selection process for Executive Directors, the Minister appointed Tebogo as CEO and Ms Clarinda Simpson as CFO. We extend our best wishes to them in their new roles.

One of the Board's priorities is to diversify service offerings through innovative products and digital services, and entering new markets, which are crucial for new revenue growth to ensure a sustainable future. Accordingly, the Board is encouraged by SENTECH's improved business performance.

The Board continues to oversee and support the implementation of organic growth initiatives including strategic partnerships, enhancement of the broadband business and development of new products. These initiatives aim to fulfil the Shareholder's mandate to achieve a digitally transformed economy and connected society in accordance with the Digital Transformation Roadmap.



In conclusion, I would like to express my sincere gratitude to my colleagues on the Board for their professionalism and ethical leadership. Additionally, I wish to acknowledge Executive Management and staff for their unwavering dedication to advancing SENTECH's objectives over the past year. My appreciation also extends to our numerous stakeholders including customers, suppliers, communities, partners, media and organised labour.

My appreciation extends to the former Minister of Communications and Digital Technologies, the Honourable Mondli Gungubele, and to the new Minister, the Honourable Solly Malatsi, for their steadfast support, commitment and guidance.

Mr Themba Phiri
Chairperson of the Board



OUR BOARD OF DIRECTORS

Non-Executive Directors



MR THEMBA PHIRI

Interim Chairperson of the Board

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024
- Reappointed 1 December 2024
- Reappointed 28 February 2025

QUALIFICATIONS:

- Master's in Public Administration (Public Policy)
- PGCert Telecommunications Policy, Regulation and Management
- PGCert Broadcasting Policy
- Leadership and Management Development Programme
- BTech Public Management (Economics and Public Management)
- NDip Public Administration and Management



MS MAPULENG MOROPA

*Chairperson: Audit and Risk Committee
Technology, Sales and Regulatory
Coordination Committee*

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024
- Reappointed 1 December 2024
- Reappointed 28 February 2025

QUALIFICATIONS:

- MBA
- Programme for Management Development
- BSc Information Technology



MS VERONICA MOTLOUTSI

Chairperson: Investment Committee

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024
- Reappointed 1 December 2024
- Reappointed 28 February 2025

QUALIFICATIONS:

- MBA
- PGDip Business Administration
- MTech Business Administration Systems
- BTech Information Technology
- NDip Information Technology



DR TSHAVHUO SESANE

*Chairperson: Social and Ethics
Committee*

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024
- Reappointed 1 December 2024
- Reappointed 28 February 2025

QUALIFICATIONS:

- PhD Engineering Management
- MBA
- BSc (Hons) Applied Science Industrial Systems
- PGDip Corporate Law
- BTech Industrial Engineering
- NDip Industrial Engineering

Executive Directors



MR TEBOGO LESHOPÉ

CEO

- Appointed 1 March 2018
- Reappointed 1 March 2023
- Appointed Acting CEO 1 November 2023
- Reappointed Acting CEO 17 January 2024
- Reappointed 18 October 2024
- Reappointed 18 April 2025
- Appointed CEO 23 May 2025

QUALIFICATIONS:

- MBA
- BTech Electrical Engineering
- NDip Electrical Engineering



MS CLARINDA SIMPSON

CFO

- Appointed 1 May 2025

QUALIFICATIONS:

- CA(SA)
- PGDip Audit
- BCompt (Hons)/CTA
- BCompt



MR FLENK MNISI

Acting COO

- Appointed 1 February 2022
- Reappointed 1 November 2023
- Reappointed 1 July 2025

QUALIFICATIONS:

- MBA
- PGDip Management Practice
- BTech (Business Administration)
- NDip Electrical Engineering
- Executive Leadership Programme Certificate



MS RUDZANI RASIKHINYA

Former CFO

- Appointed 1 November 2022 on three-month contract
- Appointed 1 February 2023
- Contract extended from 31 January to 31 March 2025
- Contract ended 30 April 2025

QUALIFICATIONS:

- CA(SA)
- BCom (Hons)
- HDip Taxation Law



ADV NKHUMELENI MUDUNUNGU

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024
- Reappointed 1 December 2024
- Reappointed 28 February 2025

QUALIFICATIONS:

- LLB
- B Juris



MR MBASA METUSE

Chairperson: Human Resources, Nominations and Remuneration Committee

- Appointed 20 April 2020 until 31 October 2021
- Reappointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024
- Reappointed 1 December 2024
- Reappointed 28 February 2025

QUALIFICATIONS:

- MBA
- Master's in Social Policy and Development Research Methods
- PGDip Business Administration
- BSocSci
- Project Management Certificate



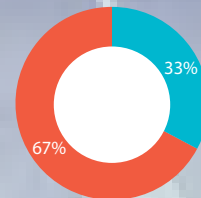
MS SEDZANI MUDAU

Former Chairperson of the Board

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024 until 28 February 2025
- Reappointed 1 December 2024 until 28 February 2025
- Reappointed 1 July 2025

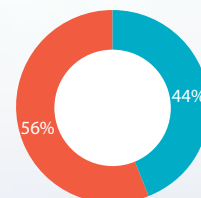
QUALIFICATIONS:

- MBA
- CA(SA)
- BCom (Hons)
- BCom
- Senior Executive Development Programme



Board independence

- Non-Executive
- Executive



Gender diversity

- Male
- Female

The Board includes six Non-Executive Directors and three Executive Directors, appointed by Cabinet via the Minister of Communications and Digital Technologies. The three Executive Directors are the CEO, Acting Chief Operations Officer (COO) and CFO.

SENTECH's Board demonstrates gender equity, with four out of nine members being women, resulting in 44% female representation at Board level.

In terms of the SENTECH Act, Non-Executive Directors are appointed by the Minister for a period of not more than three years and are eligible for reappointment for a second term, but may not serve for more than two terms consecutively, unless otherwise determined by the Minister through publication of a notice to that effect in the Government Gazette.

In the period under review, the term of the Board concluded on 30 November 2024. Subsequently, the Board was reappointed from 1 December 2024 to 28 February 2025 with an additional extension commencing 1 March 2025 until the appointment of a new Board.

The following five Non-Executive Board members were appointed effective 1 July 2025 for a three-year period:

- Mr Patrick Wadula
- Ms Lwazikazi Nopece
- Mr Peter Zimri
- Mr Alexandria Procter
- Mr Lavandran Gopaul

OUR EXECUTIVE MANAGEMENT



MR TEBOGO LESHOPÉ
CEO

- Appointed 1 March 2018
- Reappointed 1 March 2023
- Appointed Acting CEO 1 November 2023
- Reappointed Acting CEO 17 January 2024
- Reappointed 18 October 2024
- Reappointed 18 April 2025
- Appointed CEO 23 May 2025

QUALIFICATIONS:

- MBA
- BTech Electrical Engineering
- NDip Electrical Engineering



MS CLARINDA SIMPSON
CFO

- Appointed 1 May 2025

QUALIFICATIONS:

- CA(SA)
- PGDip Audit
- BCompt (Hons)/CTA
- BCompt



MR FLENK MNISI
Acting COO

- Appointed 1 February 2022
- Reappointed 1 November 2023
- Reappointed 1 July 2025

*Chief Commercial Officer:
Satellite Business*

- Appointed 1 April 2025

QUALIFICATIONS:

- MBA
- PGDip Management Practice
- BTech (Business Administration)
- NDip Electrical Engineering
- Executive Leadership Programme Certificate



MS KERENG MOTLHABI
Chief People Officer

- Appointed 1 August 2016

QUALIFICATIONS:

- MBA
- BCom (Hons) Industrial Psychology
- BCom



MR ITUMELENG SEGALOE
Chief Strategy and Transformation Officer

- Appointed 1 May 2016

QUALIFICATIONS:

- MBA Corporate Strategy and Finance
- BAdmin (Hons)
- BA Psychology, English and Political Science
- Digital Transformation Certificate
- Global Executive Development Programme



MR MARIUS VENTER
Chief Commercial Officer:
Broadband Business

- Appointed 1 May 2025

QUALIFICATIONS:

- MBA
- PGDip General Management
- BEng (Hons)
- BEng



MR MARLON FINNIS
Chief Commercial Officer:
Managed Infrastructure Services

- Appointed 1 April 2025

QUALIFICATIONS:

- MBL
- BTech Electrical Engineering



MS MABEL MANYERE
Acting Executive: Finance

- Appointed 1 June 2020

QUALIFICATIONS:

- MBL
- MA
- BAcc (Hons)
- CIMA Adv Dip



MR ZUNAID ADAMS

Executive: Legal and Regulatory

- Appointed 7 August 1995

QUALIFICATIONS:

- BA
- BProc
- Admitted Attorney
- Advanced Personnel Management Diploma



MR KOPANO THAGE

Chief Commercial Officer: Media Business

- Appointed 1 May 2025

QUALIFICATIONS:

- MBA
- BSc Computer Science



MR JACQUES VAN DEN BERG

Chief Audit Executive

- Appointed 1 July 2024

QUALIFICATIONS:

- CA(SA)
- Certified Internal Auditor
- Certified Risk Management Assurance Provider
- BCompt (Hons) Certificate in the Theory of Accounting
- BAcc (Hons)
- BAcc



MS AYANDA MANQELe

Company Secretary

- Appointed 1 November 2024

QUALIFICATIONS:

- BA Law
- LLB
- Admitted Attorney of the High Court



MS NOMAHLUBI OGOH

Acting CIO

- Appointed December 2023

QUALIFICATIONS:

- MBA
- Senior Management Development Programme
- Advanced Management
- BCom Information Systems
- Diploma in Business Analysis
- TOGAF 9 Certification
- ITIL v3 Certification



MS RUDZANI RASIKHINYA

Former CFO

- Appointed 1 November 2022 on three-month contract
- Appointed 1 February 2023
- Contract extended from 31 January to 31 March 2025
- Contract ended 30 April 2025

QUALIFICATIONS:

- CA(SA)
- BCom (Hons)
- HDip Taxation Law



MS MMAPULA KGARI

Former Acting Executive: Broadband

- Appointed 12 June 2017
- Resigned 30 September 2024

QUALIFICATIONS:

- MBL
- BCom (Economics)



CEO'S OVERVIEW

Despite market challenges, we delivered robust financial performance in FY2025. Total revenue grew by 16%, increasing from R1.381 billion in FY2024 to R1.606 billion in FY2025. Operating loss moved from R44.042 million in prior year to R164.548 million, while we recorded a net loss after tax of R246.002 million.

Revenue growth was driven by the Media business and new business revenues from our diversification strategy. This strategy has advanced meaningfully with the proportion of revenue from new sources at 21% in FY2025 although still short of the 30% annual target.

We remained agile and resilient in the face of a subdued economic landscape and a rapidly evolving digital media environment. In FY2024, we observed a 1.79% decline in broadcasting sector revenues, driven by shifts in consumer behaviour towards digital streaming platforms. In response, we expanded our digital content delivery strategy, notably through the successful launch of our OTT platform – an important step in maintaining relevance and capturing emerging markets.

Divisional performance

The Media business surpassed its revenue targets by 7%, supported by continued analogue transmission services and successful conversion of pipeline projects. Our partnership with set-top box manufacturers ensured market access to Freevision DTH decoders, accelerating the transition to digital TV. Our OTT platform launch is a significant stride towards aligning with digital consumption trends.

In our Broadband business, over 1 292 sites were delivered under South Africa Connect Phase 2, achieving more than 80% of the 1 600-site annual target.

Our Managed Infrastructure businesses made steady progress generating R85 million in revenue and meeting the target. The upgrade of our data centre from Tier 2 to Tier 3 is 80% complete and scheduled for commercial rollout in FY2026. The Satellite division remains in its strategic planning phase, aiming for satellite launch readiness.

We also secured new commercial partnerships in OTT, 5G and cloud services, valued at over R100 million, with implementation set to begin in FY2026.

Innovation and digital growth

Innovation remains core to our transformation. In FY2025, we launched our Total Experience Platform, integrating (AI) technologies such as predictive maintenance and real-time sentiment analysis. While full impact assessments are ongoing, this innovation is central to our digital transformation journey. We are also advancing our data maturity, aiming to move from Level 1 to Level 2 in FY2026 with a long-term target of Level 5 by 2030.

Customer engagement and network performance

Our focus on customer excellence delivered tangible outcomes. Network availability reached 99.91%, exceeding our target of 99.75%, driven by proactive maintenance, real-time monitoring and technology refresh initiatives. Customer satisfaction also improved significantly, reflected in our Net Promoter Score rising from two in FY2024 to ten in FY2025, with strong results from our broadcasting, broadband and facilities leasing customers.

People and organisational development

We continue to prioritise workforce readiness for a digital future. A total of 726 digital training interventions were delivered, exceeding our 600 target. Strategic partnerships with eight universities supported research and skills development with R4.6 million invested.

We made significant progress in implementing our revised organisational development model. Supporting improved efficiency and customer centricity, 77% of critical positions were filled. We have finalised the appointment of four Chief Commercial Officers for the Media, Managed Infrastructure, Broadband and Satellite businesses.

ESG, B-BBEE and social impact

In FY2025, we exceeded our B-BBEE and corporate social investment (CSI) budget spend by 106%. Our spend on enterprise and supplier development (ESD) was 113%, preferential procurement 103.25% and skills development 100.7%. We anticipate this spend will translate into improving our B-BBEE score from Level 5 to 2 or 3.

Our green energy efforts culminated in the conversion of all 16 remaining sites, reaching a total of 40 sites powered by sustainable energy by year end.



Looking forward

We look ahead with renewed strategic ambition to firmly position SENTECH as a leading global digital infrastructure provider. In FY2025/26, our focus will be on accelerating digital transformation, enhancing service delivery, expanding commercial partnerships and strengthening our internal capabilities to future-proof the organisation. Central to this is the completion of our new organisation design, ensuring our people, systems and processes are fully aligned to support our evolving business model. This transformation is essential as we drive organic growth across our core business pillars: towers, broadband, data centres and media.

As part of our broader strategy, we will pursue targeted bolt-on acquisitions in the broadband and towers segments through our mergers and acquisitions strategy. This will be bolstered by strategic partnerships that support the execution of our Africa strategy: exporting our broadcasting expertise and investing in digital infrastructure across the continent. These collective efforts are directed at building a sustainable and competitive organisation that delivers long-term shared value for all stakeholders.

I extend my sincere appreciation to the Board for its strategic oversight, to our Executive team and employees for their dedication and resilience, and to our valued stakeholders, customers, suppliers, partners, regulators, municipalities and communities, for their continued support.

Mr Tebogo Leshope
CEO



CFO'S OVERVIEW



FY2024/25 was characterised by robust commercial impetus despite various economic headwinds, including higher interest rates and foreign exchange pressures. The DTH business was the key driver of revenue growth with once-off revenues generated during the year. SENTECH's business resilience was showcased by cash preservation endeavours to provide the financial resources required to pursue our strategic ambitions, including critical revenue diversification strategies.

To effectively pursue strategic goals, SENTECH has a robust process that includes clear goal setting, actionable planning, strong communication, and continuous monitoring and evaluation.

The Company's financial performance indicates progress due to improved revenue and profitability. Revenue for the year reached R1.606 billion – up 16% (FY2024: R1.381 billion).

Our financial capital is employed within a disciplined framework that enhances revenue generation opportunities while maintaining our return on invested capital. Ultimately, this enhances customer experience and shareholder returns.

Our cost optimisation strategy yielded positive results as demonstrated in improved EBITDA of R410 million (FY2024: R302 million). The performance improvement helped us achieve an EBITDA margin of 26% against the annual target of 21%. The provision for estimated credit losses on outstanding debt greatly contributed to lowering our net loss after tax position.

Our EBITDA improvement from the prior year was derived from financial discipline in strategy execution with financial resources used effectively and efficiently to achieve set goals. Strict financial discipline enabled the navigation of uncertainties to maintain financial stability and business continuity. The Company has net assets of R2.399 billion (FY2024: R2.540 billion).

In line with our transformation objectives, we spent R431 million on preferential procurement, skills development, ESD and socio-economic development. This is an increase in spend of 15% from last year.



Net finance charges decreased by 38% to R85 million (FY2024: R117 million) owing to finance costs related to a lease liability obligation reduction of 13% in the current year after one lease contract matured.

Financial trends

(R'000)	2021	2022	2023	2024	2025	Variance	
Revenue	1 442 237	1 373 161	1 411 910	1 381 113	1 606 210	225 097	16%
EBITDA	515 501	420 256	294 516	302 140	409 920	107 780	36%
Net profit/(Loss) after tax	313 323	119 331	(147 720)	(145 967)	(246 002)	(100 035)	(69%)
Non-current assets	2 134 183	2 024 872	2 109 080	1 946 735	1 888 956	(57 779)	(3%)
Current assets	2 204 790	2 393 010	2 291 073	2 364 161	2 454 821	90 660	4%
Total assets	4 338 973	4 417 882	4 400 153	4 310 896	4 343 777	32 881	1%
Net asset value	2 603 986	2 714 759	2 685 852	2 540 465	2 399 432	(141 033)	(6%)
Non-current liabilities	1 175 420	1 091 922	1 174 809	1 120 203	963 645	(156 558)	(14%)
Current liabilities	559 567	611 200	539 492	650 228	980 700	330 472	51%
Total liabilities	1 734 987	1 703 122	1 714 301	1 770 431	1 944 345	173 914	10%
Cash and invested funds	1 999 780	2 151 215	1 513 043	1 083 965	1 187 117	103 152	10%

Table 1. Financial trends

Rising inflation, higher interest rates, job losses and economic downturns all impacted our consumers' ability to meet financial obligations. Despite stringent financial management, our cash reserves have been depleting over the past few years due to our customers' financial difficulties.

Ms Clarinda Simpson
CFO



OUR VALUE AND BRAND OFFERINGS

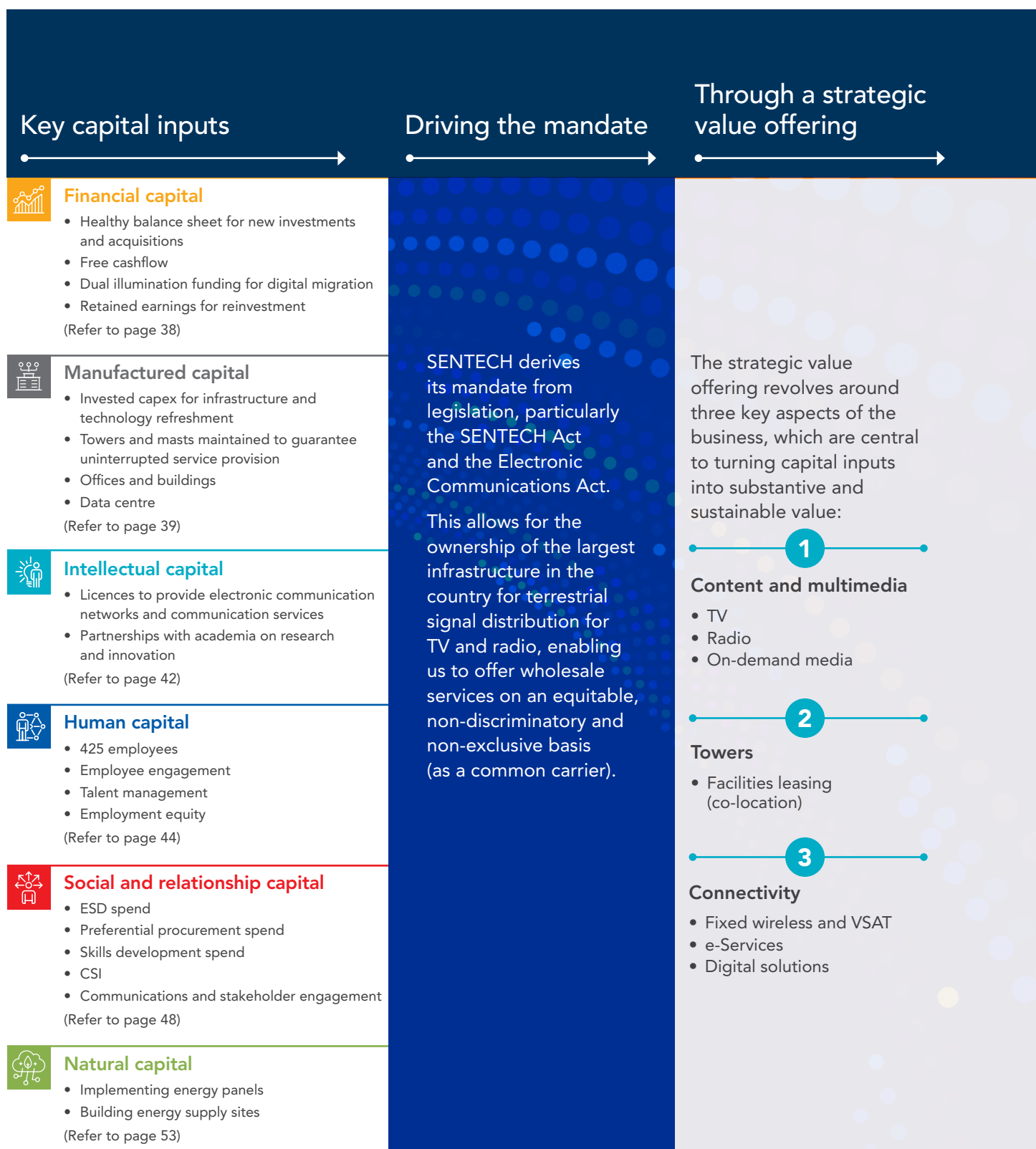


Figure 4. Business model

Pursuing strategic pillars and UN SDGs

- Digital infrastructure
- Customer centricity
- Innovation and data-driven
- Engaged and talented people
- Transformation
- Transformation and environmental
- Good governance



Delivering sustainable value outcomes



Financial capital

- Revenue: R1.606 billion



Manufactured capital

- Net Promoter Score at 10
- Weighted average network availability maintained at 99.91%
- Digital products ready for commercialisation



Intellectual capital

- Licences to operate our network
- Brand equity score at 85%
- Reputation score recorded at 82%



Human capital

- R426 848 million paid in salaries and benefits
- R12.92 million spent on skills development (R12.76 million on historically disadvantaged groups)



Social and relationship capital

- Touched lives of surrounding communities where our sites are located
- University collaboration initiatives resulted in improved academic performance
- Supported innovative enterprises with R4 million



Natural capital

- 16 planned sites were converted into green energy supply bringing the cumulative number to 40

OUR ESG STRATEGY

SENTECH's ESG strategy supports our aim to be an innovative platform and solution provider. We believe that focusing on sustainability can act as a differentiator and value creator for SENTECH and our important stakeholders.

Our approach is to deliver on our ESG goals in a manner that fosters innovation by operating key infrastructure and being a solution provider that meets or exceeds customers' expectations.

Our ESG strategy is integrated with SENTECH's corporate strategy, positioning the Company as a sustainable digital infrastructure leader. This strategy is supported by the Company's strategic goals and pillars, and our targets are aligned with the United Nations Sustainable Development Goals (UN SDGs).

The infographic below illustrates the linkages between our material matters and SENTECH's strategic outcomes.

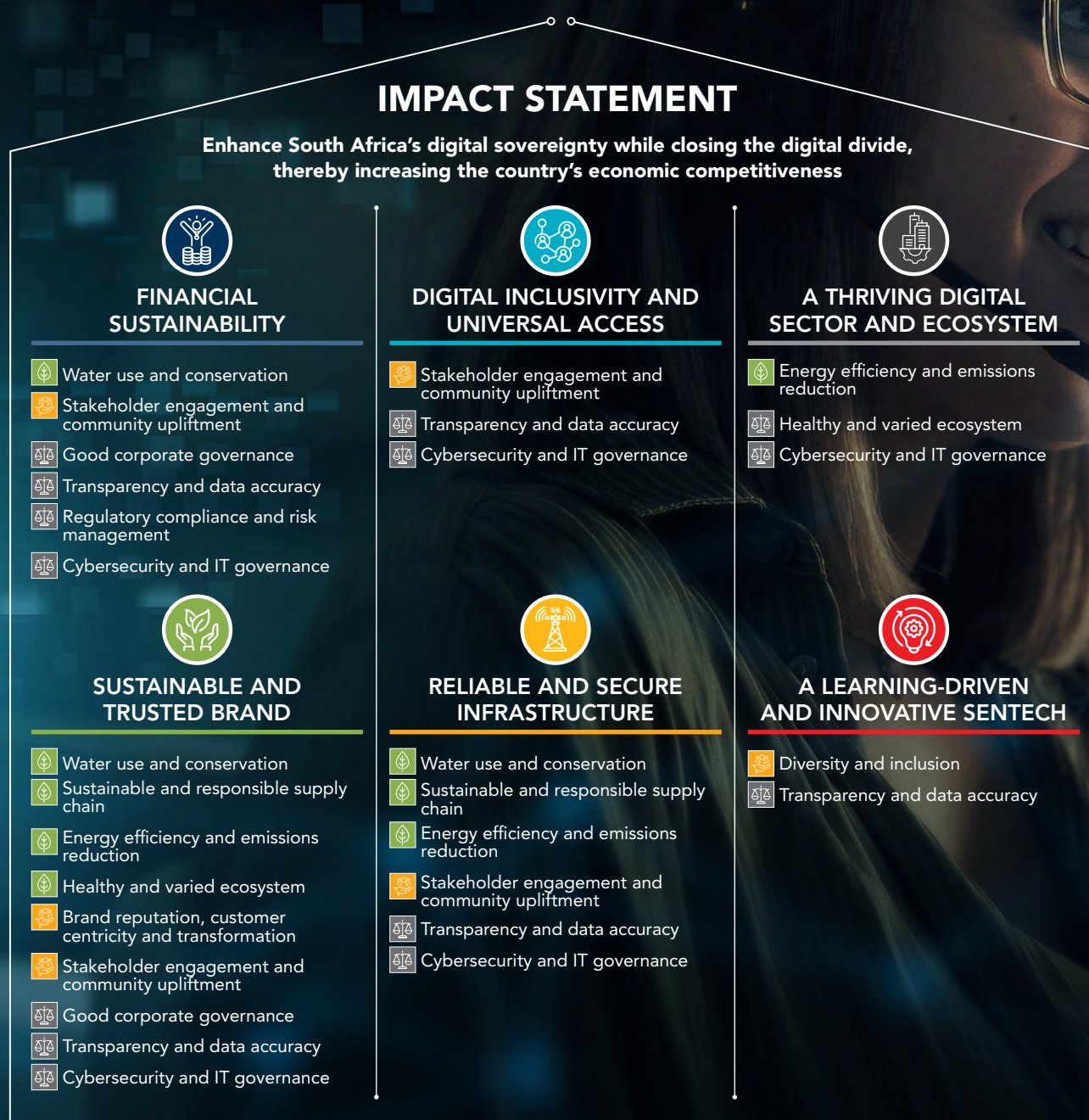


Figure 5. Impact statement

Monitoring of our progress against this strategy should be continuous. We will measure our impact statement – Enhance South Africa's digital sovereignty while closing the digital divide, thereby increasing the country's economic competitiveness – along with the SDGs through a comprehensive process every three to five years.

ESG OBJECTIVES

Our ESG objectives are underpinned by SENTECH's response to material matters:

STEWARDSHIP OF NATURAL ENVIRONMENT

- Sustainable and responsible supply chain
- Water use and conservation
- Energy efficiency and emission reduction
- Waste management
- Healthy and varied ecosystem

EMPOWER PEOPLE

- Diverse and inclusive workforce
- Health and safety
- Brand reputation, customer centricity and transformation
- Stakeholder engagement and community upliftment

SOUND GOVERNANCE AND ETHICS

- Good corporate governance
- Transparency and accuracy of data
- Regulatory compliance and risk management
- Cybersecurity and IT Governance

OUR COMMITMENT TO MAKING A POSITIVE CONTRIBUTION TO ACHIEVING THE SDGs

Our ESG objectives are underpinned by SENTECH's response to material matters:

Priority SDGs	Strategic objectives
3 GOOD HEALTH AND WELL-BEING 	Promoting healthy lives and well-being for all, focusing on ending preventable diseases, universal health coverage and improved maternal and child health. • Promoting employee health and well-being through access to independent counselling and advisory services (ICAS) • Advancing health and safety by prioritising road safety awareness and measures
4 QUALITY EDUCATION 	Promoting inclusive, equitable, quality education and lifelong learning with AI offering opportunities to enhance learning and ethical challenges to address. • Supporting an engaged and talented workforce through staff bursaries and development opportunities • Fostering stakeholder and community engagement by equipping schools with essential learning resources
5 GENDER EQUALITY 	Promoting gender equality by eliminating discrimination and violence, ensuring equal rights and empowering women and girls – especially in leadership and access to technology. • Fostering a diverse and inclusive workforce that promotes gender equality and ensures equal pay for equal work • Upholding good corporate governance through ethical leadership, accountability and regulatory compliance
7 AFFORDABLE AND CLEAN ENERGY 	Aiming to ensure universal access to affordable, reliable and sustainable energy by 2030 with AI driving progress through innovative, data-driven solutions. • Enhancing energy efficiency and reducing emissions through investment in renewable energy to lower our carbon footprint and operating costs
8 DECENT WORK AND ECONOMIC GROWTH 	Promoting inclusive, sustainable economic growth and decent work for all while safeguarding fair labour practices, job creation and workers' rights. • Ensuring business continuity through resilient systems and adaptive planning • Collaborating with tertiary institutions to advance research, innovation, and science and technology education
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Supporting resilient infrastructure, sustainable industrialisation and innovation to boost economic growth and enhance quality of life. • Investing in digital infrastructure to support connectivity, content delivery and the development of innovative solutions and services • Promoting digital inclusion through infrastructure that expands equitable access to connectivity and digital content
11 SUSTAINABLE CITIES AND COMMUNITIES 	Promoting inclusive, safe, resilient and sustainable cities with AI supporting urban planning, infrastructure and disaster preparedness. • Investing in equipment, infrastructure and protective maintenance to enhance our adaptive capacity
13 CLIMATE ACTION 	Advancing climate resilience through AI-driven energy efficiency, emissions reduction and environmental stewardship. • Implementing renewable energy initiatives • Enhancing waste and water management practices to minimise environmental impact • Reducing our carbon footprint through operational efficiencies and environmental impact policies

Table 2. Strategic objectives

OUR MATERIAL ESG MATTERS

The following material matters are based on the current global context, the telecommunications industry and the perspectives of selected peers regarding materiality. SENTECH applied a double-materiality approach to assess the significance of each matter based on its impact on SENTECH and our stakeholders.

Our materiality determination process will be conducted and refined as our context and performance evolve over time.



Our commitment to ESG excellence: A journey towards sustainability and empowerment

SENTECH's mandate goes beyond providing broadcast and telecommunications infrastructure – it includes a deep commitment to environmental sustainability, social progress and ethical governance. As a provider of broadcast and telecommunications infrastructure, our operations intersect with communities, ecosystems and the broader development agenda of South Africa. ESG principles are not peripheral to our business but embedded at the heart of our corporate strategy. Our approach is guided by clear goals that drive sustainable growth, inclusive development and long-term value creation for all our stakeholders.

Our ESG framework is anchored on three key pillars:

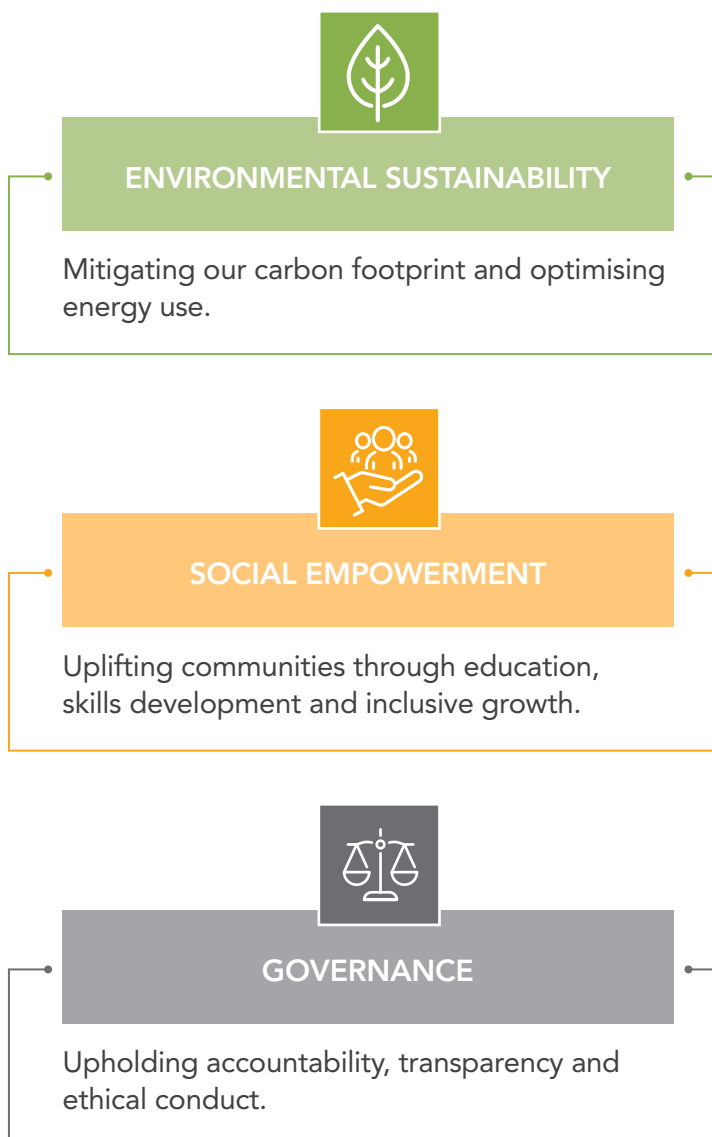


Figure 6. Material ESG matters

ENVIRONMENTAL IMPACT: Reducing our carbon footprint

Since 2017, we have pursued a deliberate strategy to reduce its environmental impact, aligned with corporate KPIs and overseen by the Social and Ethics Committee. Our carbon footprint is reported across Scope 1 direct emissions from combustion fuels (such as diesel used in backup generators) along with refrigeration gases and staff travel, Scope 2 indirect emissions from electricity consumption (predominantly sourced from the national Eskom grid) and Scope 3 indirect emissions from value chain activities, including those associated with water use, waste management and other sustainability-related operations.

Our key environmental initiatives include:

- **Solar energy rollout:** We are actively reducing Scope 2 emissions through solar installations. Since 2024, we have completed 40 sites targeted under the 2023–2025 Medium-Term Expenditure Framework (MTEF). These sites are equipped with battery backup storage, creating a hybrid energy supply that reduces diesel use during load shedding (Scope 1).
- **Energy efficiency measures:** LED lighting installations at our facilities support further reductions in energy consumption.
- **Hybrid work policy:** Reduced office-based energy use and business travel have lowered Scope 1 and 2 emissions.
- **Water conservation:** A borehole-fed sprinkler system at head office helps conserve municipal water use and supports sustainable landscaping.

As a result of these actions, we achieved a 6% reduction in total carbon emissions in FY2024/25 from 83 648 tCO₂e to 78 346 tCO₂e.

OUR MATERIAL ESG MATTERS continued

SOCIAL IMPACT: Empowering communities through Socio-Economic Enterprise Development (SEED)

Our ESG and Transformation department is the engine of our social investment strategy. Our commitment to social impact is reflected in the many socio-economic initiatives we support. Aligned to our stakeholder engagement and transformation strategy, our ESG and Transformation department focuses on four priority areas:

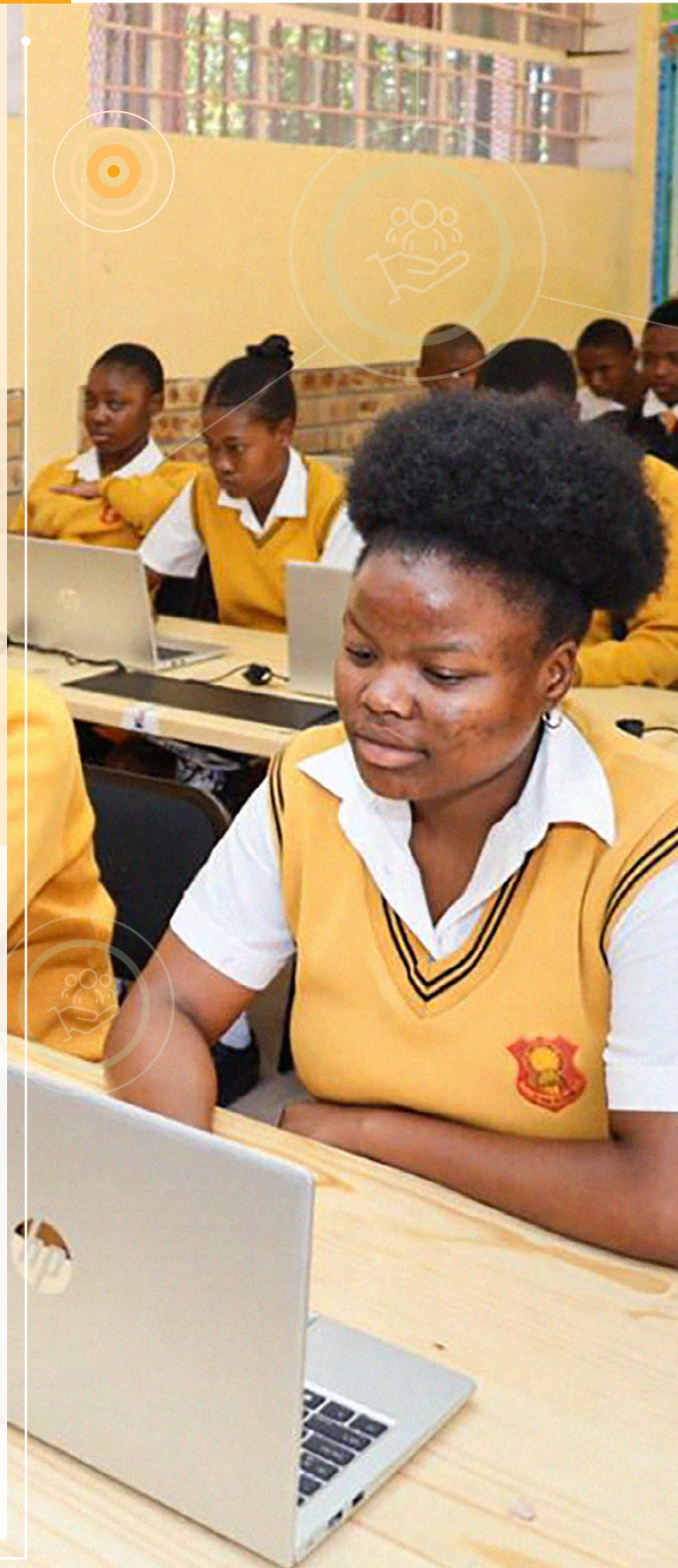
- 1
Education and Skills Development
- 2
Enterprise and Supplier Development
- 3
Gender-Based Violence and Femicide (GBVF)
- 4
Black Economic Empowerment (BEE)

We continue to work in partnership with communities and key stakeholders to create long-term value and foster inclusive development. Our initiatives are deliberately structured to support national priorities with a strong focus on reducing poverty, tackling unemployment and driving socio-economic transformation. These initiatives represent a forward-thinking and strategic effort to support underserved communities.

Highlights in FY2024/25 include:

- **EduFeArn programme:** This flagship education project supported over 5 500 learners across Gauteng, Limpopo and the Free State. Through diagnostic tools and information and communication technology (ICT)-based learning platforms, learners received tailored support in mathematics and literacy
- **Molo Mhlaba partnership:** SENTECH donated tablets and projectors to this all-girls school in Khayelitsha, empowering learners with access to digital education in a safe and inspiring environment
- **ESD impact:** Our targeted support to qualifying SMMEs created four new permanent jobs. Beneficiaries were selected via the National Treasury portal and direct supplier engagements, ensuring fairness and transparency
- **Other beneficiaries:** Petra and Reinotswe schools, Gift of the Givers and Tsebo Bohlale were among the institutions supported during the year with interventions ranging from educational support to community upliftment

These efforts demonstrate our belief that digital inclusion must go together with socio-economic transformation.



GOVERNANCE: Ethics, transparency and accountability

SENTECH's governance model is built on the principles of accountability, transparency and ethical leadership. Our corporate governance framework is guided by King IV and aligned with our ESG priorities. We continue to maintain clean audits and strong internal controls, ensuring compliance with relevant legislation and standards.

Governance is embedded in all ESG-related activities from partner selection to project implementation.

We ensure that ESG is not only a reporting requirement but a decision-making lens that reinforces ethical practices across the value chain.

Looking ahead: Advancing ESG for a sustainable future

SENTECH is committed to deepening the impact of our ESG initiatives in the years ahead. Our forward-looking focus includes:

- Reducing reliance on diesel generators and improving Scope 1 and 2 emissions performance
- Scaling the EduFeArn programme and broadening access to ICT resources for more underserved schools
- Expanding support for digital and youth-focused SMMs through our ESD initiatives
- Strengthening transparency, data quality and stakeholder engagement in ESG reporting

These goals are supported by ongoing investment in people, technology and strategic partnerships. Through these efforts, we aim to deliver on our mandate to connect South Africans while championing environmental responsibility, social progress and ethical governance.



HOW WE DELIVER VALUE THROUGH OUR STRATEGY

SENTECH is driven by a clear vision and mission rooted in its purpose to provide universal connectivity.

Our organisational identity is illustrated below.



Figure 7. Organisational identity

STRATEGIC GOALS

Our three strategic goals reflect our ambition to be a dynamic and valuable force in established and emerging markets.



Figure 8. Strategic goals

STRATEGIC PILLARS

Our strategy rests on five pillars that seek to create an enabling environment for the successful execution of our strategy, as illustrated below.

IMPACT STATEMENT

Enhance SA's digital sovereignty while closing the digital divide, thereby increasing SA's economic competitiveness

OUTCOMES



FINANCIAL SUSTAINABILITY



DIGITAL INCLUSIVITY AND UNIVERSAL ACCESS



A THRIVING DIGITAL SECTOR AND ECOSYSTEM



SUSTAINABLE AND TRUSTED BRAND



RELIABLE AND SECURE INFRASTRUCTURE



A LEARNING-DRIVEN AND INNOVATIVE SENTECH

FUTURE-FIT ORGANISATION

Adapting and evolving to meet future challenges through capable people and agile processes, leverage technology and data-driven insights

ENVIRONMENTAL SOCIAL AND GOVERNANCE

Good corporate citizen creating meaningful impact in communities and the environment

CUSTOMER CENTRICITY

Delivering a superior customer and user experience across all platforms

CREATIVITY AND INNOVATION

Ensuring the development of innovative, cutting-edge products and platforms that deliver strategic and operational value

PARTNERSHIPS AND STAKEHOLDERS

Building collaborative relationships to enhance mutual benefit and deliver value

STRATEGIC PILLARS

Figure 9. Strategic pillars

OUR OPERATING ENVIRONMENT

SENTECH operates in an ICT environment that is constantly evolving, fuelled by disruptive new technologies and innovative ways of doing business. The current socio-economic landscape is marked by high levels of unemployment and the rising cost of living, which both widen inequality.

SENTECH, as a committed corporate citizen, will continue to implement its transformation goals while speedily responding to market changes to meet customers' needs.

We operate within a defined legal and regulatory environment that shapes our obligations gazetted by ICASA (the Authority). We met these obligations by rolling out local area networks at 63 community education and training colleges, nine head offices and 54 community learning centres in partnership with Rain by March 2025 – to date, 42 sites have been completed while delays due to third-party constraints, security issues and site changes are reviewed by the Authority.

Ongoing regulatory matters include:

- The October 2024 notice concluding that SENTECH holds significant market power with ineffective competition in terrestrial TV, FM and AM signal distribution, the Authority's proposal of a regulatory framework to improve pricing and service transparency through information and contracting.
- SENTECH interdicted from ending analogue services in the four remaining provinces following legal challenges by e.tv and others after the Minister set a new analogue switch-off date of 31 March 2025 on 31 December 2024 and a High Court ruling on 27 March 2025 provisionally set aside the deadline.
- The Authority's review of the 2012 Digital Migration Regulations via a March 2024 inquiry and findings published in March 2025 highlighting forthcoming updates to licensing framework, frequency planning, licence terms, rollout targets, data services, engineering channels and the future of broadcasting.
- Plans by the Authority to initiate a second high-demand spectrum auction in 2025/6, which may include spectrum unsold from the first auction.
- Draft regulations published by the Authority on 28 March 2025 for dynamic spectrum access and opportunistic spectrum management in the 3 800–4 200 MHz and 5 925–6 425 MHz bands to promote efficient spectrum use, innovation and competition through flexible sharing models while SENTECH raised concerns about the adequacy of supporting studies and the exclusion of cumulative interference impacts in the Authority's model.

OUR STRATEGIC PERFORMANCE

Performance against predetermined objectives is outlined in the FY2024/25 Corporate Plan, which set 13 KPIs. The following table provides a detailed assessment of performance relative to each target.

▲ Achieved target

▼ Missed targets

Strategic pillars	Outcome indicators	FY2024/25 annual targets		FY2024/25 actual performance	Variance explanation
Digital infrastructure	1 Number of customers onboarded on digital platforms	Seven customers onboarded on digital platforms (data centre and OTT)	▲	Seven customers onboarded on OTT and data centre platforms	N/A
	2 Number of broadband connected households and facilities	1 600 broadband connected households and facilities (cumulative)	▼	1 292 VSAT sites connected households and facilities (cumulative)	Delayed identification of hotspots by internet service providers followed by slower than expected performance from VSAT installers
Creativity and innovation	3 Number of innovation initiatives implemented for revenue growth	One innovation initiative implemented for revenue growth	▲	One customer onboarded for cloud services	N/A
	4 Number of innovation initiatives implemented for operational efficiency	Two innovation initiatives implemented for operational efficiency	▲	Two initiatives launched for operational efficiency: • Test/pilot for predictive and intelligent maintenance relaunched • Real customer sentiment analysis launched	N/A
Financial sustainability	5 Percentage of new revenue growth	30% new revenue growth achieved	▼	21% new revenue growth achieved (cumulative)	This is attributed to the non-achievement of planned sales from broadband, media and other strategic initiatives
	6 EBITDA margin	EBITDA margin of 21% achieved	▲	EBITDA margin of 26% achieved (cumulative)	N/A
Partnerships and stakeholders	7 Value of commercial partnerships concluded and implemented	Commercial partnerships valued at R100 million concluded and implemented	▲	Commercial partnerships valued at R149 million concluded and implemented	N/A
Customer centricity	8 Customer satisfaction score	78% customer satisfaction score	▲	78% customer satisfaction score achieved	N/A
	9 Weighted average network availability	99.75% weighted average network availability	▲	99.91% weighted average network availability	N/A

OUR STRATEGIC PERFORMANCE continued

		▲ Achieved target	▼ Missed targets		
Strategic pillars	Outcome indicators	FY2024/25 annual targets	FY2024/25 actual performance	Variance explanation	
ESG	10 Number of remaining sites installed with green energy supply	Green energy installed at remaining 16 planned sites	▲ Green energy installed at remaining 16 sites (cumulative)	N/A	
	11 Percentage allocated budget spent on B-BBEE and CSI	100% allocated budget spent on B-BBEE and CSI	▲ 106% of allocated budget spent on B-BBEE and CSI (cumulative): • ESD spend at 113% • Preferential procurement at 103.25% • Skills development at 100.7%	N/A	
	12 Clean audit achieved	Clean audit achieved	▲ Clean audit achieved	N/A	
Fit-for-purpose organisation	13 Percentage of planned digital training intervention implemented	100% of planned digital training interventions implemented	▲ 121% of planned digital training interventions implemented (cumulative)	N/A	

Table 3. Strategic performance

Managing risks and opportunities

Our approach to enterprise risk management is vital for SENTECH to meet strategic and operational goals aligned with the Shareholder's priorities, especially during times of change. While finding ways to boost revenue is crucial, we acknowledge that risk is inherent to business and success depends on balancing risk management with opportunity exploitation.

Appropriate responses to identified risks include acceptance, avoidance, transfer and mitigation. SENTECH considers each of these areas when formulating the Company's risk appetite and tolerance levels. Our enterprise risk management strategy is intended to ensure that the Company maintains sound risk management practices that support implementation of the overarching business strategy.

The Board of Directors is accountable for governing risk to support the Company's strategic objectives, aligning with King IV principles. The Board evaluates and monitors risks, determines risk appetite and reviews strategic risks to ensure adequate mitigation.

In line with the enterprise risk management strategy, all risk management activities are monitored by the Board through its committees on a quarterly basis.

SENTECH's enterprise risk management process is effectively embedded in the Company and robust discussion on risk, risk mitigation, and risk appetite occur at operating and divisional leadership team levels. The enterprise risk management process is supported by the Board's principle of focusing on risks capable of undermining the strategy or long-term sustainability of the Company and damaging its reputation.

Management of top strategic risks

In FY2024/25, at the beginning of the reporting period, the Company identified nine top strategic risks, as indicated in the table below. These risks were aligned to the Company's strategic pillars and outcomes at the beginning of the financial year.

Risk	Descriptions	Strategic pillars	Strategic outcomes
1	Non-achievement of revenue diversification	Digital infrastructure	Strategic implementation and deployment of digital infrastructure and technology to ensure accessibility and user capability where necessary
2	Inability to compete in the evolving market due to slow innovations	Creativity and innovation	Developing innovative products and platforms that provide strategic and operational value
3	Inability to capture the digital infrastructure market due to limited market opportunities and saturated economy	Financial sustainability	Maintaining a financially stable and sustainable organisation to boost shareholder value
4	Threat to financial sustainability due to energy challenges, inflation escalations and impact of foreign currency volatility	Financial sustainability	
5	Negative impact of global warming and climate change threatening infrastructure	ESG	Ethically impacting communities and the environment as a good corporate citizen
6	Loss of market share and customers due to growing competition, technology evolution and diminishing media market	Customer centricity	Delivering superior customer and user experience on all platforms
7	Inability to retain and attract suitable future-fit talent	Future-fit organisation	Meeting future challenges with skilled individuals and agile processes, leveraging technology and data insights
8	Cyber insecurity and destruction of infrastructure	Digital infrastructure	Strategic implementation and deployment of digital infrastructure and technology to ensure accessibility and user capability where necessary
9	Overreliance on a single market segment	Financial sustainability	Maintaining a financially stable and sustainable organisation to boost shareholder value

Table 4. Top strategic risks

OUR STRATEGIC PERFORMANCE continued

During the financial year, management implemented mitigation controls that resulted in the reduction of some residual rankings of identified strategic risks to acceptable levels, in accordance with the Company's Risk Appetite and Tolerance Policy.

The graph below illustrates the residual movement of nine strategic risks over the financial year.

FY2024–FY2025 Residual ranking movement

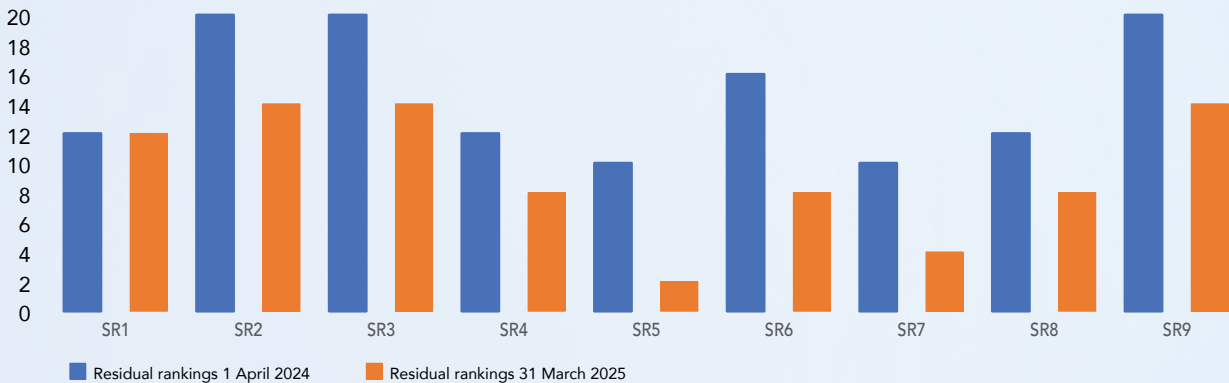


Figure 10. Residual ranking movement

As shown in the graph above, at year end, four strategic risks remained residually high, posing challenges to revenue growth and contributing to an overreliance on a single market segment.

During the year, all materialised and emerging risks were identified and communicated to management to ensure adequate mitigation controls are in place.

In terms of the enterprise risk management framework, the Risk Appetite and Tolerance Policy was reviewed for the year. During monitoring of the Company's compliance with the policy, it was noted that the Company was mostly compliant with the tolerance levels set out in the approved policy, except in three areas:

- **Financial gross revenue:** The overall variance for the year was -9% against the budget, including -38% in new revenue and +6% in recurring revenue. Management continuously implements initiatives to boost revenue
- **Fraud and corruption:** During the year, Internal Audit reported on cases investigated. Based on these investigations, management took action against the perpetrators. The tolerance level for such cases is zero
- **Customer concentration:** This remains a critical concern for the Company, as over 40% of its revenue is derived from a single market segment. The inability to recover outstanding debts poses a significant risk to SENTECH's financial stability and long-term business sustainability

Fraud prevention and risks

In line with corporate governance and the PFMA, SENTECH's risk management plan incorporates a fraud prevention plan, reviewed annually for relevance and effectiveness. Regular fraud awareness campaigns, policy updates and control enhancements are conducted accordingly.

A fraud risk assessment identified and evaluated eight risks at the start of the financial year. By year end, mitigation actions had effectively managed all risks, significantly reducing residual rankings in accordance with the approved risk tolerance and appetite policy.





COO'S OVERVIEW

In FY2025, we demonstrated resilience, agility and adaptability in the face of significant challenges. Our focus on operational excellence and strategic initiatives yielded positive outcomes across various dimensions of our business as a result of preserving value through the six capitals: financial, manufactured, natural, intellectual, social and relationship and human.

Despite the ongoing challenges posed by load shedding and infrastructure constraints, we maintained a high level of service reliability. Our network uptime remained above 99%, ensuring uninterrupted service delivery to our clients, indicating the investment in manufactured capital within our network.

Load shedding continued to pose a significant challenge, especially in rural areas. We mitigated its impact through our backup power solutions and strategic scheduling of maintenance activities.

We made significant strides in sustainability by deploying green energy solutions at 16 sites. This initiative reduced the Company's carbon footprint and enhanced energy efficiency. These green energy deployments not only demonstrate our commitment to environmental stewardship but also contribute to operational resilience by mitigating the impact of load shedding and energy supply disruptions. This strategic move aligns with our investment in natural capital and broader ESG goals, positioning the Company as a leader in sustainable digital infrastructure.

We continued to invest in cutting-edge technology, including the deployment and launch of our OTT offering, Freevision Plus, to complement our terrestrial broadcasting solutions. This intellectual and manufactured capital investment has positioned us to meet growing demand for digital content delivery to enable universal access on multiple platforms. Our digital transformation efforts further streamlined operations, reduced costs and improved customer satisfaction.

We continue to enhance intellectual capital and brand investment by establishing the Company as a thought leader through collaboration with the industry at large. We proudly hosted the 450 MHz Alliance, bringing together industry leaders, regulators and other stakeholders to discuss the future of mission-critical connectivity. This event underscored our commitment to leveraging the 450 MHz spectrum to enhance national connectivity, particularly in underserved and rural areas. The discussions focused on the unique advantages of the 450 MHz band, including its superior signal penetration and extended coverage with fewer base stations, making it ideal for emergency services and public safety communications.



We continue to make steady progress with the deployment of South Africa Connect. By deploying advanced broadband infrastructure, we are connecting underserved communities, schools, healthcare facilities and government offices to high-speed internet. This initiative not only supports the country's socio-economic development goals but also fosters digital inclusion and innovation. Through South Africa Connect, we are playing a pivotal role in creating a more connected and equitable society, ensuring that all South Africans have access to the digital resources necessary for growth and prosperity. This strengthened our social and relationship capital.

Looking ahead, we remain committed to our strategic goals of enhancing service delivery, driving innovation and expanding our market presence. Our focus will be on:

- Sustainable growth: Investing in sustainable technologies and practices to ensure long-term growth and environmental stewardship
- Continuously improving our service offerings to meet the evolving needs of our customers
- Maintaining our commitment to operational excellence through ongoing process improvements and technological advancement

Mr Flenk Mnisi
Acting COO



HOW WE PRESERVE VALUE THROUGH OUR CAPITALS



Financial capital

We define our financial capital as the funds available for deployment into existing business and new business opportunities.



We reinvest our financial capital to expand business portfolios through organic opportunities and acquisitions. To contain costs, especially those related to satellite use, energy and staff, we have implemented austerity measures that, among others, include cost containment, strategic sourcing and price negotiations with suppliers.

To maintain a healthy balance sheet, we monitor our key financial ratios of liquidity and solvency as well as other key ratios that provide an indication of financial health and sustainability. Cash in the bank is invested at rates that ensure attractive returns on investment while ensuring the amount is liquid and accessible.

As part of the national government's imperative to move the public to a digital platform, SENTECH commenced the analogue switch-off in the previous financial year. The costs for the switch-off are recouped from the dual illumination grant funding the Company received from the Executive Authority. However, during the year under review, there was a dual illumination shortfall.

SENTECH deploys its available cash resources and healthy balance sheet to leverage new and existing business opportunities. During the period under review, a prospective target for acquisition was identified, assessed and proposed, but the deal could not proceed.

Preservation and growth of financial capital are key to sustainability with a focused effort on possible mergers and acquisitions and strategic alliances.





Manufactured capital

Manufactured capital includes investment in our infrastructure, facilities and technologies.



Network performance

Services assurance and management of a national decentralised network infrastructure require integration of technology, people and service management processes. This is achieved through deployment of efficient and reliable technology solutions managed by a competent and skilled workforce. The effectiveness of the Company's investment in infrastructure depends heavily on the knowledge, efficiency and commitment of our well-trained and dedicated staff.

We design our systems to meet service level agreements (SLAs) and customer requirements across our towers, media, broadband, satellite and data centre services. Notwithstanding SLA obligations, we have a stretch KPI target of 99.75% availability, which exceeds the individual SLAs across all commercial platforms. To ensure infrastructure longevity and the highest level of service availability, we adhere to a very stringent maintenance regime, quick response times, 24/7 network monitoring and we refresh our technology platform on an ongoing basis. We achieved a weighted network availability of 99.91% in the past year.

Our capital investment in recent years, primarily for technology enhancements and continuity of business operations, has yielded positive results in overall service continuity for customers. This investment included the replacement of ageing backup power supply systems, head-end upgrades, and the updating and improvement of network monitoring.

Load shedding, theft and vandalism continue to be the biggest threats to service availability. In spite of these threats, the Company achieved a weighted network availability, based on product revenue, above the SLA targets during the past financial year across all platforms, as indicated in the graph below:

Network Performance (%): FY2025

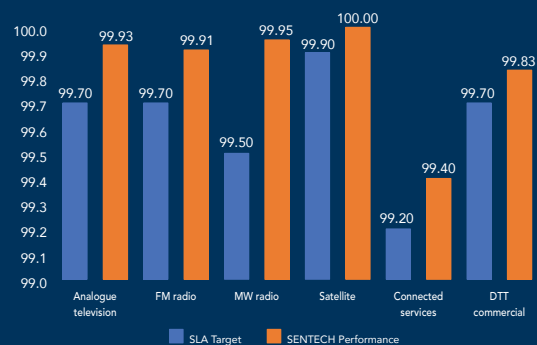


Figure 11. Network performance FY2025

In FY2025, we achieved a customer satisfaction score of 78%, meeting the set target and reflecting improved service quality across platforms. A survey, conducted among 196 customers with a 47% response rate, reflected a confidence level of 90% with a 7% margin of error, affirming the reliability of the insights gathered. The results highlight our ongoing commitment to customer centricity, operational responsiveness and stakeholder engagement.

PRODUCT PERFORMANCE

Media business unit

Our Media business remains a cornerstone of our service offering, delivering trusted broadcast signal distribution across South Africa and the continent. In FY2025, the division sustained strong performance in its core DTT and analogue services, maintaining high levels of availability and service reliability. Despite ongoing economic and industry pressures, SENTECH's terrestrial platforms continued to provide vital access to public and commercial broadcasters, including over 150 community radio stations, all commercial radio stations and major TV networks.

FY2025 also marked the commercial launch of Freevision Play in June 2024 with the successful live streaming of South Africa's presidential inauguration signalling the platform's technical capability and national relevance. While Freevision Play has shown growth in user engagement and content partnerships, revenue targets were not fully met, highlighting the early-stage nature of the OTT monetisation model. The platform has laid the groundwork for future growth, enabling SENTECH to extend its value offering beyond linear TV to support broadcasters in adapting to changing consumer behaviours.

Digital migration implementation

Supporting the national digital migration agenda, SENTECH continued to work closely with the Broadcast Digital Migration Programme management office, overseen by the Department of Communications and Digital Technologies, and other implementation partners to switch South African households from analogue to digital TV services.

Complementing DTT, SENTECH offers Freevision (DTH), reinforcing the Company's pivotal role in driving universal access to digital broadcasting, particularly in rural and underserved areas.

As South Africa continued its efforts towards the analogue switch-off, SENTECH maintained operational readiness and service availability while advancing its public education and installation efforts.

Towers business unit

Managed infrastructure services met expectations against the FY2023/24 planned target of R85 million.

Broadband connectivity services

The number of connected sites in FY2024/25 was 1 292, including remote rural parts of the country where a terrestrial network does not exist.

The fixed wireless network was expanded with another seven base station sites and various municipal clients received IoT services to improve service delivery.

Data centre services

SENTECH's NASREC data centre has the capability to provide co-location services. Upgrading this datacentre from Tier 2 to Tier 3 is at 80% implementation, which will enable the centre to provide hosting services. These hosting services are expected to be ready for commercialisation in FY2025/26.

Property portfolio

We have identified potential property assets for optimisation and the portfolio is being re-evaluated to use some non-productive assets, which include unused office buildings and land.

The SENTECH towers lease and space on our commercial sites continue to contribute towards our revenue.

As we develop value-added services for the managed infrastructure portfolio, we are rebundling our service structure to offer a greater mix of complementary services.



"This intellectual and manufactured capital investment has positioned us to meet growing demand for digital content delivery to enable universal access on multiple platforms. Our digital transformation efforts further streamlined operations, reduced costs and improved customer satisfaction."

Mr Flenk Mnisi
Acting COO



Intellectual capital

Intellectual capital includes ideas, knowledge, patents, trademarks and licences that we own, create and protect to create value for the Company.



SENTECH has a number of trademarks and intellectual property (IP) registered in its name to ensure protection and compliance of its registered IPs.

During the past five years, SENTECH has begun implementing a trajectory to transform the business to address broader telecommunication and information communication needs, greater capacity and new market segments. In the year under review, SENTECH began the productisation of its cloud offerings and established the SENTECH Academy for Emerging Technologies and Innovation.

We also completed our prototype total experience (TX) platform, which is being designed to enable public engagement.

Licences

SENTECH is licensed in terms of the Electronic Communications Act and holds individual electronic communications service (IECS) and individual electronic communications network service (IECNS) licences. An IECS licence enables SENTECH to provide all electronic communications services as defined in the Electronic Communications Act. Similarly, the Company is authorised to construct, maintain and operate a network service under its IECNS licence.

Value of licences to SENTECH

The licences are of utmost strategic value to the Company as SENTECH operates in a highly regulated environment. The licences are issued for a period of 20 years each, providing SENTECH with certainty and assurance of business continuity. The licences were issued to SENTECH in 2009 and will become due for renewal in 2029.

SENTECH licences enable the Company to establish various revenue streams in keeping with the ever-changing technological environment within which the Company operates.

Value of licences to customers and stakeholders

SENTECH services contribute largely to the dissemination of information in South Africa, either through radio or TV signals or other platforms. Our licences also serve a pivotal role in ensuring that customers, including broadcasters, receive a reliable and quality service that translates into satisfied end users in the tripartite value chain.

The Electronic Communications Act obliges SENTECH to provide services to licensed entities. Therefore, the services SENTECH provides to customers depend on the Company having valid licences and complying with the prescripts of those licences. The lack of licences or non-compliance with licence prescripts would disrupt the business, customers and end users.

SENTECH's licences enable the Company to play a vital social development role by ensuring quality access to information, education and entertainment in South Africa.

Brand value and reputation

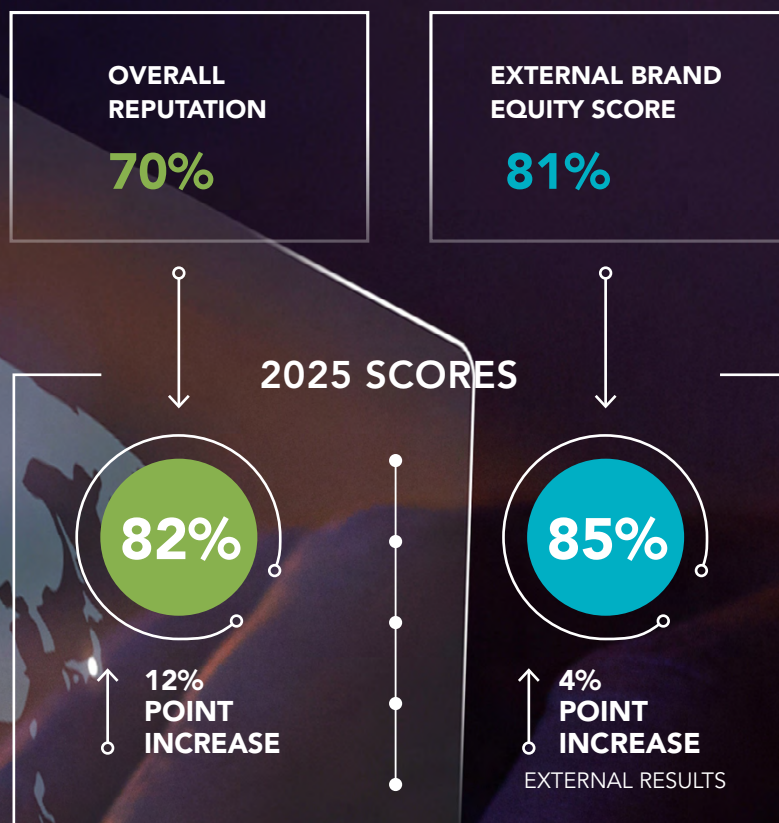
SENTECH recognises that a trusted brand and strong reputation are fundamental to long-term value creation. Through ongoing brand activation, consistent media monitoring and robust governance practices, the Company remains committed to enhancing its brand equity and safeguarding its reputation among stakeholders.

In 2023, although internal targets for brand equity and reputation scores were not fully met, the brand equity score exceeded the 76% benchmark – demonstrating resilience and continued stakeholder confidence in the brand.

The 2024 brand and reputation survey results reflect a positive trajectory and provide valuable insights to inform SENTECH's strategic brand direction. Our reputation score increased by 12%, marking a strong recovery from the marginal 1% decline in 2023, and signalling a meaningful improvement in stakeholder perception. Similarly, the overall brand score rose from 81% to 85%, reinforcing the effectiveness of recent strategic brand efforts while highlighting the importance of maintaining momentum through targeted communication and engagement.

Brand equity improved by 4%, underpinned by a strong performance in familiarity and experience indicators despite some isolated declines. These gains reflect growing awareness and recognition of SENTECH's potential and progress on our journey towards becoming a trusted digital infrastructure provider – an ambition that will guide continued brand-building and stakeholder engagement efforts.

2024 SCORES



Reputation

0%–64%	65%–74%	75%–89%	90%–100%
External dialogue: 64%		Human Capital: 89%	Strategic intent: 92%
		CSI: 86	
		Operational Governance: 83%	
		Value Offering: 82%	
		Internal Dialogue: 81%	
		Operational Capability: 77%	
		Business Results: 76	

Brand

0%–64%	65%–74%	75%–89%	90%–100%
		Brand personality: 89%	Brand familiarity: 91%
		Brand experience: 85%	
		Brand positioning: 85%	
		Brand Communication: 81%	
		Visual Identity: 78%	

Figure 12. Overall reputation and brand ratings



Human capital

Human capital consists of our employees' collective knowledge, skills, abilities and experience that drive SENTECH's competitive advantage.



SENTECH's business is continuously evolving, driven by technology disruptions and a competitive landscape. To enable the achievement of the business strategy, SENTECH reviewed its operating model and developed a more responsive organisational architecture. The new organisational design model was implemented to ensure optimum business performance and a more agile and customer-centric organisation. Our goal is to create an environment that supports innovation, streamlined decision-making and enhanced collaboration across the Company.

We continue our efforts to build an agile organisation to ensure responsiveness to changing customer requirements and new technologies. The following strategic human resources programmes were implemented:

- Customer-centric training for customer-facing roles
- Digital transformation training to enhance our competitive advantage
- Market-related remuneration practices
- An organisational design model that fosters innovation, customer centricity and revenue growth

The following narrative outlines the interventions we use to implement our human capital strategy.

Talent management

SENTECH remains committed to being an employer of choice. Our talent management practices enable us to attract, develop and retain skilled employees. Several components of our integrated talent management framework include talent acquisition, employee development, performance management, succession planning, employee engagement and talent retention.

Our employee value proposition aims to attract and retain talent for the future. Regular engagement with our employees enables us to remain attentive to their training and development needs.

Learning and development

To facilitate organisational transformation, we continue to invest in the development of future skills to enable our employees to perform optimally in their roles. We are prioritising digital skills, technical, commercial and leadership capabilities to enhance business performance.

We launched our learning platform to ensure continuous access to high-quality, diverse and up-to-date training materials that enhance employee capabilities and create opportunities for career growth.

The business training target of 1 127 training interventions for the year was achieved and slightly exceeded. We delivered 1 161 training interventions (98.3% for previously disadvantaged individuals, 42.62% for women and 1.12% for people living with disabilities). We spent R13.3 million on skills development (R13.26 million on historically disadvantaged groups).

We awarded 17 staff bursaries for the 2024 academic year and 21 bursaries for the 2025 academic year at a cost of approximately R952 000.

We also created strategic partnerships with academic institutions to support research and innovation initiatives. SENTECH has set up a research and innovation collaboration network with eight universities with financial support of R4.6 million.

In addition, we onboarded 35 interns during the year. The internship programme aims to provide students with experiential training through structured workplace exposure and specialised training. Total internship programme spend was approximately R1 million.

Recognising the socio-economic challenges faced by people living with disabilities, SENTECH supports social transformation and economic inclusion through bursary sponsorships. In FY2024/25 we invested R920 000 in bursaries to enhance their access to education and skills development.

Total skills development expenditure constituted 3.02% of payroll expenditure.

Training expenditure is set out in Table 6.

Skills development	Budget	Actual spend	EE spend
University collaboration	R5 600 000	R4 600 000	R4 600 000
Internships	R3 500 000	R1 014 844	R1 014 844
Staff training	R3 300 000	R3 339 266	R3 323 066
Staff bursaries	R735 000	R952 629	R952 629
Student bursaries	R920 000	R920 000	R920 000
Memberships, travel and accommodation	R2 445 000	R2 482 716	R2 457 373
Total	R15 580 000	R13 309 455	R13 267 912

Table 6. Training expenditure

Rewards and recognition

Our commitment to a unique employee value proposition shapes our remuneration practices and supports the SENTECH spirit of fairness and equitable employee benefits and rewards. The Company converted to a cost-to-company remuneration structure as a medium-term objective to manage costs. In enhancing our employee proposition, we introduced an additional medical aid scheme to offer employees more options and flexibility of choices.

SENTECH's short-term incentive scheme links individual and organisational performance to sustainable business outcomes.

Culture change

Employee engagement and well-being drive a thriving, productive workforce strengthening SENTECH's success. We foster a values-driven culture where employees align personal and organisational values, enhancing motivation. By embedding our I-CAARE (innovative, customer-centric, agile, accountable, reliable and ethical) values, we accelerate strategic goals, strengthen market differentiation, and reinforce agility, customer focus and competitiveness.

Occupational health and safety

We continue to strive for zero workplace fatalities, injuries or occupational diseases by minimising risk, managing environmental impacts and ensuring operational excellence. Our total recordable injury rate (TRIR) is closely monitored, capped at 1% of total staff headcount, and used as a safety performance metric. It is calculated by multiplying recordable injuries by 200 000 and dividing by total work hours accumulated per month to financial year end.

SENTECH has managed to keep the TRIR below the limit of 1% by raising awareness and through medical surveillance programmes.

Employment equity

SENTECH fosters an inclusive workplace where employees feel valued, respected and empowered. We advance women's placement in senior and technical roles, and promote opportunities for staff with disabilities.

At 31 March 2025, we had 425 permanent employees (outlined in the table below). The employment equity statistics show that 91% of staff are black and 40% are female. At top management level, 100% are black and 33% female. In addition, 89% of senior management are black and 50% are black females, while 86% of specialists and middle management are black and 35% black females. Our people with disabilities rate is 1.41% of the total staff complement.

OUR CAPITALS continued

Employment Equity Report 2024/2025

											
Occupational levels	African	Coloured	Indian	White	Employees with disability	African	Coloured	Indian	White	Employees with disability	Total
Top management											
Current	2	1	1	0	0	2	0	0	0	0	6
Senior management											
Current	7	0	0	2	0	9	0	0	0	0	18
Professionally qualified and experienced specialists and mid-management											
Current	38	2	1	7	0	26	2	0	4	1	80
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents											
Current	100	12	8	19	3	89	2	2	2	0	234
Semi-skilled and discretionary decision making											
Current	12	0	0	0	0	19	4	1	3	2	39
Unskilled and defined decision making											
Current	35	6	0	0	0	7	0	0	0	0	48
Total permanent	194	21	10	28	3	152	8	3	9	3	425

Table 7. Employment equity profile

Personnel remuneration by salary band

During the reporting period, the average remuneration per SENTECH's 425 permanent employees was R951 246. Top management accounted for 3.93%. The table below outlines staff remuneration, excluding costs related to terminated, temporary and variable employees at 31 March 2025.

Level	Personnel remuneration (R'000)	Percentage of total personnel cost	Number of employees	Average remuneration per employee (R'000)
Executive management	R15 880	3.93%	6	R2 646
Senior management	R31 689	7.84%	18	R1 760
Professional	R109 555	27.10%	80	R1 369
Skilled	R201 993	49.96%	234	R863
Semi-skilled	R22 949	5.68%	39	R588
Unskilled	R22 211	5.49%	48	R462
Total	R404 277	100%	425	R951

Variable costs include post-retirement obligations, overtime, standby allowance, leave pay provision, acting allowances, long service awards and short-term incentive payments.

Table 8. Staff remuneration

Employment and vacancies

The table below compares SENTECH's employee turnover and the recruitment profile for the reporting period with that of the previous financial year.

Occupational level	Employees at start of period	Approved posts	Posts planned to be filled	Employees at end of period	Vacancies	Vacancies planned to be filled	Vacancy rate in planned posts
Executive management	6	11	10	6	5	4	36%
Senior management	13	23	21	18	7	7	30%
Professionals	74	121	117	80	38	21	17%
Skilled technical and academically qualified	238	300	295	234	30	4	1%
Semi-skilled	44	57	51	39	10	0	0%
Unskilled	44	52	45	48	7	0	0%
Total	419	564	539	425	97	36	84%

Table 9. Employee turnover and recruitment profile

Employment change

The table below sets out SENTECH's employment profile at 31 March 2025. We had 36 planned vacancies out of a total of 97 vacancies during the reporting period. A total of 25 permanent appointments, including internal appointments, were made during the period.

Salary band	Employees at start of period	Appointments	Terminations	Employees at end of period
Executive management	6	1	1	6
Senior management	13	5	0	18
Professionals	74	6	0	80
Skilled	238	1	5	234
Semi-skilled	44	2	7	39
Unskilled	44	10	6	48
Total	419	25	19	425

Table 10. Employment profile

Reasons for employee departures

SENTECH's staff turnover rate for FY2024/25 was 4.5% (26% voluntary exits and 74% involuntary exits) including retirements, dismissals and deaths.

Reason	Number of employees	Percentage of total staff departures
Death	1	0.24%
Resignation	5	1.18%
Dismissal	6	1.42%
Contract expired	0	0.00%
Retirement	7	1.65%
Total	19	4.5%

Table 11. Staff turnover

Employee relations

SENTECH is committed to building a sustainable and harmonious working relationship with the organised labour workforce that is so vital to our productivity and the achievement of our strategic objectives. As a business, we will always strive to facilitate accessible and effective communication between employees, management and organised labour.

In fostering an ethical culture, SENTECH has adopted a zero-tolerance policy toward fraud and corruption and continues to ensure controls are in place to eliminate unethical business conduct.



Social and relationship capital

Social and relationship capital is our contribution to society and the relationships we build with our material stakeholders to ensure sustainability.



Engaging with our key stakeholders

Stakeholders	Priority interests	Means of engagement
Shareholder	- SOC rationalisation - Digital migration - South Africa Connect - SOE sustainability - ICT development and contribution to economic growth - Achievement of strategic goals - Fourth Industrial Revolution - ICT SMMEs and B-BBEE advancement	- Participation in and support of Shareholder events - Submission and presentation of business performance reports - Submission of Integrated Report - Annual general meetings (AGMs)
Government	- Broadcast industry development and contribution to economic growth - DTT rollout - Connected public facilities. - Consolidation of ICT budgets - Outreach programmes	- Annual performance plans - Submission and presentation of quarterly reports - Annual report tabling - Oversight visits - Virtual meetings
Employees	- Conducive, empowering and fair working environment - Career advancement - Occupational health and safety - Adapting to the changing world of work	- Employee engagements - Regional visits - Quarterly business TV address - Internal website and publications - Internal events - Divisional workshops - Video and tele-conferencing
Customers	- Excellent customer service - Value for money - Innovative solutions	- Customer engagement workshops - Contact centre - Website - Meetings - Exhibitions and events - Video and tele-conferencing
Suppliers	- Business opportunities - Collaboration and payment on time - Sustainability of business enterprises	- Supplier day - Meetings - Site visits
Regulators and other agencies	- Compliance - Partnership and collaboration	- Submissions and presentations - Lobbying and advocacy
Media	- Information - Corporate responsibility	- Publications - Media networking - Advertorials - Video and tele-conferencing
Communities	- Community development - Social transformation and jobs - Risk management - Strengthening relationships - Inclusiveness and accessibility - Asset value development - Human dignity restoration	- Community forums - Charity events - Briefing sessions - Meetings - Direct marketing and lobbying
Organised labour	- Workers' interests - Consultation and involvement in decision making affecting workers - Workers' safety and well-being	- Consultation - Negotiations - Bargaining agreements
Partners	- Revenue sharing - Skills and capacity sharing	- Joint ventures and strategic agreements - Covenants and performance agreements monitoring

Engagement outcomes

- The Company supported Shareholder events and initiatives on digital migration and South Africa Connect
- We complied with requirements, including AGMs and timely submission of the Integrated Report
- Timely and quality performance information was well received by government
- The Company implemented hybrid remote working opportunities
- Employees were informed about the Company's strategy, results and developments around the moratorium on recruitment
- Increased customer satisfaction and loyalty
- SMMEs were paid at least within 14 days of invoice
- Guidance from ICASA, the Competition Commission and Takeover Regulatory Panel on SENTECH's acquisition of BBI
- Enhanced our brand and reputation scores
- Community acceptance and ownership of Company infrastructure
- Healthy labour relations
- Agreement on wage settlement
- Improved employee morale
- Jointly pursued opportunities for business sustainability

Table 12. Stakeholders

Creating value through B-BBEE

Transformation and our B-BBEE rating are important considerations for SENTECH. Transformation helps to improve the lives and economic conditions of communities and a high B-BBEE rating provides opportunities for SENTECH to advance its ESD programme. We thus facilitate broader socio-economic change and development.

Throughout the year, the Company provided financial and non-financial support to start-ups and established SMMEs to enable them to become more competitive and to secure long-term sustainability. Four SMMEs received financial grants to the total value of R4 million. All beneficiary businesses were sustainable with advanced supply capabilities, created five jobs and were not entirely dependent on external funding.

Our B-BBEE status is evaluated using four criteria:

- Management control
- Skills development
- Preferential procurement
- Socio-economic development

SENTECH is exempted from the ownership clause.

B-BBEE elements	SENTECH's score		Target score
	FY2023/24	FY2024/25	
Management and control	17.59	TBC	20.00
Skills development	17.23		30.00
Preferential procurement	56.78		59.00
Socio-economic development	9.11		12.00
Overall score	100.72		112.00
Contributor level	TWO		ONE

Table 13. B-BBEE scorecard

Management control

At SENTECH, we are committed to the implementation of a three-year employment equity plan aimed at achieving our transformation objectives and regaining our B-BBEE Level 1 rating. Programmes are in place to drive transformation at all levels of the business. Notably, the number of employees living with disabilities during the reporting period was 1.4% (six). We are committed to meeting the target of 2% (10) when the moratorium on recruitment has been lifted.

The graph below highlights our employment equity status in terms of women representation:

Percentage of women representation 31 March 2025

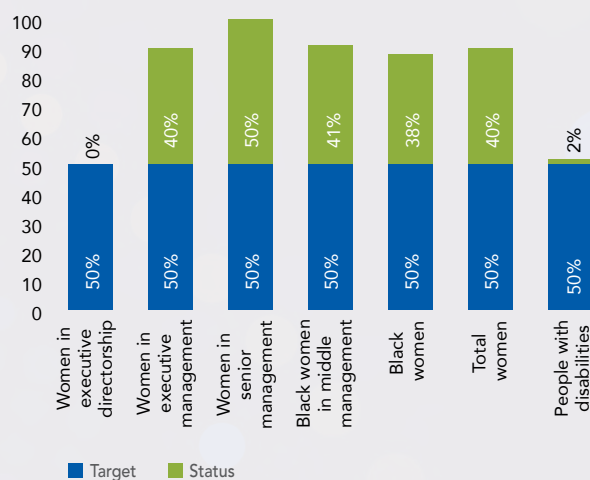


Figure 13. Women representation

Women representation is currently at 40% of which 38% is black. While the Company is committed to achieving a 50% representation of women as part of the three-year employment equity plan, the employment moratorium and an increase in female resignations delayed achievement of this target in FY2025. The current employment equity statistics show that 91% of employees in the Company are black.



The table below summarises SENTECH's overall employment equity status:

Levels	African	Coloured	Indian	White	Total black	Total
Black Executive Directors	1	0	0	0	1	1
Black female Executive Directors	0	0	0	0	0	0
Black executive management	3	1	1	0	5 (100%)	5
Black female executive management	2	0	0	0	2 (100%)	2
Black senior management	16	0	0	2	16 (89%)	18
Black senior female management	10	0	0	0	10 (100%)	10
Black middle management	64	4	1	11	69 (86%)	80
Female middle management	26	2	0	4	28 (88%)	32
Black people living with disabilities	4	0	0	2	4	6 (1.4%)
Black women living with disabilities	2	0	0	1	2	3

Table 14. Overall employment equity status

Please refer to learning and development on page 45 for details on our skills development spend during FY2025.

Preferential procurement

SENTECH continues to advance its transformation agenda by supporting companies owned by black people and other designated groups as proposed in the B-BBEE Act.

Our B-BBEE spend report on page 52 illustrates distribution of procurement spend of R464 400 000 during FY2025. At least R370 540 000 was awarded to enterprises with at least 51% black ownership or more. We allocated 79.79% of projects to black-owned companies.

Another notable achievement is that we apportioned R413 950 000 (89.14%) to SMMs and R158 490 000 (34.13%) to female-owned enterprises. SENTECH will continue to focus on women and youth-owned enterprises and those owned by people with disabilities to improve spend in these categories.

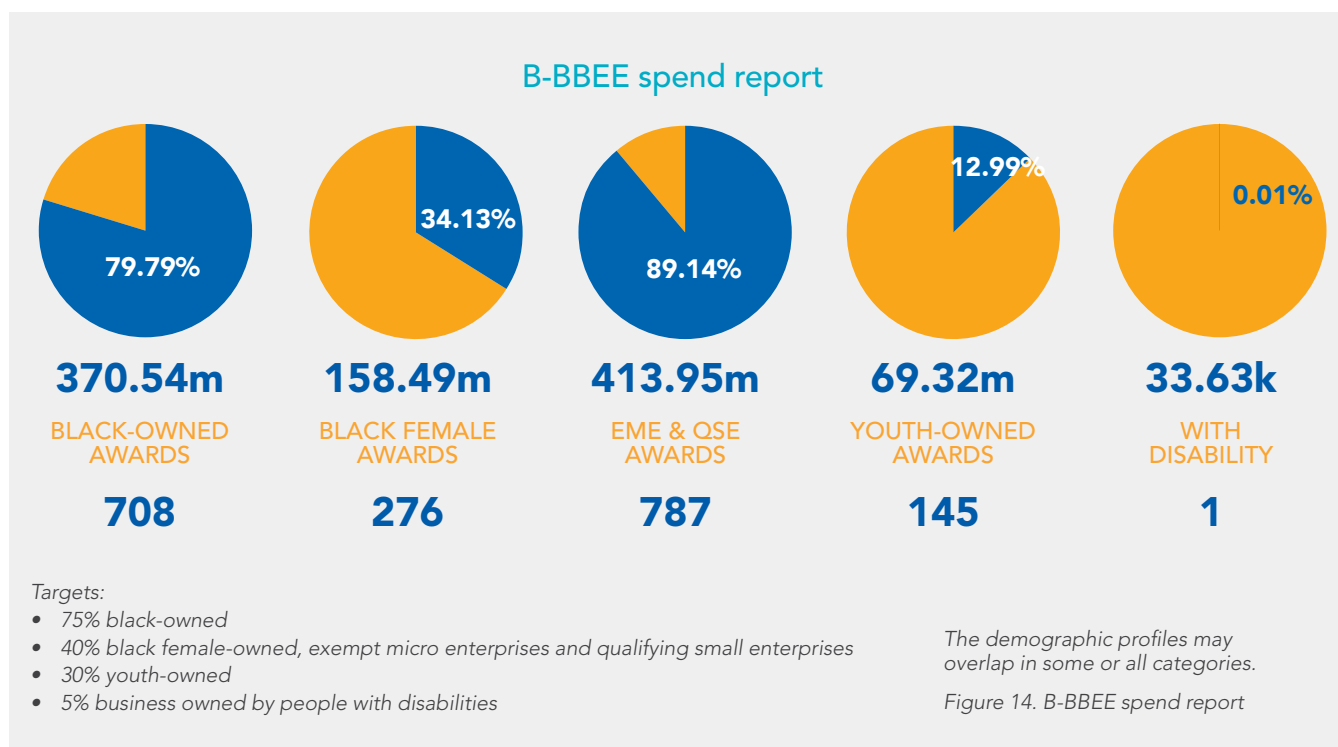
OUR CAPITALS continued

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SENTECH will continue to drive the transformation agenda as informed by the B-BBEE Act and the new Preferential Procurement Policy Framework Regulations published in 2022 for implementation with effect from 16 January 2023.

Enterprise and supplier development

SENTECH awarded R4 million of the ESD budget to four SMMEs in FY2025. To date, these beneficiary businesses are sustainable, have advanced supply capabilities and are not entirely dependent on external funding.

Socio-economic development

SENTECH drives socio-economic development through the provision of connectivity and equipment to empower beneficiaries to participate in economic activities.

Our commitment to advancing the SDGs is outlined on page 21 with the following summary of our socio-economic development spend for FY2025:

- Over a two-year period, SENTECH supported an innovation centre by donating connectivity to enhance ICT training for rural South African youth.

In FY2025, the final year of this initiative, 41 graduates were honoured – most of whom were previously unemployed women. The centre provides tailored career pathways aimed at driving economic empowerment and fostering digital inclusion in underserved communities.

- In support of the Department of Communications and Digital Technologies, SENTECH donated R30 000 to three schools and pledged additional contributions, including colour printers for Pholela Special School and Setumo High School in Mahikeng as well as sanitary towels valued at R5 000 for Setumo High School.
- SENTECH's annual Chairperson's Charity Golf Day successfully raised funds benefiting four non-governmental organisations.
- In collaboration with EduFeArn, 5 500 learners across Gauteng, the Free State and Limpopo received maths dictionaries and clicker devices (calculator-like tools that support ICT integration in mathematics intervention programmes).
- SENTECH donated 30 tablets and eight projectors to Molo Mhlaba School in Khayelitsha, reaffirming our commitment to digital learning and empowering girls with the tools they need to thrive.



Natural capital

We impact the environment through the natural resources we use, namely energy and water. During the year, the Company implemented several initiatives to enhance our natural capital, including environmental preservation initiatives aimed at lowering carbon emissions.



Environmental preservation

As a responsible corporate citizen, SENTECH is committed to environmental integrity and continuous compliance with regulations and standards.

Our communications infrastructure spans national parks, protected areas, private game reserves and farms, generating hazardous waste that requires careful management. We actively minimise operational impacts to safeguard the environment for current and future generations.

Aligned with the National Environmental Management Act (No. 107 of 1998), our environmental impact management policy guides efforts to reduce carbon emissions, enhance environmental hygiene and improve waste management. It also provides measures to control materials use and operating conditions, minimising health hazards and pollution. SENTECH continuously improves environmental management.

Due to load shedding, increased generator use required frequent diesel refuelling by internal teams during FY2025. Staff received safety training to prevent spills and exposure. No significant environmental incidents were recorded during the review period.

Lowering carbon emissions

South Africa is committed to reducing its carbon footprint. The Carbon Tax Act (No. 15 of 2019) mandates emission reporting and requires businesses to cut emissions responsibly. Based on the "polluter pays" principle, the Act imposes a tax on greenhouse gas emissions while incentivising cleaner technologies.

SENTECH drives emissions reduction through research initiatives focused on energy-efficient technology, green energy solutions, replacing harmful refrigerant gases, minimising staff travel and lowering direct emissions from backup generators.

During the MTEF period between 2022 and 2025, SENTECH committed to converting 40 sites to green energy. In FY2025, we successfully transitioned 16 additional sites to solar power, achieving our full 40-site target. This forms part of a broader strategy to shift offices and high-use sites to renewable energy, significantly reducing our carbon footprint. Termination of analogue television services lowered electrical demand, reducing indirect Scope 2 emissions. Hybrid work, improved waste management and reduced fuel consumption further minimised indirect Scope 3 emissions. Less load shedding led to fewer generator runs, decreasing direct Scope 1 emissions.

The graph below illustrates a 9% reduction in carbon emissions, decreasing from 78 346 tCO₂e to 71 505 tCO₂e in FY2024/25. It illustrates a steady decline in carbon emissions over three years, reflecting the Company's ongoing sustainability efforts.

SENTECH's carbon emission trends (tCO₂e)

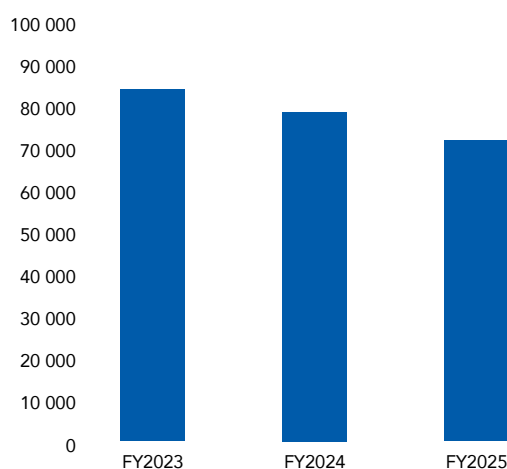


Figure 15. Carbon emission trends

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE

Our corporate governance goes beyond legal compliance, policies, processes and procedures. We are committed to the highest standards of governance, ethics and integrity, which are all embedded in our culture and designed to secure long-term effectiveness and sustainability. These standards are also designed to facilitate and foster healthy relationships among members of the Board, the Shareholder, employees and other stakeholders.

We believe good corporate governance is an expression of our values and creates a solid framework for effective leadership, accountability, risk management, performance management and transparency. It also creates a context within which to establish sound business practices, integrity and the creation of value for all stakeholders.

Board of Directors' report

At SENTECH, we constantly and consistently review our governance practices and processes to ensure we always act in the best interests of all stakeholders. The Board of Directors is ultimately accountable and bears full responsibility for the Company's performance and affairs as well as for ensuring that we adhere to the highest standards of ethical behaviour. Our Board embraces the principles and benefits of diversity that bring different perspectives and inputs to executive decision making.

The Board is led by an independent Non-Executive Director and most of the members are independent Non-Executive Directors, as recommended by King IV. The CEO, CFO and COO are the Executive Directors. The responsibilities of Board members, a record of their attendance at meetings and matters considered during the financial year are set out in the following sections.

Continuity programme

The Board continuity programme addresses the skills, experience and other qualities required for the effective functioning of the Board. It also sets out the procedures for the induction and ongoing training of Directors as well as the evaluation of the Board's performance.

Appraisal

An appraisal of the Board and its committees was conducted by a reputable external service provider. An independently facilitated self-appraisal process dealing with the performance of the Board as a whole and the performance of the Board committees was conducted.

The appraisal was aligned to the principles of King IV and covered the following:

- Composition of the Board and its committees
- Roles and responsibilities of the Directors
- Culture of the Board
- Key role players

Approach to compliance

Adherence to and compliance with applicable laws and regulations is a responsibility of the Board. During the year, the Company reviewed its compliance policy and framework as well as legal and regulatory developments. Compliance reports were submitted to the Audit and Risk Committee and the Social and Ethics Committee. Compliance monitoring reviews were undertaken in selected divisions to assess whether business activities were being conducted in compliance with relevant regulatory requirements, internal policies and procedures. This process has assisted the Company in identifying areas in need of improvement.

Ethics

King IV defines corporate governance as "the exercise of ethical and effective leadership by the governing body" and is aimed at achieving an ethical culture, good performance, effective control and legitimacy. The Board is responsible for defining the Company's ethical framework and has delegated oversight of this to the Social and Ethics Committee. The Code of Business Conduct and the Ethics Policy were reviewed during the year. The policy articulates the standards of behaviour expected from Directors, employees and service providers.

All Directors and managers commit to upholding the Company's ethical standards by signing an ethics pledge. A formal Whistleblowing Policy provides employees with access to an anonymous hotline, which can be used to report unethical conduct. This is administered by an independent company, which submits cases based on reports received. The cases are investigated by Internal Audit, starting with a preliminary investigation to establish whether there is a *prima facie* case.

Compliance with King IV

The Board accepts and is compliant with the governance principles outlined in King IV. This represents a fundamental commitment to stakeholder inclusivity, corporate citizenship and protecting value in all areas of the business. The Company's governance framework and culture provide a solid foundation for the implementation of King IV, which focuses on four outcomes: an ethical culture, good performance, effective control and legitimacy. The Board has provided effective leadership, which has been demonstrated through the achievement of strategic objectives. The Board is satisfied with the way the principles in King IV have been applied within the business with supplementary measures in place as and where necessary.

It is the Board's role to provide strategic guidance and leadership to safeguard Shareholder and other stakeholder value within a framework of prudent and effective controls.

Governance structures were put in place by the Board to facilitate risk identification and for management to secure sustainable development and long-term growth.

The Board is ultimately accountable for SENTECH's business affairs and performance, and for ensuring that the Company adheres to high standards of ethical behaviour. Directors have a fiscal and fiduciary responsibility to the Company under common law and in terms of the Public Finance Management Act and the Companies Act. The Board is directly accountable to the Shareholder's Representative, namely the Minister of Communications and Digital Technologies. Directors are also responsible, within the parameters of corporate law and legislation, to other stakeholders of the Company. They are required to exercise due care, skill and the utmost good faith in the performance of their duties.

The Board reviews its governance structures and processes on a regular basis to ensure they support effective and ethical leadership, good corporate citizenship and sustainability. Policies are in place to ensure adherence to legislative and regulatory requirements as well as best-practice standards of governance.

The Board is governed by the Board Charter, which provides details of the roles, powers, functions, duties and responsibilities of the Directors, collectively and individually. The Charter was reviewed and approved by the Board during the reporting period.

The Board is mindful of its responsibility to ensure there is always an appropriate balance of skills and experience on the Board. Should the balance be affected for any reason, the Board makes recommendations to the Minister, advising on the appointment of Non-Executive Directors to ensure the balance of skills and experience.

Independence of Directors

The Board follows a process of assessing the independence of Non-Executive Directors on an annual basis using the criteria recommended in King IV to ensure the necessary independence. The Board is satisfied that all Non-Executive Directors meet the requisite criteria for independence as outlined in the Independence of Directors Policy.

Based on the MOI, the Shareholder's Compact and applicable legislation, the Board has determined that its main functions and responsibilities are as follows:

- Giving strategic direction to the Company in line with government's objectives and ensuring that SENTECH remains a viable and sustainable business. The Company's strategic objectives are set out in the Annual Corporate Plan, which is submitted to the Department of Communications and Digital Technologies and National Treasury.
- Preparing and approving corporate plans, annual budgets, integrated reports and financial statements.
- Ensuring SENTECH complies with the obligations required by the various laws and regulations applicable to the Company.

- Monitoring and evaluating implementation of the Board's strategies and performance objectives by Executive Management, as defined in the Corporate Plan and Shareholder's Compact.
- Ensuring the Company is managed effectively and in accordance with best-practice corporate governance and ethical standards.
- Regularly assessing the performance and effectiveness of the Board as a whole as well as the individual Directors, including the Chairperson and the CEO, the committees of the Board and the chairpersons of the various committees.
- Accounting to the Shareholder on the implementation of the Corporate Plan.
- Ensuring the technologies and systems used in the Company are adequate to run the business properly and for it to compete through the efficient use of its assets, processes and human resources.

Composition and number of meetings

During FY2024/25, changes were made to the composition of the Board by the appointment of the following Non-Executive Directors:

- Ms S Mudau (term ended 28 February 2025)
- Ms V Motloutsi
- Mr T Phiri
- Mr M Metuse
- Dr T Sesane
- Adv N Mudunungu
- Ms M Moropa

The Board held one strategic planning session during this period as well as five scheduled and three special meetings, as set out in the table on page 58.

Key focus areas of the Board

The Board extensively reviewed the risks related to sustainability during this period, which necessitated a review of the corporate strategy. The members are confident that the amendments made to the strategy support sustainability, an area that will continue to receive special attention well into the future.

After the strategic review, the Board approved several strategic initiatives aimed at growing SENTECH's business. The proposed acquisition of BBI by SENTECH, business development and long-term sustainability are standing items on the Board's agenda.

The Board recognises that the management of any business is fundamentally about managing risks. SENTECH's risk management processes are informed by its Risk Management Framework and Policy, which was also reviewed during the reporting period.

In addition, the Board Committee Charters were reviewed and aligned to our amended strategy. The Board is confident that the Board committees are adequately capacitated to discharge their responsibilities.

Finally, the Board approved various policies related to governance.

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

Activities of the Board

Quarter	Quarter
1 2024 April–June	2 2024 July–September
Matter	Matter
- Considered the first-quarter Business Performance Report - Considered Board Performance Balanced Scorecard - Considered Board Evaluation Implementation Plan - Considered the first-quarter Progress Report on Risk Management - Reviewed Board Committee Charters - Reviewed the FY2024/25 Risk Management Plan - Reviewed the FY2024/25 Compliance Risk Management Plan - Reviewed the FY2024/25 Strategic Risk Register - Reviewed the Risk Appetite and Tolerance Policy - Reviewed the Asset Management Policy - Considered the bad debt write-off - Considered the South Africa Connect update - Considered the Broadcasting Digital Migration (BDM) update report - Considered the Stakeholder's Engagement Report - Considered the organisational design analysis - Reviewed the Leave Policy - Considered the first-quarter Investment Committee Report - Considered the Unaudited Annual Financial Statements FY2023/24 - Considered the draft Integrated Report for FY2023/24	- Considered the first-quarter Business Performance Report - Considered the first-quarter Progress Report on Risk Management - Considered the appointment of a service provider for the supply of the Ka-band VSAT bandwidth for 600 sites located in KwaZulu-Natal, Limpopo and the Eastern Cape - Considered the Integrated Report FY2023/24 - Considered the Annual Financial Statements FY2023/24 - Considered the External Auditors' Management Report - Considered the first-quarter Business Performance Report - Considered the first-quarter Progress on Risk Management - Considered the SABC proposal on repayment of SENTECH debt - Reviewed the information technology policies - Considered the Technology, Sales and Regulatory Coordination Committee Report - Considered the South Africa Connect update - Considered the BDM Plan and STB Installations Progress Report - Considered cost containment post SABC reduced services - Considered the Stakeholder Engagement Report - Considered the Human Resources, Nominations and Remuneration Committee first-quarter Performance Report - Considered the annual salary mandate - Considered the second-quarter Investment Committee Report - Considered the AGM Notice - Considered the first-quarter Board Evaluation Implementation Report update

Quarter	Quarter
3 2024 October–December	4 2025 January–March
Matter	Matter
• Considered the appointment of service providers to render security services to SENTECH head office and NASREC • Considered the appointment of a service provider for the supply of X2 36 MHz C-band space segment capacity for a period of three years • Considered the short-term incentive once-off payment • Reviewed the FY2024/25 third-quarter Business Performance Report • Considered the FY2023/24 third-quarter Risk Management Report • Reviewed the Fraud Prevention Policy • Reviewed the Business Continuity Management Policy • Considered the Memorandum SENTECH Public Protector Report • Considered the Universal Service and Access Agency of South Africa payment update • Considered the Technology, Sales and Regulatory Coordination Committee Report • Considered the BDM Plan and STB Installations Progress Report • Considered the report on South Africa Connect • Considered the Stakeholder Engagement Report • Considered the third-quarter Investment Committee Report • Considered the delegation of authority • Considered the Business Continuity Management Policy • Considered the recruitment of the CEO update • Considered the Companies Act amendment and implications • Considered the Director's Developmental Plan • Considered the Board Evaluation Implementation Report • Considered the second-quarter Human Resources, Nominations and Remuneration Committee Performance Report • Considered the once-off payment incentive • Considered the CFO position recruitment update	• Considered the annual corporate calendar for FY2025/26 • Considered the condonation of irregular expenditure • Finalised the recruitment of the CFO • Reviewed the FY2024/25 fourth-quarter Business Performance Report • Considered the draft FY2025/26–FY2027/28 Corporate Plan • Considered the FY2024/25 fourth-quarter Business Performance Report • Considered the FY2025/26 Risk Management Plan • Considered the FY2025/26 Strategic Risk Register • Considered the Risk Appetite and Tolerance Policy • Considered the South Africa Connect update • Considered the BDM Plan and STB Installations Progress Report • Considered the Stakeholder Engagement Report • Considered the Leave Policy • Considered the organisational design implementation • Considered the fourth-quarter Investment Committee Report

Table 15. Board activities

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

Attendance at meetings

The Board held one strategic planning session during this period as well as four ordinary and four special meetings. Attendance at these meetings is set out in the table below:

Name of member	26 April 2024	26 May 2024*	29 July 2024	30 October 2024	7 December 2024*	28 January 2025	26 February 2025*	28 March 2025
Ms S Mudau (Chairperson)	✓	✓	✓	✓	✓	✓	✓	N/A
Ms V Motloutsi	✓	✓	✓	✓	✓	✓	✓	✓
Mr T Phiri	✓	✓	✓	✓	✓	✓	✓	✓
Mr M Metuse	✓	✓	✓	✓	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓	✓	✓	✓	✓
Ms M Moropa	✓	✓	✓	✓	✓	✓	✓	✓
Mr T Leshope	✓	✓	✓	✓	✓	✓	✓	✓
Mr F Mnisi	✓	✓	✓	✓	✓	✓	✓	✓
Ms R Rasikhinya	✓	✓	✓	✓	✓	✓	✓	✓

Table 16. Board meeting attendance

x Apology/Recused from a meeting

✓ Present (either in person or via teleconference)

* Special meeting

N/A Meeting held prior to appointment or following resignation as a Non-Executive Director or the reconstitution of committee membership

Comparison of attendance at Board meetings in FY2023/24 versus FY2024/25

Board members	FY2023/24 meetings		FY2024/25 meetings	
	Number	%	Number	%
Ms S Mudau	14/14	100	7/8	87.5
Ms V Motloutsi	13/14	93	8/8	100
Mr T Phiri	14/14	100	8/8	100
Mr M Metuse	14/14	100	8/8	100
Dr T Sesane	14/14	100	8/8	100
Adv N Mudunungu	13/14	93	7/8	87.5
Ms M Moropa	14/14	100	8/8	100
Mr M Boo	6/6	100	8/8	100
Mr T Leshope	12/13	92	8/8	100
Ms R Rasikhinya	13/13	100	8/8	100
Mr Flenk Mnisi	6/7	85	8/8	100

Table 17. Board meeting attendance comparison



Mr Tebogo Leshope
Chief Executive Officer



Mr Themba Phiri
Board Chairperson

Board committee structure

The committees of the Board facilitate the implementation of strategy in various areas of the business and provide insight, oversight and guidance in those areas. The committees report to the Board through their respective chairpersons who submit regular written reports.

The five committees of the Board are illustrated below:

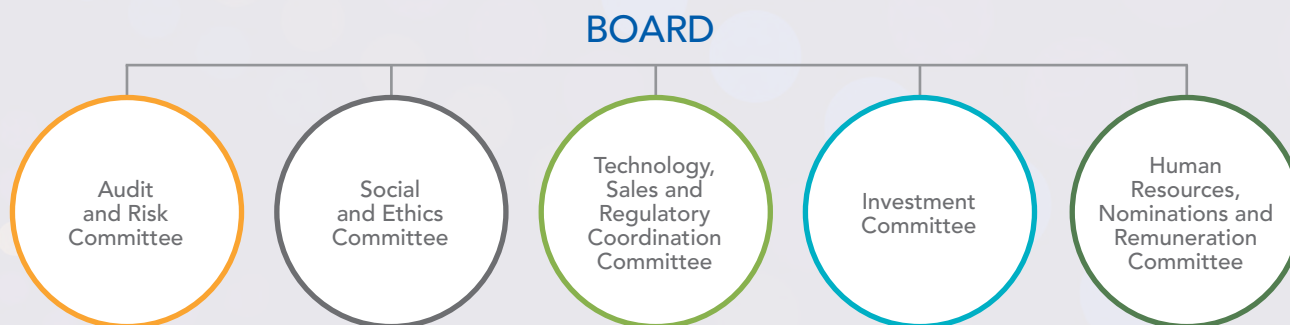


Figure 15. Board committees

Committee reports

Audit and Risk Committee



Themba Phiri
Chairperson: Audit and Risk Committee

The Audit and Risk Committee is constituted as a committee of the Board to fulfil statutory duties in terms of Section 51(1)(a)(ii), Section 76 and Section 77 of the PFMA, read together with Treasury Regulation 27 and Section 94(7) of the Companies Act, as well as all other duties assigned to it by the Board.

The Audit and Risk Committee deals with key accounting issues and audit matters. Its role is to ensure the proactive management of all categories of risk and to play a role in ensuring the integrity and transparency of our corporate reporting.

Audit and Risk Committee Charter

The committee confirms that it has complied with its Charter and other statutory obligations during the reporting period. The Audit and Risk Committee Charter is continuously reviewed in line with changes in legislation, business circumstances and corporate governance principles. A review in accordance with King IV and current best practice was conducted during the reporting period.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities, particularly with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, financial and corporate reporting processes, risk management and compliance. In addition, the Audit and Risk Committee assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

Composition and meeting attendance

During the reporting period, the Audit and Risk Committee comprised the following members and held four ordinary meetings and two special meetings:

Member	17 April 2024	23 May 2024*	19 July 2024	24 October 2024	20 January 2025	24 February 2025*
Mr T Phiri (Chairperson)	✓	✓	✓	✓	✓	✓
Ms M Moropa	✓	✓	✓	✓	✓	✓
Mr M Metuse	✓	✓	✓	✓	✓	✓

Table 18. Audit and Risk Committee composition and meeting attendance

* Special meeting

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

Permanent invitees

The CEO, CFO, COO, Chief Audit Executive, Chief Strategy and Transformation Officer, Executive: Finance, Chief Commercial Officers, Heads Risk and Compliance and Supply Chain Management are permanent meeting invitees at committee meetings.

In addition, the representatives of the Auditor General of South Africa attend meetings by invitation. The external auditors also attend Audit and Risk Committee meetings and have unrestricted access to all committees of the Board that deal with audit and/or risk issues. External and internal auditors are able to meet with the Audit and Risk Committee in the absence of management as and when the need arises.

Activities

Actions	
External Audit	- Considered the draft FY2024/25 Annual Financial Statements with management and assurance providers and recommended it to the Board - Concurred that the adoption of the going concern premise in preparation of the Annual Financial Statements was appropriate - Recommended the FY2024/25 Integrated Report to the Board - Recommended the quarterly business performance reports to the Board - Recommended the appointment of the external auditor to the Board for approval by the Shareholder representative at the AGM - Reviewed, deliberated and approved the annual External Audit Plan and related scope of work for the year ending 31 March 2025 with specific reference to the proposed methodology, execution period and fee - Considered with management the quality and effectiveness of the external audit process, areas of concern and the improvement plans being developed to mitigate identified risks - Reviewed significant accounting practices, judgements and estimates adopted by the Company in the application of IFRS and found those to be appropriate - Considered the FY2024/25 Procurement Plan - Noted progress reports on the FY2024/25 management letter points
Internal Audit	- Approved the FY2024/25 Internal Audit Plan and rolling three-year plan - Reviewed and approved the Internal Audit Charter - Considered Internal Audit quarterly reports relating to the effectiveness of the Company's internal control environment, systems and processes together with the adequacy and appropriateness of the related management corrective action plans - Considered the effectiveness of the Internal Audit function - Reviewed the Internal Audit resources to ensure that Internal Audit is able to discharge its functions - Considered hotline reports and progress in addressing reported incidents
Other	- Approved the Risk Management Plan and Combined Assurance Plan - Recommended to the Board for approval the Strategic Risk Register and risk appetite and tolerance level - Reviewed the effectiveness of the Company's system of internal financial control, including receiving assurance from management, Internal Audit and external audit - Reviewed significant issues raised by Internal Audit and audit processes - Approved internal control and compliance activities - Reviewed policies and procedures for preventing and detecting fraud
Based on the processes and assurances obtained, the Audit and Risk Committee believes the significant internal financial controls are effective. During the reporting period, the Audit and Risk Committee was involved in various key risk areas and was satisfied that the following areas were appropriately addressed:	
- Financial reporting risks - Internal financial controls - Fraud risks as related to financial reporting - IT risks as related to financial reporting - Proposed changes to the Audit and Risk Committee Charter and Annual Work Plan for recommendation to the Board - Reports on fraud prevention	

Table 19. Audit and Risk Committee actions



Risk management

The Board has delegated the responsibility of managing the Company's Risk Management Policy to the Audit and Risk Committee. The committee oversees risks and opportunities to ensure they are appropriately identified, monitored, managed and provisioned within the Company's defined risk appetite.

The Audit and Risk Committee Charter defines the minimum requirements for the committee to give effect to its risk oversight responsibilities. It receives regular reports on issues in the Company's Risk Register and on compliance matters from the Compliance and Risk functions.

The Audit and Risk Committee considered the material risks within the Company and changes to the risk profiles during the year. New and emerging risks, including stakeholder management risks, were addressed. The committee also assisted the Board in discharging its duties related to the Company's system of risk management and compliance. It further received Internal Audit reports regarding the adequacy and effectiveness of the Company's information system controls.

The Audit and Risk Committee received no complaints relating to the accounting practices and Internal

Audit of the Company, the content or auditing of its financial statements, the internal financial controls of the Company or any other related matters during the reporting period.

Having considered, analysed, reviewed and debated information provided by management and Internal Audit and the external auditors, the Audit and Risk Committee concluded that the internal controls were partially effective in all material aspects throughout the reporting period.

Financial reporting

The Audit and Risk Committee received regular reports from management regarding the performance of the Company, the tracking and monitoring of KPIs, budgets, forecasts, capital expenditure and the reliability of management information used during the financial reporting process. The committee monitored consistency in the application of the accounting and financial policies of the Company and compliance with accounting standards.

The Audit and Risk Committee is satisfied that the mitigation actions for the identified risks have been effective. Strategic risks identified in the Corporate Plan influenced pertinent matters addressed by the Board.

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

National Treasury instruction on fruitless, wasteful and irregular expenditure

National Treasury requires SENTECH, as a Schedule 3B entity, to provide a detailed account of any instances of fruitless, wasteful and irregular expenditure in accordance with Section 1 of the PFMA (1999).

The table below details losses through criminal conduct, irregular, fruitless and wasteful expenditures made in vain and would have been avoided had reasonable care been exercised during FY2024/25:

Figures in Rand thousand	R'000 2025	R'000 2024
Losses through criminal conduct, irregular, fruitless and wasteful expenditures		
a) Reconciliation of irregular expenditure		
Opening balance	19 203	12 603
Add: Irregular expenditure confirmed	828	7 427
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed		(827)
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off		
Closing balance	20 031	19 203
Irregular expenditure incurred in the current year relates to costs incurred exceeding contract value without approval		
Reconciling notes		
Irregular expenditure that was under assessment		
Irregular expenditure that relates to the prior year and identified in the current year		
Irregular expenditure for the current year	828	7 427
Total	828	7 427
b) Details of current and previous year irregular expenditure (under assessment, determination and investigation)		
Irregular expenditure under assessment	–	–
Irregular expenditure under determination	–	–
Irregular expenditure under investigation	–	–
Total	–	–
c) Details of current and previous year irregular expenditure condoned		
Correct procurement processes not followed	–	–
Contract not approved at the correct delegated authority level	–	–
Services rendered without an approved purchase order/approved contract value exceeded	–	–
Payment and services received without valid contract	–	–
Total	–	–
d) Details of current and previous year irregular expenditure removed (not condoned)		
Irregular expenditure not condoned and removed	–	827
Total	–	827
e) Details of current and previous year irregular expenditure recoverable		
Fraudulent payments	–	–
Fraudulent procurement activity	–	–
Total	–	–

Figures in Rand thousand	R'000 2025	R'000 2024
f) Details of current and previous year irregular expenditure written off (irrecoverable)		
Fraudulent payments	–	–
Fraudulent procurement activity	–	–
Total		
Irregular expenditure removed in the prior year relates to expenditure reclassified to fruitless and wasteful expenditure after the determination test was redone.		
g) Details of non-compliance cases where an institution is involved in an interinstitutional arrangement (where such institution is not responsible for the non-compliance)		
N/A	–	–
h) Details of non-compliance cases where an institution is involved in an interinstitutional arrangement (where such institution is responsible for the non-compliance)		
N/A	–	–
i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure		
Employee dismissed for theft and criminal process underway	–	–
Implicated employees under disciplinary process and/or criminal cases opened against the supplier	–	7 389
Total	–	7 389
Actions taken to prevent recurrence of irregular expenditure include awareness workshops, consequence management, update of processes and introduction of panels for some services. Regarding the irregular expenditure incurred in the current year of R828 million, no criminal steps have been taken as this did not involve criminal activities.		
Material losses through fruitless and wasteful expenditures		
The expenditure identified in the current year relates to interest charged on late payments of utility accounts.		
MATERIAL LOSSES THROUGH FRUITLESS AND WASTEFUL EXPENDITURES		
The following material losses through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Telecommunications and Digital Technologies for the year under review:		
a) Reconciliation of fruitless and wasteful expenditure		
Opening balance	940	231
Add: Fruitless and wasteful expenditure confirmed	44	1 014
Less: Fruitless and wasteful expenditure not recoverable and written off	(51)	(305)
Less: Fruitless and wasteful expenditure recoverable	(441)	
Closing balance	492	940
Fruitless and wasteful expenditure incurred is due to late payment of invoices for utility accounts.		
Reconciling notes		
Fruitless and wasteful expenditure that was under assessment	–	–
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	–	827
Fruitless and wasteful expenditure for the current year	44	187
Total	44	1 014

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

Figures in Rand thousand	R'000 2025	R'000 2024
b) Details of current and previous year fruitless and wasteful (under assessment, determination and investigation)		
Fruitless and wasteful expenditure under assessment	–	–
Fruitless and wasteful expenditure under determination	9	–
Fruitless and wasteful expenditure under investigation	–	–
Total	9	–
c) Details of current and previous year fruitless and wasteful expenditure recoverable		
Fruitless and wasteful expenditure recoverable excessive pricing procurement irregularities	60	–
Fruitless and wasteful expenditure recoverable fraudulent payments	381	–
Total	441	–
d) Details of current and previous year fruitless and wasteful expenditure written off (irrecoverable)		
Interest charged on late payments	51	277
SARS – interest and penalty for annual increase adjustment backdated	–	28
Total	51	305
e) Details of non-compliance cases where an institution is involved in an interinstitutional arrangement (where such institution is not responsible for the non-compliance)		
N/A	–	–
f) Details of non-compliance cases where an institution is involved in an interinstitutional arrangement (where such institution is responsible for the non-compliance)		
N/A	–	–
g) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure		
Employee dismissed for theft and criminal process underway	–	–
Implicated employees under disciplinary process and/or criminal cases opened against the supplier	–	887
Total	–	887

The nature of these losses is mainly interest charges on municipal services and utilities accounts where there are disputes or invoices were received late. Actions have been taken to prevent recurrence of fruitless and wasteful expenditure; this includes activation of debit orders, follow up on outstanding invoices, weekly payments of utility accounts not on debit order, regular awareness training on fruitless and wasteful expenditure and consequence management. No criminal steps have been taken on the amount incurred this financial year as it is interest on late payments and did not involve criminal activities. Disciplinary action was taken and criminal and civil cases were opened for the losses incurred of R0.827 million relating to expenditure incurred in the prior year; this relates to fraudulent payments. Disciplinary action was taken for expenditure of R0.060 million incurred in the prior year; this relates to excessive pricing.

Table 20. Losses through criminal conduct, irregular, fruitless and wasteful expenditures

Regulatory compliance

The Audit and Risk Committee complied with all applicable legal and regulatory responsibilities. The committee is aware that it is crucial to deliver a sustainable, effective and compliant regulatory operating model, underpinned by a direct link to the strategic benefits of establishing a winning regulatory environment. ICASA did not find SENTECH to be in violation of any regulations during the course of the year.

Finance function

The Audit and Risk Committee believes that, based on the processes and assurance obtained, accounting practices were effective throughout the reporting period.

Annual Financial Statements

The Audit and Risk Committee recommended the Group and Company Annual Financial Statements to the Board for approval based on processes and assurances obtained.

Combined assurance

The combined assurance model is an essential tool used by the Audit and Risk Committee and the Board to form an opinion of the adequacy of risk management and internal control at SENTECH. The Audit and Risk Committee is responsible for overseeing the effectiveness of the Combined Assurance Plan, which is formulated in accordance with the Combined Assurance Framework. This, in turn, is aligned with King IV in terms of strategic and significant risks as well as other material matters.

The combined assurance model recognises three levels of assurance as set out in the diagram below. This model helps the Audit and Risk Committee to identify potential gaps related to assurance and to develop plans to address them.



Figure 17. Combined assurance model

Themba Phiri
Chairperson of the Audit and Risk Committee

Social and Ethics Committee



Dr Tshavhuyo Sesane
Chairperson: Social and Ethics Committee

The Social and Ethics Committee is a statutory Board committee as per the provisions of the Companies Act. The committee is responsible for ensuring that SENTECH makes a meaningful contribution to social development in South Africa and that the Company complies with its stated values in every aspect of its operations.

Mandate

The committee’s mandate is:

- Overseeing SENTECH’s reputation management and stakeholder relationships
- Ensuring compliance with the Constitution, the country’s legislative framework, best-practice standards of governance and the Company’s Code of Conduct and policies
- Reviewing the Code of Conduct and ethics policies and procedures to ensure they address key social and ethical risks to the Company
- Reviewing the implementation of risk management in human resources, ethics, compliance, governance and stakeholder relations

Composition and meeting attendance

During the reporting period, the Social and Ethics Committee comprised the following members and held four ordinary meetings:

Member	10 April 2024	16 July 2024	22 October 2024	15 January 2025
Dr T Sesane (Chairperson)	✓	✓	✓	✓
Ms S Mudau	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓

Table 21. Social and Ethics Committee composition and meeting attendance

✓ Present (in person or via teleconference)

Permanent invitees

The CEO, CFO, COO, Chief People Officer, Chief Audit Executive, Chief Strategy and Transformation Officer, Chief Commercial Officer: MIB, Head: Risk and Compliance and Head: Supply Chain Management are permanent invitees at committee meetings.

Activities

Actions

- Reviewed ESG Strategy and Plan
- Monitored progress in the implementation of the People Transformation Strategy
- Monitored progress in B-BBEE
- Monitored progress in the implementation of the Marketing and Sales Strategy
- Reviewed the Stakeholder Engagement Strategy and received reports on its implementation
- Considered the quarterly Ethics Report
- Reviewed the Socio-Economic Transformation Strategy
- Monitored activities related to socio-economic development, including ESD, supply chain management and socio-economic development programmes implemented by the Company
- Monitored employee skills development
- Considered the FY2024/25 Compliance Plan and compliance reports
- Received reports on the implementation of the Fraud Prevention Plan
- Received reports on the mitigation of risk related to employee and labour relations, ethics and compliance

Table 22. Social and Ethics Committee actions

King IV application

Organisations are required to “apply and explain” compliance with King IV. The approach was introduced to encourage companies to take a more proactive approach to corporate governance. SENTECH was fully compliant with all principles except for principles 7 and 10, where there was partial compliance:

- **Principle 7:** The Board has an appropriate balance of skills, experience, diversity and independence to appropriately discharge its responsibilities. However, the Board Evaluation Report highlighted that certain committees require additional skills and experience.
- **Progress to date on the implementation of Board Committee recommendations:** A Board and committee implementation plan was prepared and submitted to the Board for consideration. The implementation plan seeks to address concerns raised in the Board and Committee Evaluation Report.
- **Principle 10:** The appointment of the CEO has been finalised. SENTECH’s delegation of authority was last approved on 30 October 2024. The process of appointing a Company Secretary has been finalised and the incumbent resumed duties on 1 December 2024.

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

Investment Committee



Ms Veronica Motloutsi

Chairperson: Investment Committee

The Board approved the establishment of an *ad hoc* investment committee to address the BBI merger and other mergers and acquisitions in 2018. The committee was also tasked with reviewing our MOI and Shareholder's Compact to allow for the consideration of mergers and acquisitions by the committee and the Board.

Mandate

The Investment Committee's mandate is to:

- Assess alignment with SENTECH's strategy, financial viability, financing, feasibility and sustainability when evaluating or monitoring any matter that falls within its mandate
- Ensure effective risk management oversight of acquisitions, specifically in relation to material risks within its scope
- Review mergers, acquisitions, partnership strategies and policies and recommend these to the Board
- Assist the Board in fulfilling its responsibility for developing and monitoring the implementation of merger and acquisition policies by overseeing independent assurance



Composition and meeting attendance

During the reporting period, the Investment Committee comprised the following members and held four ordinary meetings and two special meetings:

Member	21 April 2024	18 July 2024	17 October 2024	17 January 2025	20 February 2025*	28 February 2025*
Ms V Motloutsi (Chairperson)	✓	✓	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓	✓	✓

Table 23. Investment Committee composition and meeting attendance

✓ Present (in person or via teleconference)

* Special meeting

Permanent invitees

The CEO, CFO, COO, Chief Strategy and Transformation Officer, Chief Commercial Officer: Media, Chief Commercial Officer: Broadband, Executive: Finance, Chief Audit Executive, Head: Risk and Compliance and Executive: Legal and Regulatory are permanent invitees at committee meetings.

Activities

Actions
- Considered the Mergers, Acquisitions and Partnerships Policy - Approved the Mergers, Acquisitions and Partnerships Strategy - Considered the Business Case for SOC Rationalisation - Considered the quarterly Mergers and Acquisitions Investment Report - Reviewed the Mergers, Acquisitions and Partnerships Strategy and Plan - Considered the potential acquisitions and associated risk associated - Recommended a merger and acquisition transaction for Board approval - Reviewed the Committee Charter and Annual Work Plan for FY2024/25

Table 24. Investment Committee actions

Key matters

Matter	Outcome
Review of the Mergers, Acquisitions and Partnerships Policy and Strategy	The policy document outlined the strategy to be followed in acquiring and merging with businesses where there is a strategic fit with SENTECH. The strategy was then aligned to the FY2024/25–FY2025/26 Corporate Plan.
Investment Committee Charter and mandate	The committee reviewed the Committee Charter and considered mandate.

Table 25. Investment Committee key matters and outcomes

Focus for FY2025/26

During FY2025/26, the committee will continue to monitor revenue diversification through proposed mergers, acquisitions and partnerships.

Technology, Sales and Regulatory
Coordination Committee



Ms Mapuleng Moropa
*Chairperson: Technology, Sales and Regulatory
Coordination Committee*

The committee’s role is to ensure coordination between policy, regulation and technology in the development and implementation of the Company’s strategy.

Mandate

The committee’s mandate is to:

- Review reports on the implementation of key projects
- Ensure SENTECH’s Technology and Information Strategy and its implementation are aligned with business objectives
- Ensure the Marketing and Sales Strategy supports the Company’s objective of increasing revenue from sales
- Ensure strategies emanating from innovative initiatives support the building of digital capabilities and the enhancement of connectivity
- Ensure governance of technology and information supports the achievement of strategic objectives
- Advise and guide the Board with respect to DTT commercialisation and any other related matters

Composition and meeting attendance

During the reporting period, the Technology, Sales and Regulatory Coordination Committee comprised the following members and held four scheduled meetings:

Member	11 April 2024	17 July 2024	23 October 2024	16 January 2025
Ms M Moropa (Chairperson)	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓
Mr T Phiri	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓

Table 26. Technology, Sales and Regulatory Coordination Committee composition and meeting attendance

✓ Present (in person or via teleconference)



Permanent invitees

The CEO, CFO, COO, Chief Strategy and Transformation Officer, Chief Commercial Officer: Media, Executive: Legal and Regulatory, Chief Commercial Officer: Broadband, Chief Technology Officer, Chief Audit Executive and Chief Commercial Officer: Managed Infrastructure Business are permanent invitees at committee meetings.

Activities

Actions

- Considered quarterly Technology, Sales and Regulatory Coordination Committee reports
- Considered matters pertaining to the sustainability of SENTECH
- Considered reports on business development initiatives
- Approved the Technology and Information and Regulatory policies and strategies and monitored their implementation
- Considered the implementation of the Operations Management Plan
- Focused on revenue diversification
- Approved the ICT policies
- Received risk management reports on matters within the committee’s mandate
- Assessed progress in the implementation of strategic projects (BDM and South Africa Connect)

Table 27. Technology, Sales and Regulatory Coordination Committee actions

Key matters

Matter	Outcome
BDM and set-top box installations	Towards the end of the third quarter, the Minister pronounced that analogue will be switched off on 31 March 2025. This announcement informed activities to ensure that the majority of beneficiaries receive set-top boxes before analogue switch-off occurs. At this point, 82% of analogue services had already been switched off with set-top boxes to be provided to approximately 447 684 beneficiaries. A plan was developed and submitted to the Minister on 20 December 2024, focusing on the priority provinces (Eastern Cape, Gauteng, KwaZulu-Natal and Western Cape). The plan was to target a majority of beneficiaries in priority provinces by end March 2025. This plan was further augmented to align with realities and challenges, and completion was set for the end of the calendar year. SENTECH achieved 4 934 installations against a target of 8 375 in the first week of April.
Impact of proposed changes on the regulatory environment	SENTECH participated in various amendment bills impacting its operations.
Financial sustainability	The Managed Infrastructure, Broadband and Media businesses were monitored, and revenue diversification and the development of new products were pursued.

Table 28. Technology, Sales and Regulatory Coordination Committee key matters and outcomes

Focus for FY2025/26

In FY2025/26, the committee will continue to monitor revenue diversification, the development of new products and services and the Company’s inorganic growth efforts.

OUR CORPORATE GOVERNANCE TO PRESERVE VALUE continued

Human Resources, Nominations and Remuneration Committee



Mr M Maseko

Chair: Human Resources, Nominations and Remuneration Committee

The committee assists the Board in matters related to recruitment, talent management, succession planning and remuneration by ensuring that decisions are aligned with the Company's strategic objectives. It also oversees human resources strategies and their implementation with the aim of creating and sustaining a high-performance culture. The Human Resources, Nominations and Remuneration Committee is responsible for the appraisal of the Board.

Mandate

The committee's mandate includes:

Human resources

- Overseeing and monitoring the development of human resources policies and procedures
- Overseeing the development of the Company's human resources strategy and monitoring its implementation
- Reviewing the implementation of risk management plans on human capital matters and human resources policies
- Ensuring compliance with labour legislation and SENTECH's Code of Business Conduct and Ethics

Remuneration

- Ensuring competitive remuneration and reward policies and strategies are in place to facilitate the recruitment, motivation and retention of high-performance staff at all levels.

Nomination

- Reviewing the size and composition of the Board with regard to the appropriate mix of knowledge, skills and experience including the business, commercial and industry experience needed to govern the Company
- Making recommendations on changes to the Board if and when necessary
- Assisting the Board with the recruitment of Executive Directors
- Reviewing and recommending to the Board the criteria necessary to measure the performance of Executive Directors
- Establishing procedures for the committee to oversee the evaluation of the performance of the Board and each Director
- Ensuring Directors receive ongoing development and training on their duties, responsibilities and SENTECH's business

Composition and meeting attendance

During the reporting period, the Human Resources, Nominations and Remuneration Committee comprised the following:

Member	10 April 2024	19 April 2024*	22 October 2024	15 January 2025
Mr M Maseko (Chairperson)	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓
Ms S Mudau	✓	✓	✓	✓

Table 29. Human Resources, Nominations and Remuneration Committee composition and meeting attendance

✓ Present (in person or via teleconference)

* Special meeting

Permanent invitees

The CEO, COO, CFO and Chief People Officer are permanent invitees at committee meetings.

Activities

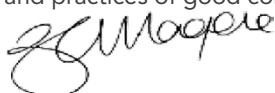
Actions

- Reviewed reports on the implementation of the Human Resources Strategy and Plan
- Reviewed human resource policies
- Reviewed reports on the management of significant risks related to the mandate of the committee
- Considered and recommended the FY2024/25 Corporate Scorecard

Table 30. Human Resources, Nominations and Remuneration Committee actions

STATEMENT OF THE COMPANY SECRETARY

The office of the Company Secretary has ensured that, as an organisation, SENTECH continues to uphold the principles and practices of good corporate governance internally and externally.



Ms A Mangele
Company Secretary

GROUP FINANCIAL INFORMATION

These Group and Company financial statements were prepared under supervision of: Clarinda Simpson CA(SA).

These Group and Company financial statements have been prepared in compliance with the applicable requirements of the Companies Act of South Africa.

Contents

The reports and statements set out below comprise the Group and Company financial statements presented to the shareholder:

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Group and Company statement of financial position	92
Group and Company Statement of profit or loss and other comprehensive income	93
Group and Company Statement of changes in equity	94
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The following supplementary information does not form part of the Group and Company financial statements and is unaudited:

Appendix 145 and Abbreviations and acronyms 146

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Broadband distribution
Directors	TF Phiri (Independent non-executive director and Chairperson) M Metuse (Independent non-executive director) SF Mudau (Independent non-executive director) L Gopaul (Independent non-executive director) P Zimri (Independent non-executive director) A Procter (Independent non-executive director) L Nopece (Independent non-executive director) T Leshope (Executive director and Chief Executive Officer) C Simpson (Executive director and Chief Financial Officer) F Mnisi (Executive director and Acting Chief Operating Officer)
Registered office	Sender Technology Park Octave Street Radiokop Johannesburg 2040
Business address	Sender Technology Park Octave Street Radiokop Johannesburg 2040
Postal address	Private Bag X06 Honeydew Johannesburg 2040
Bankers	ABSA
Independent auditors	SizweNtsalubaGobodo Grant Thornton Inc. Registered Auditors
Secretary	Ayanda Manqele
Company registration number	1990/001791/30

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Group's Board is responsible for the preparation and fair presentation of the Annual Financial Statement of SENTECH SOC Limited, comprising the statements of financial position at 31 March 2025, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the Annual Financial Statements, which include a summary of material accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and the requirements of the Companies Act and the PFMA of South Africa. In addition, the Group's Board is responsible for preparing the Directors' Report.

The Board is responsible for the internal controls they deem necessary to aid in the preparation of Financial Statements that are free from material misstatement, either due to fraud or error. The Board is also responsible for maintaining adequate accounting records and effective systems of risk management, including the preparation of the supplementary schedules included in these Financial Statements.

The Board has assessed the Group's and Company's ability to continue as a going concern and there is no reason to believe that the business will not be a going concern in the year ahead.

The Group Annual Financial Statements of SENTECH SOC Limited starting from page 92 to page 144, as identified in the first paragraph were approved by the Board on 31 July 2025.

Signed on behalf of the Board of Directors by:



TF Phiri
Independent Non-Executive Director and Chairperson



T Leshope
Executive Director and Chief Executive Officer

COMPANY SECRETARY'S CERTIFICATION

I certify, in accordance with Section 88(2)(e) of the Companies Act of South Africa, that for the year ended 31 March 2025, the Company has lodged with the Companies and Intellectual Property Commission (CIPC) all returns, and notices required in terms of the Companies Act, 71 of 2008 as amended.

The office of the Company Secretary is looking forward to ensuring that, as an organisation, SENTECH continues to uphold the principles and practices of good corporate governance both internally and externally.



Ms Ayanda Manqele
Company Secretary

Thursday, 31 July 2025

DIRECTORS' REPORT

The Directors have pleasure in submitting their report on the Group and Company financial statements of SENTECH SOC Ltd for the year ended 31 March 2025. The Board is the Accounting Authority in terms of Section 49(2) (a) of the PFMA.

1. Memorandum of Incorporation

The Company's MOI is aligned with the provisions of the Companies Act and was approved by the Shareholder Representative. The approved MOI was subsequently accepted and placed on file by the Companies and Intellectual Property Commission (CIPC) on 14 May 2014.

2. Nature of business

The Company is responsible for the provision of broadcasting signal distribution services as a "common carrier" to licensed television and radio broadcasters.

There have been no material changes to the nature of the Group's and Company's business from the prior year.

3. Registration details

The Company's registration number is 1990/001791/30 and its business and postal address are set out below:

Business address:

Sender Technology Park
Octave Street
Radiokop

Postal address:

Private Bag X06
Honeydew
2040

4. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

There were no dividends declared in respect of the year ended 31 March 2025 as well as the prior year.

6. Changes in the Board of Directors and executive management

Board of Directors

Ms S Mudau resigned as Director and Chairperson of the Board in February 2025 and Mr TF Phiri was appointed as the interim Chairperson in May 2025. Effective from 1 July 2025 the Minister of the DCDT appointed the following Directors to the Board:

- Ms S Mudau
- Mr P Wadula
- Adv L Gopaul
- Mr P Zimri
- Ms A Procter
- Ms L Nopece and
- Mr F Mnisi

The contract term came to an end on 30 June 2025 for the following Directors:

- Ms VM Motloutsi
- Ms M Moropa
- Dr T Sesane and
- Adv NA Mudunungu

DIRECTORS' REPORT continued

Executive management

Mr TJ Leshope was appointed as the Chief Executive Officer and Executive Director from 23 May 2025. Mr TJ Leshope had previously served as the Acting Chief Executive Officer since 1 November 2023.

The term of employment for Ms R Rasikhinya as Chief Financial Officer and Executive Director came to an end on 30 April 2025 and Ms C Simpson was appointed from 1 May 2025 as the Chief Financial Officer and Executive Director.

Mr F Mnisi was appointed as the Chief Commercial Officer: Satellite Business from 1 April 2025.

Mr M Finnis was appointed as the Chief Commercial Officer: Managed Infrastructure Business from 1 April 2025.

Mr M Venter was appointed as the Chief Commercial Officer: Broadband from 1 May 2025.

Mr K Thage was appointed as the Chief Commercial Officer: Media Business from 1 May 2025.

Ms Ayanda Manqele was appointed as the Company Secretary from 1 November 2024.

7. Directors' interests

The Directors had no interest in any third party or company responsible for managing any of the business activities of the Company. During the financial year, no contracts were entered into in which Directors or officers of the Company had an interest and which significantly affected the business of the Company.

8. Ownership

The Company is wholly owned by the Government of the Republic of South Africa as represented by the Minister of Communications and Digital Technologies.

9. Shareholder's Compact

The Shareholder's Compact includes KPIs that are revised annually by agreement between the Shareholder Representative and the Board of Directors and serves as the performance monitoring framework for the Company. Performance against the 2024/25 Shareholder's Compact is outlined on page 31 of this report as required by Section 55(2) of the PFMA.

10. Borrowing powers

In terms of the Group's and Company's MOI, the Group and Company may only borrow money, provided such borrowing is in accordance with the requirements of Section 66 of the PFMA. No borrowings were incurred during the year under review and prior year.

11. Public-private partnerships

The Company did not enter any public-private partnerships during the 2024/25 financial year.

12. Events after the reporting period

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

13. Going concern

The Group and Company financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Group and Company financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Company is in a sound financial position to meet its foreseeable cash requirements. The Directors are not aware of any new material changes that may adversely impact the Company. Refer to note 34 for the going concern assessment.

14. Liquidity and solvency

The liquidity ratio of 2.5 times and the solvency ratio of 81.03% are favourable. This indicates that SENTECH will easily be able to settle its short- and long-term liabilities. These ratios also support the Board's going concern assessment.

15. Litigation statement

The Group and Company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The Group and Company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

16. Independent auditors

SizweNtsalubaGobodo Grant Thornton Inc. were reappointed as external auditors for the Group and Company for the 2025 financial year.

17. Annual financial statements

The Group Financial Statements contain the consolidated Annual Financial Statements of SENTECH SOC Ltd and the three subsidiaries (Infohold (Pty) Ltd, Vivid Multimedia (Pty) Ltd and SENTECH International (Pty) Ltd) that are wholly owned by SENTECH SOC Ltd. SENTECH SOC Ltd also owns Infosat (Pty) Ltd which a wholly owned subsidiary of Infohold (Pty) Ltd. These subsidiaries are dormant.

18. Basis for presentation

The Group and Company Financial Statements and Company Financial Statements were prepared in accordance with IFRS Accounting Standards, the Companies Act and PFMA.

The accounting policies applied during the year ended 31 March 2025 are in all material respects consistent with those applied in the annual financial statements for the year ended 31 March 2024, as no material changes in accounting policies were effected in this financial year.

19. IFRS Accounting Standards

The application of IFRS Accounting Standards is contrary to Treasury Regulation 28 which requires that the Standards of Generally Recognised Accountability Practice (GRAP) be used. The National Treasury approved a departure from Treasury Regulation 28.1.6, pending a review of GRAP by the Office of the Accountant-General (OAG) and Accounting Standards Board (ASB). This approval is issued in terms of Section 79 of the PFMA and remains in effect in the current financial year. The Financial Statements for this reporting period were prepared on a basis consistent with the Financial Statements of the previous financial year.

20. Financial performance

The financial results of the Group and Company are fully disclosed on 92 to 144.

The Group and Company financial statements set out on pages 92 to 144, which have been prepared on the going concern basis, were approved by the Board on 31 July 2025, and were signed on its behalf by:

Approval of Group and Company financial statements



TF Phiri

Independent Non-Executive Director and Chairperson

Thursday, 31 July 2025

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the Parliament on Sentech SOC Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sentech SOC Limited and its subsidiaries (the group) set out on pages 92 to 144, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and consolidated and separate statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2025 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act No.71 of 2008.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Victor Sekese [Chief Executive]

A comprehensive list of all Directors is available at the company offices or registered office

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Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Based on our professional judgement, we determined final materiality for the consolidated and separate financial statements as follows:

Materiality considerations	Consolidated financial statements	Separate financial statements
Final materiality amount	R31.5 million	R31.5 million
Basis for determining materiality	2% of Operating expenditure as included as part of Operating profit and loss in the Statement of Profit or Loss and Other Comprehensive Income in the consolidated financial statements, adjusted for non-recurring items that are not representative of normal business levels.	2% of Operating expenditure as included as part of Operating profit and loss in the Statement of Profit or Loss and Other Comprehensive Income in the separate financial statements, adjusted for non-recurring items that are not representative of normal business levels.
Rationale for benchmark applied	Operating expenditure is an appropriate quantitative indicator of materiality as is a key performance measure used by parliament to allocate grant funding to the entity as to secure operating and capital cash flows to enable it to execute on its strategic performance plan.	Operating expenditure is an appropriate quantitative indicator of materiality as is a key performance measure used by parliament to allocate grant funding to the entity as to secure operating and capital cash flows to enable it to execute on its strategic performance plan.

Victor Sekese [Chief Executive]

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Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the group and the accounting processes and controls.

Our risk assessment procedures performed determined our audit scope considering which components are likely to include Individually, Financially, Significant (IFS) components and risks of material misstatement to the consolidated financial statements. We considered the size and risk profile of the components in the group, the organisational structure, the group's system of internal controls and any changes in the business environment.

In total, we only identified Sentech SOC Ltd that required a full scope audit response, with the remaining 4 components, consisting of dormant subsidiary companies, being scoped out because they have never traded in the past.

In respect of the reporting component where we performed full scope audit procedures, 100% of the group's profit before taxation as well as 100% of the group's total assets as presented in the consolidated and separate financial statements of Sentech SOC Limited and its subsidiaries as at 31 March 2025 were covered by the audit of entity that was scoped in.

Material uncertainty relating to Going Concern

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

We draw attention to note 34 to the consolidated and separate financial statements, which indicated that majority of the public entity's revenue is earned from one customer who experienced cash flow challenges in the current financial year. This indicates presence of material uncertainty relating to the event identified.

In terms of the EAR Rule, we report on how we have evaluated management's assessment of the public entity's ability to continue as a going concern:

- Confirmed our understanding of management's going concern assessment process in conjunction with our understanding obtained of the Group's financial close process, and engaging with management to confirm all relevant assumptions were considered;
- obtained the cash flow forecasts prepared by management in the Group as included in the approved strategic plan and critically evaluated the reasonability;
- tested the integrity of management's going concern assessment by ensuring the forecasts were consistent with the budget approved by the Board and with of the areas of the audit such as the impairment assessments;

Victor Sekese [Chief Executive]

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- evaluated the reasonableness of all other key assumptions, such as operating and capital expenditure forecasts, through assessing their consistency with other areas of the audit, including management's impairment assessments;
- verified that the cash flow forecasts were consistent with our work on management's impairment assessments;
- evaluated the appropriateness of the going concern disclosures in the financial statements to determine whether they are accurate and in line with IAS 1 – Presentation of financial statements and our expectations given the procedures we have performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole and in forming our opinion, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty relating to Going Concern section, we have determined that there are no additional key audit matters to communicate in respect of the consolidated and separate financial statements.

Emphasis of matter

We draw attention to the matter below. Our opinion is not modified in respect of these matters.

Expected Credit Losses

As disclosed in note 7 to the consolidated and separate financial statements, a material impairment of R565.7 million (2024: R218.4 million) was incurred as a result of provision for credit losses on trade receivables.

Re-statement of comparative figures

As disclosed in note 35 to the consolidated and separate financial statements, prior period errors have been corrected by restating each of the affected financial statement line items in the prior periods as indicated in the note.

Victor Sekese [Chief Executive]

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Responsibilities of the accounting authority for the consolidated and separate financial statements

The board of directors, which is the accounting authority of the group, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 2008 Act No.71 of 2008 and for such internal control as the accounting authority determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities of the auditor for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated and separate financial statements.

A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. The description, which is located at page 88, forms part of our auditors' report.

Report on the audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

Victor Sekese [Chief Executive]

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We selected the following objectives presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected objectives that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic Objectives/Pillars	Page numbers	Purpose
Digital infrastructure	31	Strategic placement and timely deployment of digital infrastructure and technologies, ensuring their accessibility and usability when needed
Creativity and Innovation	31	Ensuring the development of innovative, cutting-edge product and platforms that deliver strategic and operational value
Customer centricity	31	Delivering superior customer and user experience on all platforms
Environmental, Social and Governance (ESG)	32	Good corporate citizen creating meaningful impact in communities and the environment

We evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined and verifiable to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

Victor Sekese [Chief Executive]

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INDEPENDENT AUDITOR'S REPORT continued



- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included.

We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

We did not identify any material findings on the reported performance information for the selected subject matters.

Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

We performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

We did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act 71 of 2008. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditors' report.

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Our opinion on the consolidated and separate financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We have nothing to report in this regard.

Internal control deficiencies

We considered internal control relevant to our audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

We did not identify any significant deficiencies in internal control.

Other reports

We draw attention to the following engagement conducted. This report did not form part of our opinion on the consolidated and separate financial statements or our findings on the reported performance information or compliance with legislation.

Agreed upon procedures engagement were performed to review the conversion adjustments from IFRS Accounting Standards (IFRS) to Generally Recognized Accounting Practice (GRAP) on the Treasury pack to ensure conversion adjustments are captured correctly for consolidation purposes. No material misstatements were identified. The report covered the period ending 31 March 2025.

Auditor tenure

In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that SNG Grant Thornton has been the auditor of Sentech SOC Ltd for 2 years.

Willem Van Nierkerk
Director
Registered Auditor
31 July 2025
Midrand

Victor Sekese [Chief Executive]

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Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit.
- the selected legislative requirements for compliance testing.

Auditor's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

Consolidated and separate financial Statements

In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, we are also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our

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opinion on the consolidated and separate financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a company to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements for the current period and are therefore key audit matters. We describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

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Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Selected legislation and regulations	Consolidated firm level requirements
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.5; 31.2.7(a) Treasury Regulation 33.1.1; 33.1.3
Companies Act No.71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c)-(d); 4.6 Paragraph 5.4 and Paragraph 7.2; 7.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
National Treasury SCM Instruction note 2 of 2021-22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2

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Legislation	Sections or regulations
	Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
National Treasury SCM Instruction 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction Note 03 2019/20	Paragraph Par 5.5.1(iv); 5.5.1(x)
National Treasury SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a); 3.4(b); 3.9: 6.1;6.2;6.7
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
National Treasury Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of National Treasury Instruction Note 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum National Treasury Instruction 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction 5 of 2020-21	Paragraph 2
Practice Note 7 of 2009-10	Paragraph 4.1.2
Practice Note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT Instruction Note 1 of 2021-22	Paragraph 4.1

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GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION

Figures in Rand thousand	Note(s)	2025	2024* Restated	1 April 2023* Restated
Assets				
Non-current assets				
Property, plant and equipment	2(A)	1 168 765	1 081 840	1 128 644
Intangible assets	2(B)	13 088	16 331	19 591
Right-of-use assets	2(C)	645 195	736 690	852 467
Deferred tax	4	61 908	111 874	108 378
		1 888 956	1 946 735	2 109 080
Current assets				
Inventories	5	73 242	77 547	74 295
Tax receivable	6	14 033	4 912	38 736
Trade and other receivables	7	1 180 429	1 197 737	664 999
Financial assets at fair value through profit or loss	8	591 421	452 976	996 842
Financial assets at amortised cost		–	–	246 520
Cash and cash equivalents	9	595 696	630 989	269 681
		2 454 821	2 364 161	2 291 073
Total assets		4 343 777	4 310 896	4 400 153
Equity and liabilities				
Equity				
Share capital	10	75 892	75 892	75 892
Reserves	10.2	860 421	752 655	752 655
Accumulated profit		1 463 119	1 711 918	1 857 305
Total equity		2 399 432	2 540 465	2 685 852
Liabilities				
Non-current liabilities				
Employee benefits	11	25 597	18 401	16 353
Non-current portion of lease liability	2(C)	938 048	1 101 802	1 158 456
		963 645	1 120 203	1 174 809
Current liabilities				
Trade and other payables	12	169 297	126 071	181 356
Current portion of lease liability	2(C)	162 709	147 997	128 417
Deferred income	13	648 694	376 160	229 719
		980 700	650 228	539 492
Total liabilities		1 944 345	1 770 431	1 714 301
Total equity and liabilities		4 343 777	4 310 896	4 400 153

* The annual financial statements have been restated; refer to the prior period error note 35 for the detailed disclosure.

GROUP AND COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand thousand	Note(s)	2025	2024* Restated
Revenue	14	1 606 210	1 381 113
Other income	15	459	9
Direct expenses	17	(463 398)	(294 787)
Movement in expected credit losses	16	(363 874)	(122 177)
Employee costs	19	(469 371)	(485 168)
Leases and other rental expenses	16	(26 680)	(23 812)
Depreciation and amortisation	16	(210 594)	(224 006)
Operating expenses	18	(237 300)	(275 214)
Operating profit/(loss)	16	(164 548)	(44 042)
Investment income	22	48 176	124 383
Finance costs	23	(137 849)	(155 458)
Other gains/(losses)	20	4 786	(86 297)
Loss before tax		(249 435)	(161 414)
Taxation	24	3 433	15 447
Net loss after tax		(246 002)	(145 967)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plan		(3 827)	794
Income tax on remeasurement of defined benefit plan		1 033	(214)
Revaluation of property, plant and equipment		137 457	–
Income tax on revaluation of property, plant and equipment		(29 691)	–
Total items that will not be reclassified to profit or loss		104 972	580
Other comprehensive income for the year net of tax	26	104 972	580
Total comprehensive loss for the year		(141 030)	(145 387)

* The annual financial statements have been restated; refer to the prior period error note 35 for the detailed disclosure.

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserve	Other NDR	Total reserves	Accumulated profit	Total equity
Opening balance as previously reported	2	75 890	75 892	681 520	88 614	770 134	1 732 816	2 578 842
Prior period errors*	–	–	–	(17 479)	–	(17 479)	124 489	107 010
Balance at 1 April 2023 as restated	2	75 890	75 892	664 041	88 614	752 655	1 857 305	2 685 852
Loss for the year*	–	–	–	–	–	–	(145 967)	(145 967)
Other comprehensive income	–	–	–	–	–	–	580	580
Total comprehensive loss for the year restated	–	–	–	–	–	–	(145 387)	(145 387)
Balance at 1 April 2024 as restated	2	75 890	75 892	664 041	88 614	752 655	1 711 915	2 540 462
Loss for the year	–	–	–	–	–	–	(246 002)	(246 002)
Other comprehensive income	–	–	–	107 766	–	107 766	(2 794)	104 972
Total comprehensive loss for the year	–	–	–	107 766	–	107 766	(248 796)	(141 030)
Balance at 31 March 2025	2	75 890	75 892	771 807	88 614	860 421	1 463 119	2 399 432
Note(s)	10	10	10	10.2	10.2			

* The annual financial statements have been restated; refer to the prior period error note 35 for the detailed disclosure.

GROUP AND COMPANY STATEMENT OF CASH FLOWS

Figures in Rand thousand	Note(s)	2025	2024* Restated
Cash flows from operating activities			
Cash generated/(used) in operations	27	105 829	(369 596)
Interest received	22	16 594	67 053
Dividends received	22	–	15 549
Interest paid	23	(135 044)	(153 316)
Tax (paid)/refunded	25	(8 935)	33 824
Net cash used in operating activities		(21 556)	(406 486)
Cash flows from investing activities			
Purchases of property, plant and equipment	2(A)	(105 976)	(94 600)
Proceeds from disposal of assets	2(A)&21	763	438
Cash receipts on withdrawal of financial assets (at amortised cost)		–	246 520
Purchases of financial assets (at fair value through profit or loss)	8	(276 528)	–
Cash receipts on withdrawal of financial assets (at fair value through profit or loss)	8	180 000	544 517
Net cash (used in)/from investing activities		(201 741)	696 875
Cash flows from financing activities			
Grant received	13	302 266	171 521
Lease liability repayments	2(C)	(146 399)	(130 843)
Interest received on government grants	13	31 863	28 634
Net cash from financing activities		187 730	69 312
Total cash movement for the year		(35 567)	359 701
Cash and cash equivalents at the beginning of the year		630 989	269 681
(Loss)/Gain on foreign exchange on cash and cash equivalents		274	1 607
Cash and cash equivalents at the end of the year	9	595 696	630 989

* The annual financial statements have been restated; refer to the prior period error note 35 for the detailed disclosure.

ACCOUNTING POLICIES

General information

SENTECH SOC Ltd (holding Company) is a company incorporated and domiciled in South Africa. The Company's registered office is Sender Technology Park, Octave Road, Honeydew. The consolidated annual financial statements of the Company as at and for the year ended 31 March 2025 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The Group primarily is involved in signal distribution and has transmission stations across the country and provides broadcasting services.

1. Summary of material accounting policies

The material accounting policies applied in the preparation of these Group and Company financial statements are set out below.

1.1 Approval of financial statements

The Group and Company financial statements have been prepared on a going concern basis and were approved by the Board of Directors and authorised for issue on 31 July 2025. The financial statements presented represent both the Company and Group financial statements as all subsidiaries are dormant.

1.2 Basis of preparation

1.2.1 Statement of compliance

The Group and Company financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board (IASB), the Companies Act, No. 71 of 2008, as amended, and materially in terms of the Public Finance Management Act, (No. 1 of 1999, as amended by Act 29 of 1999).

The Group and Company continues to apply IFRS Accounting Standards as its reporting framework based on its assessment against the criteria set out in Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities* (effective 1 April 2018) issued by the Accounting Standards Board (ASB). The directive prescribes the criteria to be applied by a public entity in selecting and applying an appropriate reporting framework. The conclusion of the assessment is since SENTECH's operations are commercial in nature and only an insignificant portion of its funding is acquired through government grants or other forms of financial assistance from government, the IFRS Accounting Standards is the most appropriate reporting framework to be applied. The conclusion still remains in 2025.

1.2.2 Basis for measurement

The financial statements have been prepared under the historical cost basis, except for the following material items in the Statement of Financial Position:

- The defined benefit asset/liability is recognised as the net total of the fair value of plan assets, and the present value of the defined benefit obligation and the current service cost.
- Land and buildings are measured at the fair value, being the market value at the date of revaluation. The revaluation is performed on land and building every three years.
- Certain financial instruments are initially and/or subsequently measured at fair value as explained in note 1.5.

1.2.3 Functional currency

These financial statements are presented in South African Rands, the Group's and Company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand.

1.2.4 Changes in accounting policies

The Group and Company have consistently applied the accounting policies to all periods presented in these consolidated financial statements except for new or revised statements and interpretations implemented during the year disclosed in note 2.

1.2.5 Use of estimates and judgements

In conformity with IFRS Accounting Standards, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

1. Summary of material accounting policies continued

1.2 Basis of preparation continued

1.2.5 Use of estimates and judgements continued

Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Group and Company makes estimates, judgements and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment

The valuation methods used for the revaluations of land and building are the income capitalisation method and the depreciated replacement cost method, which are deemed most appropriate. The income capitalisation method considers any market-based evidence regarding the value of the land or buildings as at the date of the valuation. Should market-based evidence not exist the depreciated replacement cost method will be used. The depreciated replacement cost method uses the replacement cost of the asset at the date of valuation and a depreciation factor is applied to arrive at the depreciated revalued cost. The comparable sales method of valuation is used, where relevant, to determine the market value of the property. This method entails the identification, analysis and application of recent comparable sales involving physical and legally similar properties in the general proximity of the subject property, to enable a valuator to arrive at a norm which will serve as a guide in estimating the market value of the property.

All valuations are performed by an experienced, qualified and objective valuator.

The residual values of property, plant and equipment are considered to be insignificant if the estimation of useful lives is equal to their economic lives.

Impairment of assets

The Group and Company tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1.10. The recoverable amounts of cash-generating units have been determined based on the higher of an asset's fair value less costs of disposal and its value-in-use. The Group and Company does not use fair value because in terms of the policy assets cannot be sold in the marketplace, but should rather be scrapped.

Deferred tax assets and unused tax losses

The Group and Company recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group and Company to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group and Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Lease classification and incremental borrowing rate

The Group and Company is party to leasing arrangements as a lessee. At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated) at the date of expiry of the existing agreement.

The incremental borrowing rate used to value lease contracts is derived from the prevailing prime lending rate and risk premium specific to SENTECH.

ACCOUNTING POLICIES continued

Defined benefit funds

The Group and Company utilises experienced and qualified actuaries to determine the value of defined benefit funds' assets and liabilities.

The calculation is performed annually using the projected unit credit method. The key estimates relate to the assumptions used which include discount rate, health care inflation rate and the members' estimated life expectancy, which is based in future events. Judgement is required in relation to uncertain future factors regarding these assumptions as well as for the measurement of the fair value of the plan assets.

For life expectancy market information before reporting date is used. For the discount rate the market yields on government bonds are used. CPI is calculated as a difference between nominal and real bond yields and adjusted for an inflation risk premium. The health care cost inflation is based on the assumed CPI plus a margin to cater for the changes in medical costs. The curves utilised and market information utilised at reporting date is based on information sourced as at end of February of the reporting period.

Expected credit losses

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.

The Group and Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 1.5. and Note 7.

Going concern

In determining the appropriateness of the going concern assumption, certain judgments were made regarding the Company and Group in terms of the approved turnaround plan, liquidity forecasts and strategic plan – refer to Note 34.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Notes 1.6 and 2(A) – Valuation of property, plant and equipment
- Notes 1.11 and 11 – Measurement of employee benefits
- Notes 1.17 and 4 – Utilisation of tax losses
- Notes 1.12 and 29 – Provisions and contingencies
- Notes 1.5 and 7 – Expected credit losses on financial assets
- Notes 1.8 and 2(C) – Leases.

1.3 Consolidation

Basis of consolidation

Subsidiaries are entities controlled by SENTECH SOC Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

1.4 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction;
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined; and
- exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Foreign currency gains and losses are reported on a net basis in other gains and losses.

1. Summary of material accounting policies continued

1.5 Financial instruments

1.5.1 Financial assets

Classification and measurement

The appropriate classification of a financial asset is determined on acquisition of the financial asset and is based on:

- whether or not the contractual terms of the financial asset give rise to contractual cash flows that are solely payments of principal and interest; and
- the objective of the business model in which the financial asset is held at a portfolio level that best reflects the way the business is managed.

Financial assets are classified into the following category:

(a) Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- it is held within a business model whose objective is to hold assets to collect contractual cash flows.

These financial assets include cash and cash equivalents, trade and other receivables (excluding other receivables that are non-financial instruments) and fixed term deposits (investments).

(b) Financial assets at fair value through profit or loss

This category of financial assets does not meet the criteria/conditions above for classification of financial assets at amortised cost.

These financial assets include investments into money market funds and collective investment schemes.

Initial recognition

Financial assets are initially recognised at fair value on the date of commitment to purchase (trade date). The transaction price is generally the best indicator of fair value. If a contract with a customer has a significant financing component, the related financial asset is initially measured at the transaction price (where transaction price does not differ from the fair value) excluding the time value of money.

Any directly attributable transaction costs are included in the initial recognition of financial assets except for financial assets at fair value through profit or loss where directly attributable transaction costs are recognised in profit or loss on initial recognition.

Trade receivables are initially recognised at their transaction price in terms of IFRS 15, when the trade receivable does not contain a significant financing component.

Subsequent recognition

(a) Amortised cost

Financial assets at amortised cost are measured at amortised cost subsequent to initial recognition using the effective interest method, less any accumulated impairment losses, other gains and losses. Interest income, foreign exchange gains and losses, other gains and losses and impairment are recognised in profit or loss.

Expected credit loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. The fair value of the instruments is derived from the market prices of each instrument within the fund at reporting date.

Interest income, foreign exchange gains and losses, other gains and losses and impairment are recognised in profit or loss.

Derivative instruments

The Group and Company uses derivative financial instruments such as forward exchange contracts as economic hedges for its foreign currency risk. Derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, any changes in fair value or gains/losses on derecognition are recognised in profit or loss.

ACCOUNTING POLICIES continued

Offset

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when the Group and Company have a legally enforceable right to set off the recognised amounts, and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.5.2 Expected credit losses

Trade receivables

The Group and Company assess trade receivables for impairment based on lifetime expected credit losses (ECL) using the simplified approach except for the two large debtors where the general approach is followed as permitted by IFRS 9: *Financial Instruments*. For the simplified approach the Group and Company makes use of a provision matrix as a practical expedient to calculate expected credit losses on trade receivables within the scope of IFRS 15, that do not contain a significant financing component.

The ECL rate, which is a function of the probability of default (PD) and the loss given default (LGD), was determined by making use of default and loss rate assumptions that are applicable to the economy in which SENTECH operates. These loss inputs incorporate historical default and LGD experience of the broader economy which are comparable to our customer portfolio (the application to current debt of the loss rate of debtors' oldest debt). Given the current economic volatility, emphasis has been placed on incorporating historical and forward-looking information when determining the ECL. Forward-looking information is extensively used, with scenarios being devised of various potential future outcomes and consideration given to the probabilities of those outcomes. Under the simplified approach receivables have loss rates applied to them equal to the loss rates of the oldest debt a customer has with the Group and Company. When trade receivables are in default the PD is at 100% and the ECL rate is thereafter driven by the LGD rate.

LGD rates are determined with reference to historical and forward-looking market data on unsecured credit for large commercial customers and unsecured microfinancing transactions for small- and medium-sized commercial customers. LGD rates on unsecured credit for large corporates that are in default are comparable to the Group's large commercial customers whereas LGD rates for micro financing debts are comparable to small commercial customers that are in default. The medium-sized commercial customers' LGD rates are expected to fall within the range of LGD on unsecured microfinancing debts and the LGD for large customers. These rates are adjusted to reflect the risk profile of the Group's and Company's commercial customers' portfolio that is not in default. When a debt is written off, it is expected that value added tax (VAT) will be recovered for which the LGD was reduced for the effect of VAT that will be refunded if a debt is written off.

The Group and Company has elected to include lease receivables in the ECL for trade receivables by applying the simplified approach.

Further details of the key assumptions and inputs used are disclosed in notes 7 and 31.

Default

Trade receivables are considered to be in default when the receivable is 60 days past due on their contractual payments. Letters of demand are sent out when the debtor is 30 days overdue, and if the account is not settled by the time it becomes 60 days overdue, the debtor is considered to be in default.

Write-off

The Group and Company writes off receivables when there is no reasonable expectation of recovery with information indicating that the counterparty is in severe financial difficulty, failure to honour the renegotiated terms, prolonged period of default, inability of shareholders to provide relief and concerns on the future viability of the counterparty. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents and financial assets at amortised cost

Reputable financial institutions that are externally graded with high credit ratings are used for investing and cash handling purposes. The credit risk for these institutions is considered very low. The Basel Framework is used for determining the loss rate.

1.5.3 Financial liabilities

Classification, recognition, measurement and derecognition

Financial liabilities are classified at amortised cost. Financial liabilities include trade and other payables.

Financial liabilities are recognised on the date of commitment and are derecognised when the obligation expires, is discharged or cancelled, or there is a substantial modification to the terms of the liability.

1. Summary of material accounting policies continued

1.5 Financial instruments continued

1.5.3 Financial liabilities continued

Non-derivative financial liabilities are initially recognised at fair value. Any directly attributable transaction costs are included in the initial recognition of non-derivative financial liabilities.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.

1.6 Property, plant and equipment

Recognition and measurement

Land and buildings comprise mainly transmitter stations and offices. Buildings are revalued to fair value on a three-year cycle by external independent valuers. Buildings are carried at revalued amounts, less subsequent accumulated depreciation (see below) and impairment losses. Land is carried at revalued amount less impairment. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount and the net amount is restated to the revalued amount.

Increases in the carrying value arising on the revaluation of land and buildings (revaluation surpluses) are credited in other comprehensive income and presented in the revaluation reserve in equity net of taxation. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific land and buildings, with any remaining loss recognised immediately in profit or loss.

Other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Work-in-progress (WIP) is the cost of unfinished goods in the construction process including labour, raw materials and overheads, of an asset to be brought into use. WIP is subsequently measured at cost less accumulated impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. For assets funded through government grants, the grant income is netted against these costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised and the replacement part is capitalised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter useful life of the asset or the period of the right-of-use. Land is not depreciated.

ACCOUNTING POLICIES continued

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land and buildings	Straight line	
• Land		Indefinite
• Buildings		70 to 100 years
• Improvement to leasehold premises		20 to 50 years
Motor vehicles	Straight line	
• Motor vehicles		5 to 10 years
Computer, technical and office equipment	Straight line	
• Technical equipment		10 to 35 years
• Computer, technical and office equipment		2 to 10 years
• Monitoring equipment		5 to 15 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate at each reporting date. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a degree of judgement.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal to the carrying amount of property, plant and equipment and are recognised net within "other gains and losses" in profit or loss. When revalued assets are retired or disposed of, the amounts included in the revaluation reserve are transferred to retained earnings.

1.7 Intangible assets

Recognition and measurement

Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognised as an expense when incurred. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Computer software licences acquired have a finite useful life and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation period and amortisation method of intangible assets are reviewed and adjusted at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, SENTECH has an intention and ability to complete and use the software, and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal to the carrying amount of intangible assets and are recognised net within "other gains and losses" in profit or loss.

Subsequent cost

The costs of the day-to-day servicing of the intangible assets are recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of the intangible asset, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Depreciation method	Average useful life
Computer software and Licenses	Straight line	1 to 12 years

1. Summary of material accounting policies continued

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee as per IFRS 16: *Leases*. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Group and Company as lessee

For contracts entered into, the Group and Company consider whether a contract is, or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right-of-use an asset (the underlying asset) for a period in exchange for consideration”.

To apply this definition the Group and Company assess whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract; or
- implicitly specified by being identified at the time the asset is made available to the Group and Company; and
- the Group and Company have the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

The Group and Company have the right to direct the use of the identified asset throughout the period of use. The Group and Company assess whether it has the right to direct “how and for what purpose” the asset is used throughout the period of use.

Those contracts, i.e. site sharing agreements that do not meet the definition of a lease, are recorded in profit or loss based on contractual amount as rental expenses.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group and Company recognise a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at present value of lease payments, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group and Company depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group and Company also assess the right-of-use asset for impairment when such indicators exist.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

Foreign exchange gains or losses arising due to remeasurement of lease liability at the end of each reporting date are accounted for in terms of IAS 21.

Short-term and low-value leases

Short-term and low-value leases are expensed on a straight-line basis over the lease term. The straight lining asset or liability is not discounted. Low value is in line with the fixed assets policy, which is the cost of R5 000 and below.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Where necessary, a provision is made for obsolete, slow-moving and defective inventories.

ACCOUNTING POLICIES continued

1.10 Impairment of non-financial assets

The Group and Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value, less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

The Group and Company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

1.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are recognised in profit or loss during the period in which services are rendered. Employee entitlements to annual leave are recognised in profit or loss when they accrue to employees in respect of past services rendered up to the reporting date. This obligation is measured on an undiscounted basis.

An accrual is recognised for the amount expected to be paid under short-term cash bonus plans if the Group and Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's and Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on the government bonds that have maturity dates approximating the terms of the Group's and Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group and Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group and Company. An economic benefit is available to the Group and Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. The Group and Company recognise past service costs in profit or loss at the earlier of the date when the plan amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

The Group and Company recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

1. Summary of material accounting policies continued

1.12 Provisions and contingencies

Provisions are recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost. The valuation of long-term provisions require a degree of judgement regarding the future cash flows and the timing thereof.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and Company, or a present obligation that arises from past events, but is not recognised, because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

1.13 Revenue

The Group and Company recognises revenue when it has met the five-step recognition criteria set out in the standard.

The five-step approach is:

- Identify the contract(s) with the customer(s) – SENTECH has valid contracts with customers.
- Identify the performance obligations in the contract – SENTECH satisfies its performance obligations when it renders the service of signal transmission or delivers the broadcasting and telecommunications products.
- Determine the transaction price – The transaction price of services rendered is determined taking into account the tariff as agreed in the contract and variability of the consideration and any existence of a financing component in the contract. The transaction price of goods sold is based on market prices charged for the underlying goods plus mark-up. Variability of consideration received is mainly affected by the USD/ZAR exchange rate. The contracts between SENTECH and its customers contract does not include a significant financing component.
- Allocate the transaction price to the performance obligations in the contract – SENTECH uses standalone pricing in that similar prices can be charged to multiple customers who are similar and operate in similar circumstances.
- Recognise the revenue when the entity satisfies a performance obligation – Revenue is recognised when transmission services are rendered or broadcasting and telecommunication products are delivered.

The Group and Company provides signal distribution services on fixed price contracts with an annual escalation. Revenue from providing services is recognised in the accounting period in which the services are rendered.

The payment terms with customers varies from 0 (in advance) to 37 days from invoice date.

Sale of goods

The Group and Company sell a range of broadcasting and telecommunication products, i.e. Vivid/Dish kits and its accessories including installation thereof. Sales of goods are recognised in accordance with IFRS 15 as described above, when the Group and Company have delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transfer of control does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group and Company have objective evidence that all criteria for acceptance has been satisfied.

Sales are recorded based on the fixed price specified in the sales contracts at the time of sale and once accepted by the customer.

ACCOUNTING POLICIES continued

Rendering of services

The Group and Company render broadcasting and transmission services as well as installation, project management and quality assurance services for Set Top Box (STB) phase 2. These services are provided over a time basis or as a fixed price contract for a specific period.

Revenue from contracts provided over time is recognised at the contractual rates as labour hours are delivered and direct expenses incurred, and a service is consumed by the customer as it is provided. This is based on the output delivered. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Facility rental income

The Group and Company also offers leasing of their facilities to customers who are mostly license holders.

Amounts due and outstanding from lessees under leases are recognised as receivables of the Group's and Company's. Lease income recognised on the lease contracts is based on contractual amounts and annual tariff increase is applied at the agreed CPI rate net of the discount. The discount is a fixed percentage of the lease income contracted based on the number of sites the lessee is leasing with SENTECH. This is determined on contract date.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The leased assets are included in property, plant and equipment (buildings and infrastructure) as these assets are primarily used for the operations of SENTECH; rental of these assets is incidental to SENTECH's business.

Agency-principal relationship

The Group and Company evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- the entity is primarily responsible for fulfilling the promise to provide the specified goods or service;
- the entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- the entity has discretion in establishing the price for the specified good or service, excluding pricing set according to regulations.

The Group and Company is an agent in relation to STB installation for phase 1. SENTECH was appointed by USAASA to roll out STB installation on their behalf. Revenue from agent relationships is recognised on a net basis. From this contract, in relation to the STB installations project SENTECH also provides project management services, call centre management services and quality assurance services. The revenue for these services is included in the revenue from terrestrial television services in note 14 .

1.14 Government grants

Grants that compensate the Group and Company for the cost of an asset are recognised initially as deferred income which is classified under current liabilities. Grants relating to completed and incomplete asset projects are deducted from the cost of the relevant asset (net presentation method). The depreciation expense recognised in profit or loss over the useful life of the asset is calculated from the net cost of the asset which is after deduction of the corresponding deferred government grant.

Grants that compensate the Group and Company for expenses incurred are recognised in profit or loss under revenue on a systematic basis in the same periods in which the expenses are recognised. Government grants are only recognised when there is reasonable assurance that they will be received, and the Group and Company will comply with the conditions associated with the grant. When the grant receivable is raised it is recognised under trade and other receivables. Deferred income is classified as a current liability as uncertainty exists as to the timing of the release of the government grants.

1. Summary of material accounting policies continued

1.15 Investment income and finance costs

Investment income

Investment income comprises dividend income and interest income on the Group's and Company's own cash and interest income on government grant funding received by SENTECH and invested with financial institutions. Except where specified in the government grant terms and conditions, investment income relating to the grant funds received and invested that is recognised as deferred income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's and Company's right to receive payment is established.

Finance costs

Finance costs comprise interest expense on late payment of suppliers, interest costs on defined benefit plans and interest costs on lease liabilities.

1.16 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income (defined benefit plan and revaluation reserve).

The total current tax expense is reduced by the tax relating to government grants receipts capitalised (i.e. interest income). The tax on these reduces the government grant funds retained.

Current tax is the expected tax payable or receivable on the total taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

1.17 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and goodwill on initial recognition.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

1.18 Related parties

Related parties include the shareholder, formerly The Department of Communications, now The Department of Telecommunications and Postal Services (100% shareholder) and its fellow subsidiaries. v, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group and Company are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expenses, and where recovered, it is subsequently accounted for as other income in the Statement of Profit or Loss and Other Comprehensive Income.

ACCOUNTING POLICIES continued

1.20 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including:

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note No.3 of 2019/20 which was issued in terms of Section 76(1)m to 76(4) of the PFMA requires the following.

Irregular expenditure that was incurred and identified during the financial year and which was condoned before year end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is required except for updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is required except for updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant expenditure item, disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as "share capital" in equity. Any amounts received from the issue of shares in excess of par value is classified as "share premium" in equity. Dividends are recognised as a liability in the Company in which they are declared.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

2.1.1 IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least 12 months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within 12 months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date is for annual reporting periods beginning on or after 1 January 2024. This had no impact as the non-current liabilities have not been reclassified to current as none met these requirements.

2.1.2 IFRS 16 Leases: Lease Liability in a Sale and Leaseback Amendment to IFRS 16

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The effective date is for annual reporting periods beginning on or after 1 January 2024. This had no impact as SENTECH does not hold any Sale and Leaseback contracts.

2.1.3 IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (Amendments to IAS 1)

Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

The effective date is for annual reporting periods beginning on or after 1 January 2024. This had no impact as SENTECH does not hold any loans and/or loans with covenants.

2.1.4 IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements and "signposts" within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The effective date is for annual reporting periods beginning on or after 1 January 2024. This had no impact as SENTECH did not enter into supplier finance arrangements.

2.2 Standards and interpretations not yet effective

2.2.1 IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Amendments to the classification and measurement requirements in IFRS 9 Financial Instruments

The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The amendments specify:

- when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date;

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS

continued

- how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and
- new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

The effective date is for annual reporting periods beginning on or after 1 January 2026. Management is still assessing the impact of the amendments.

2.2.2 IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not and the disclosures to provide.

The effective date is for annual reporting periods beginning on or after 1 January 2025. No material impact is expected from the amendment as SENTECH has no foreign currency transactions with a lack of exchangeability.

2.2.3 IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* was issued in April 2024 to replace IAS 1 *Presentation of Financial Statements*. IFRS 18 aims to improve financial reporting by:

- requiring additional defined subtotals in the statement of profit or loss;
- requiring disclosures about management-defined performance measures; and
- adding new principles for the aggregation and disaggregation of items.

The effective date of the standard is for annual reporting periods beginning on or after 1 January 2027. The impact is currently being assessed.

2.2.4 IFRS 19: Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19. The effective date of the standard is for annual reporting periods beginning on or after 1 January 2027. The impact is currently being assessed; however, it is not expected to have a material impact since the Company and its subsidiaries are state owned.

2.2.5 IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7: Annual Improvements to IFRS Accounting Standards – Volume 11

Annual Improvements to IFRS Accounting Standards – Volume 11 contains the following amendments:

Accounting standard and subject of amendments

- IFRS 1: First-time Adoption of International Financial Reporting Standards – Hedge accounting by a first-time adopter.
- IFRS 7: Financial Instruments – Disclosures gain or loss on derecognition.
- Guidance on implementing IFRS 7 Financial Instruments: Disclosures – Introduction; Disclosure of deferred difference between fair value and transaction price; Credit risk disclosures.
- IFRS 9: Financial Instruments – Derecognition of lease liabilities; Transaction price.
- IFRS 10: Consolidated Financial Statements – Determination of a “de facto agent”.
- IAS 7: Statement of Cash Flows – Cost method.

The effective date of the standard is for annual reporting periods beginning on or after 1 January 2026. The impact is currently being assessed.

2.2.6 IFRS 9 and IFRS 7: Contracts referencing nature-dependent electricity

Contracts referencing nature-dependent electricity amends IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to more faithfully reflect the effects of contracts referencing nature-dependent electricity on an entity’s financial statements. The effective date of the standard is for annual reporting periods beginning on or after 1 January 2026. The impact is currently being assessed.

2(A). Property, plant and equipment

Figures in Rand thousand	2025				2024		2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Group and Company									
Buildings	1 005 751	(313 081)	692 670	948 330	(368 240)	580 090	936 766	(325 786)	610 980
Land	149 573	–	149 573	135 360	–	135 360	135 360	–	135 360
Motor vehicles	66 269	(43 169)	23 100	67 376	(42 380)	24 996	61 451	(40 031)	21 420
Computer, technical and office equipment	924 648	(731 993)	192 655	953 713	(742 663)	211 050	937 400	(704 651)	232 749
Capital – Work in progress	110 767	–	110 767	130 344	–	130 344	128 135	–	128 135
Total	2 257 008	(1 088 243)	1 168 765	2 235 123	(1 153 283)	1 081 840	2 199 112	(1 070 468)	1 128 644

Reconciliation of property, plant and equipment – 2025

Figures in Rand thousand	Opening balance	Additions	Retirement	Transfers	Revaluations	Depreciation	Total
Buildings	580 090	884	(607)	21 522	123 244	(32 463)	692 670
Land	135 360	–	–	–	14 213	–	149 573
Motor vehicles	24 996	–	(1 552)	3 824	–	(4 168)	23 100
Computer, technical and office equipment	211 050	966	(4 634)	29 185	–	(43 912)	192 655
Capital – Work in progress	130 344	62 445	(27 491)	(54 531)	–	–	110 767
	1 081 840	64 295	(34 284)	–	137 457	(80 543)	1 168 765

Reconciliation of property, plant and equipment – 2024

Figures in Rand thousand	Opening balance	Additions	Retirement	Transfers	Other changes, movements ^{##}	Depreciation	Total
Buildings	610 981	–	–	11 670	–	(42 561)	580 090
Land	135 360	–	–	–	–	–	135 360
Motor vehicles	21 421	76	–	8 006	–	(4 507)	24 996
Computer, technical and office equipment	232 750	2 984	(118)	22 420	–	(46 986)	211 050
Capital – Work in progress	128 133	50 990	–	(42 096)	(6 683)	–	130 344
	1 128 645	54 050	(118)	–	(6 683)	(94 054)	1 081 840

^{##} Reversals and reclassifications from the “Work in Progress” account as they do not meet the recognition criteria.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

Reconciliation of property, plant and equipment – 2023

Figures in Rand thousand	Opening balance	Additions	Retirement	Transfers [#]	Depreciation	Total
Land	135 360	–	–	–	–	135 360
Buildings	644 494	–	(971)	13 189	(45 732)	610 980
Motor vehicles	26 252	–	(852)	1 229	(5 209)	21 420
Computer, technical and office equipment	259 064	–	(5 451)	27 417	(48 281)	232 749
Capital – Work in progress	81 732	90 757	–	(44 354)	–	128 135
	1 146 902	90 757	(7 274)	(2 519)	(99 222)	1 128 644

The property, plant and equipment presented above is net of grant funded assets as per SENTECH accounting policy for government grants.

[#] The balance of R2.5 million on transfers in 2023 relates to transfers to intangible assets 2(B).

All assets are procured through a purchase order via projects; each purchase order for the asset is receipted to the “Work in Progress” account and subsequently transferred to the relevant class/category of property, plant and equipment when they are ready for use for their intended purpose. This is a control measure.

The assets above are net of grant funded assets with a net carrying amount of R330 million (2024: R366 million; 2023: R398 million), relating to government-funded projects including mainly digital migration frequency assets.

Total additions of property, plant and equipment gross of grant funding are R106 million (2024: R95 million). Refer to note 13 for grant funding utilised.

Included in WIP additions for the current year is the reversal of the reclassification above.

Changes in estimates

The Group and Company reassesses the useful lives of assets of Group and Company at the end of each reporting period, in line with the accounting policy and IAS 16 *Property, plant and equipment*. These assessments are based on historic analysis, benchmarking and the latest available and reliable information.

The average useful lives of the Group’s and Company’s assets have been assessed and based on this analysis; the useful lives of buildings, computers, technical and office equipment and motor vehicles have been revised. The impact of the change is an increase in the depreciation charge for the current year by R4.6 million (2024: R1.0 million) (2023: R0.9 million) cumulatively the effect is R108.8 million.

Details of property, plant and equipment

The land and buildings were revalued on 31 March 2025 by qualified and independent valuers. Below is the revalued cost less accumulated depreciation of the revalued assets at a gross level including government grant funded assets (before application of net accounting for grant funded assets):

Group and Company	2025	2024	2023
Cost	727 351	680 630	680 630
Accumulated depreciation	(18)	(64 354)	(31 791)
Carrying value	727 333	616 276	648 839

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided for below:

Group and Company	Level 3
Land	149 573
Buildings	577 760
Total non-financial assets	727 333

2(A). Property, plant and equipment continued

(ii) Valuation techniques used to determine level 3 fair values

The Group and Company obtain independent valuations for its freehold land and buildings related to industrial sites and office buildings (classified as property, plant and equipment) at least every three years.

All resulting fair value estimates for properties are included in level 3.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 assets (old and non-standard) for the period ended 31 March 2025:

Group and Company	2025	2024	2023
Opening balance	616 275	648 839	677 971
Acquisitions	(297)	–	2 659
Depreciation and impairment	(22 581)	(32 563)	(31 791)
Gains recognised in other comprehensive income	133 936	–	–
Closing balance	727 333	616 276	648 839

(iv) Valuation inputs and relationships to fair value

Description	Fair value R'000	Unobservable inputs	Range	Relationship of unobservable inputs to fair value (sensitivity analysis)
Office buildings (typically regional operating center offices around the country)	132 639	Vacancy rate	3%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Capitalisation rate	10% to 13%	
		Rental yield	R55 to R90 per m ²	The lower the rate, the lower the fair value
Industrial buildings (typically housing network infrastructure)	445 122	Construction rates	R4 500 to R25 000 per m ²	
		Purchaser's resistance	5%	The higher the rates, the lower the fair value
		Depreciation rates	20% to 30%	
Land	149 573	Rates/m ² for comparable sales	R4 to R2 000 per m ²	The higher the rates, the higher the fair value

(v) Valuation processes

Land and buildings are revalued at least every three years. The Group and Company as at 31 March 2025 determined the fair values of land and buildings using an independent property valuer.

Valuations were made based on comparative land sales in each area and buildings based on the net replacement valuations or the capitalisation of income methods depending on the type and location of the property. The revaluation surplus/deficit, net of the applicable deferred tax, was credited via other comprehensive income to the revaluation reserve in shareholders' equity.

The main level 3 inputs used by the Group and Company are derived and evaluated as follows:

- Office buildings are revalued using the income approach. The capitalisation rate expected vacancy rates and rental yield rate per m² are estimated by DGB Dagada Valuations (Pty) Ltd based on comparable transactions and industry data.
- Industrial office building was estimated by DGB Dagada Valuations (Pty) Ltd based on estimated available construction rates after taking into account an estimate of purchaser resistance, physical, functional and economic depreciations as at 31 March 2025. The estimates are based on experience and knowledge of market conditions and the area in which the building is located and its condition.
- Land was estimated by DGB Dagada Valuations (Pty) Ltd using the sales comparison approach. The key inputs under this approach are the price per m² from current year sales of comparable lots of land in the area (location and size).

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

2(B). Intangible assets

Group and Company	2025				2024	
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Software and licenses	47 455	(34 367)	13 088	47 536	(31 205)	16 331

Reconciliation of intangible assets – 2025

	Opening balance	Amortisation	Total
Software and licenses	16 331	(3 243)	13 088

Reconciliation of intangible assets – 2024

	Opening balance	Amortisation	Total
Software and licenses	19 591	(3 260)	16 331

2(C). Right-of-use asset and lease liabilities

Group and Company	2025				2024	
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	16 269	(6 391)	9 878	17 349	(5 904)	11 445
Land	8 937	(2 573)	6 364	9 366	(3 275)	6 091
Computer, technical and office equipment	1 309 387	(680 434)	628 953	1 307 638	(588 484)	719 154
Total	1 334 593	(689 398)	645 195	1 334 353	(597 663)	736 690

Reconciliation of right-of-use assets – 2025

	Opening balance	Additions*	Retirement	Depreciation	Total
Buildings	11 445	904	–	(2 471)	9 878
Land	6 091	1 491	(119)	(1 099)	6 364
Computer, technical and office equipment	719 154	33 038	–	(123 239)	628 953
	736 690	35 433	(119)	(126 809)	645 195

Reconciliation of right-of-use assets – 2024

	Opening balance	Additions*	Depreciation	Total
Buildings	3 772	9 945	(2 272)	11 445
Land	6 857	582	(1 348)	6 091
Computer, technical and office equipment	841 838	387	(123 071)	719 154
	852 467	10 914	(126 691)	736 690

* Additions mainly relate to new lease contracts entered into and modifications.

2(C). Right-of-use asset and lease liabilities continued

Amounts recognised in profit or loss

	2025	2024
Depreciation	126 809	126 691
Interest expense on lease liabilities	135 119	153 189
Foreign exchange (gain)/loss	(37 967)	82 852
Leases of low value assets and short term included in operating expenses	26 680	23 812
Total cash outflow for leases (interest and capital repayments)	281 399	284 159

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2025	2024
Within one year	283 134	286 225
More than one year to five years	1 093 294	1 104 578
More than five years	152 131	430 487
Total undiscounted lease liabilities at year end	1 528 559	1 821 290
Non-current liabilities	938 048	1 101 802
Current liabilities	162 709	147 997
Lease liability included in the statement of financial position	1 100 757	1 249 799

Future cash outflows not reflected in lease liabilities

The Group and Company leases various assets for operations throughout the country. Some of these agreements contain variable lease payment terms and an annual increase on the lease payments linked to CPI. Generally, the increase as a result of CPI is at an average of 3.8% (2024: 5%). The future escalations are not included in the lease liability amount.

The terms and conditions for options for extension and termination vary for each contract. Renewal is not certain, each contract is negotiated at the end of the contract term; as such each contract entered into is considered as a new lease.

Exposure to currency risk

The Group and Company is exposed to currency risk related to lease liabilities as a result of certain liabilities relating to satellite capacity rental which are denominated in foreign currencies (USD). Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary.

Included in the lease liability is the foreign currency (USD) denominated leases, refer to note 31 for exposure to foreign currency. The spot rate of R18.5911 (2024: R19.159) was used to translate the foreign currency denominated future cash flows.

Forward exchange contracts

Certain forward exchange contracts have been entered in the prior year for the purpose of managing foreign currency risk related to lease liabilities. The net market value of all forward exchange contracts at reporting date is calculated by comparing the forward exchange contracted rates to the equivalent market (revaluation) foreign exchange rates at reporting date. The present value of these net market (revalued) values is then calculated using the appropriate currency specific discount curve.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

2(C). Right-of-use asset and lease liabilities continued

2024

Note	Contract rate	Revaluation rate	Contract foreign currency amount in '000	Contract Rand amount in '000	Fair value of contract in '000
Buy US Dollars – maturity date 8 April 2024	18.776	18.971	1 186	22 272	230
Buy US Dollars – maturity date 7 May 2024	18.823	19.015	1 186	22 327	226
Buy US Dollars – maturity date 7 June 2024	18.873	19.064	1 186	22 387	222
8				66 986	678

3. Investment in subsidiaries

The subsidiaries listed below are unlisted and registered in South Africa.

All the subsidiaries are dormant and thus there are no transactions.

The subsidiaries have not been wound up as the licences attached to these businesses can be used to pursue strategic initiatives.

Name of company	Held by	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024
Infohold (Pty) Ltd	SENTECH SOC Ltd	100.00	100.00	–	–
Vivid Multimedia (Pty) Ltd	SENTECH SOC Ltd	100.00	100.00	–	–
SENTECH International (Pty) Ltd	SENTECH SOC Ltd	100.00	100.00	–	–
Infosat (Pty) Ltd (indirect subsidiary)*	Infohold (Pty) Ltd	100.00	100.00	–	–

* Infosat (Pty) Ltd is a 100% held subsidiary of Infohold (Pty) Ltd, thus an indirect subsidiary.

4. Deferred tax

Deferred tax asset

Figures in Rand thousands	2025	2024	2023
Deferred tax asset	61 908	111 874	108 378

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Figures in Rand thousands	2025	2024	2023
Reconciliation of deferred tax asset/(liability)			
At beginning of year	111 874	108 378	10 954
Recognised in profit and loss	(21 308)	3 710	119 268
Recognised in other comprehensive income	(28 658)	(214)	(21 844)
	61 908	111 874	108 378

Recognition of deferred tax asset

A deferred tax asset of R41.276 million (2024: R38.548 million) has been recognised for the cumulative tax losses of R152.874 million (2024: R142.772 million) as a result of the losses incurred. Although the Company generated tax losses in the current year and previous years; it is expected to generate taxable profits from the 2026 financial year onwards. The deferred tax asset is expected to be utilised within the 2026 financial year and future years. This is demonstrated in the Company's strategic plan for F Y2025/26 to FY2029/30.

4. Deferred tax continued

Use and sales rate

For the assets, the expected manner of recovery is through indefinite use and the normal tax rate of 27% is applied. For revalued assets the expected manner of recovery is at the capital gains tax rate of 80% of the normal tax rate of 27% and through use at the normal rate of 27%.

Deferred tax liabilities are attributed to the following:

Figures in Rand thousands	Fixed assets*	Prepayments	Future expenditure s24C****	Total
Balance at 1 April 2022	(352 942)	(1 810)	–	(354 752)
Recognised in profit and loss	63 875	(186)	–	63 689
Recognised in other comprehensive income	(17 479)	–	–	(17 479)
Balance at 31 March 2023	(306 545)	(1 996)	–	(308 541)
Recognised in profit and loss	31 327	67	(41 886)	(10 492)
Balance at 31 March 2024	(275 218)	(1 929)	(41 886)	(319 033)
Recognised in profit and loss	25 308	164	(68 570)	(43 098)
Recognised in other comprehensive income	(29 691)	–	–	(29 691)
Balance at 31 March 2025	(279 601)	(1 765)	(110 456)	(391 822)

* Fixed assets are comprised of property, plant and equipment and right-of-use assets.

**** Future expenditure s24C relate to deferred tax recognised for the Income Tax Act section 24C allowance.

Deferred tax assets are attributed to the following:

Figures in Rand thousands	Assessed losses	Employee benefits	Provisions**	Lease liabilities	Unearned income and deposits***	Total
Balance at 1 April 2022	–	18 266	27 741	312 632	7 065	365 704
Recognised in profit and loss	22 885	524	(4 088)	34 824	253	54 398
Recognised in other comprehensive income	–	(3 182)	–	–	–	(3 182)
Balance at 31 March 2023	22 885	15 608	23 653	347 456	7 318	416 920
Recognised in profit and loss	15 663	852	12 467	(10 010)	(4 770)	14 202
Recognised in other comprehensive income	–	(214)	–	–	–	(214)
Balance at 31 March 2024	38 548	16 246	36 120	337 446	2 548	430 908
Recognised in profit and loss	2 727	578	57 274	(40 242)	1 450	21 787
Recognised in other comprehensive income	–	1 033	–	–	–	1 033
Balance at 31 March 2025	41 276	17 857	93 394	297 204	3 998	453 730

** Provisions include allowance for credit losses, provision for obsolete inventory.

*** Unearned income and deposits include deferred income, income received in advance and deposits.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

5. Inventories

Figures in Rand thousands	2025	2024
Inventories	74 704	77 660
	74 704	77 660
Inventories (write-downs)	(1 462)	(113)
	73 242	77 547

Where necessary, a provision is made for obsolete, slow-moving, and defective inventories.

The inventory held is not encumbered. Inventory write-down is as a result of stock that is potentially obsolete or lost.

Inventory expensed in the current year is R8.1 million (2024: R15.4 million).

	2025	2024
Balance at beginning of the year	(113)	(252)
(Increase)/Decrease of loss allowance recognised	(1 757)	(1 255)
	(1 870)	(1 507)
Written off	408	1 394
	(1 462)	(113)

6. Tax receivable

Figures in Rand thousands	2025	2024
Normal tax	14 033	4 912
Net current tax receivable/(payable)		
Current assets	14 033	4 912

7. Trade and other receivables

Figures in Rand thousands	2025	2024
Financial instruments:		
Trade receivables	1 508 950	1 118 045
Accrued income	98 616	113 488
Less: Expected credit losses	(565 661)	(218 427)
Net trade receivables	1 041 905	1 013 106
Deposits	17 985	16 578
Staff debtors	441	13
Other receivable*	96 559	152 000
Non-financial instruments:		
Employee costs in advance	85	21
Prepayments	23 454	16 019
Total trade and other receivables	1 180 429	1 197 737
Split between non-current and current portions		
Current assets	1 180 429	1 197 737

* Included in other receivable is a grant receivable for Dual Illumination incremental costs of R97 million (2024: R152 million). This grant was approved during the 2024 financial year and the remaining disbursement of the funds is expected in the 2026 financial year. Included in revenue in the current year in relation to this grant is R146 million.

Receivables from related parties for both Group and Company included in trade and other receivables amount to R1.121 billion (2024: R1.126 billion). Trade and other receivables include amounts owing from Community Radio Broadcasters of R29 million post-write off (2024: R45 million).

7. Trade and other receivables continued

Expected credit losses

The reconciliation of the movements in the expected credit losses in respect of trade receivables during the year was as follows:

Figures in Rand thousands	2025	2024
Balance at the beginning of the year	(218 427)	(145 585)
Expected credit losses (recognised)	(363 600)	(118 102)
	(582 027)	(263 687)
Bad debt written off	16 366	45 260
	(565 661)	(218 427)
The ageing of trade receivables at the reporting date was:		
Not past due date(current)	177 841	222 846
Past due 1 to 30 days	216 115	69 643
Past due 31 to 60 days	23 193	69 645
Past due 61 to 90 days and more	1 190 417	869 399
Trade receivables (including accrued income)	1 607 566	1 231 533

Figures in Rand thousands	Past due 61 to 90 days and more	Past due 31 to 60 days	Past due 1 to 30 days	Not past due (current)	Total
2025					
Trade receivables	1 190 417	23 193	216 115	177 841	1 607 566
Less: Expected credit losses	(559 092)	(257)	(172)	(6 140)	(565 661)
Net trade receivables	631 325	22 936	215 943	171 701	1 041 905
2024					
Trade receivables	869 399	69 645	69 643	222 846	1 231 533
Less: Expected credit losses	(217 922)	(248)	(122)	(135)	(218 427)
Net trade receivables	651 477	69 397	69 521	222 711	1 013 106

Financial instrument and non-financial instrument components of trade and other receivables	2025	2024
At amortised cost	1 156 890	1 181 697
Non-financial instruments	23 539	16 040
	1 180 429	1 197 737

Trade and other receivables pledged as security

The Group does not hold any collateral as security.

Exposure to credit risk

The collectability of trade receivables is assessed at reporting date and allowances are made for expected credit losses using the simplified approach except for two large debtors which follow the general approach, per IFRS 9.

The trade receivables are owed by customers comprising a mixture of all levels of government and state-owned entities, privately-owned companies (including listed entities) and community broadcasters. These groups of customers have significantly different credit profiles, which are taken into account in estimating expected credit losses.

The large increase in trade receivables over the 2025 financial year was mostly due to a single significant customer's financial difficulties. The extent to which the Group and company is likely to recover amounts owing is dependent on the customer implementing a turnaround plan and achieving a return to sufficient profitability to repay its debts, and/or receiving financial support from the shareholder.

See Note 1.5 and Note 31 for additional details.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

The bad debts written off of R16 million (2024: R45 million) relate to non-recoverable long outstanding debtors. Enforcement activity has been pursued for the debt written off.

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtor mentioned above. In order to mitigate the risk of financial loss from defaults, the Group and Company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers is continuously monitored.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to their short-term nature.

8. Financial assets at fair value through profit or loss

Investments held by the Group and Company which are measured at fair value, are as follows:

Figures in Rand thousands	2025	2024
Mandatorily at fair value through profit or loss:		
Collective Investment Schemes	298 008	263 886
Money market funds	293 413	188 411
Derivative instruments	–	679
	591 421	452 976
Split between non-current and current portions		
Current assets	591 421	452 976

Surplus funds and government grants are invested with various financial institutions as guided by the internal investment policy.

The investments have an average duration and maturity of not more than 12 months. These are investments into collective investment schemes and money market funds.

These funds earn investment income in the form of interest and dividends. Also, in the prior year the Group and Company entered into foreign exchange contracts (FECs) to hedge foreign currency risk on the lease payments for technical equipment, refer to the note on lease liabilities for the detailed disclosure of the FECs entered into Note 2(C).

The Group and Company does not hold collateral or other credit enhancements against financial assets at fair value through profit or loss.

The average interest rate for the current year is 8.82%.

Fair value information

These financial assets are considered to be Level 2, as they are measured using valuation techniques based on assumptions supported by prices from observable current market transactions. Inputs used in the valuation technique include quoted market prices, interest rates, observable yield curves and credit spreads and OIS discounting to determine the present value of the trades for FECs.

Risk exposure

The investments held by the Group and Company expose it to various risks, including credit risk and interest rate risk. Refer to note 31 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

8. Financial assets at fair value through profit or loss continued

Restricted funds

Restricted funds relate to government grant funds, customer deposits and the corresponding interest earned. These funds should be used only for the purposes specified by the department when the grants were received. Project and capital fund balances, net of VAT including the interest earned, which is currently managed for funding the Broadband Digital Migration Project as well as customer deposits held are presented below:

Figures in Rand thousands	2025	2024
Broadband Digital Migration Project	210 015	82 627
Customer deposits	1 940	–
Total	211 955	82 627
Reconciliation		
Opening balance	452 976	996 842
Withdrawals	(180 000)	(610 000)
Additions	276 527	–
Investment income	42 431	65 482
(Losses)/gains (fair value adjustments)	(1 037)	652
Derecognition	524	–
Closing balance	591 421	452 976

9. Cash and cash equivalents

Figures in Rand thousands	2025	2024
Cash and cash equivalents consist of:		
Cash on hand	137	137
Bank	53 911	83 337
Call accounts	541 648	547 515
	595 696	630 989
Restricted cash and cash equivalents		
SA Connect	415 016	113 582
Broadcast Digital Migration Project	–	122 803

Restricted cash relates to government grant funds and the corresponding interest earned. This cash should be used only for the purposes specified by the Department when the grants were received. The project and capital cash balances, net of VAT including the interest earned, which are currently managed for funding the Broadband Digital Migration and SA Connect Projects are presented above.

Cash and cash equivalents classification

Short-term deposits and call accounts are presented as cash equivalents if they have a maturity of less than three months. These funds are invested in approved financial institutions in South Africa in line with PFMA guidelines. The monies were invested on behalf of Company in bank accounts and call accounts. The average effective interest rate on bank accounts was 2.04% (2024: 2.4%) and call accounts was 8.66% (2024: 8.26%). The carrying amount of the cash and cash equivalents approximates the fair values due to the short-term nature of investments.

At year-end, the Group and Company had not issued any guarantees.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

10. Share capital and reserves

10.1 Share capital and premium

Figures in Rand thousands	2025	2024
Authorised		
100 000 Ordinary shares of R1 each	100	100
There were no changes in authorised capital.		
Issued		
2 000 ordinary shares of R1 each	2	2
Share premium	75 890	75 890
	75 892	75 892

There were no changes in issued capital.

10.2 Non-distributable reserve

Figures in Rand thousands	Revaluation reserve	Other NDR	Total reserves
Balance at 1 April 2023	664 041	88 614	752 655
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Balance at 31 March 2024	664 041	88 614	752 655
Profit for the year	–	–	–
Other comprehensive income	107 766	–	107 766
Balance at 31 March 2025	771 807	88 614	860 421

Nature of reserves

- Revaluation reserve relates to the property, plant and equipment revaluation surplus used to record increments and decrements on the revaluation of property, plant and equipment. In the event of a sale of an asset, any balance in the reserve in relation to the assets is transferred to related earnings.
- Other NDR relates to the acquisition revaluation and formation reserve created at the establishment of the entity.

11. Employee benefits

Defined benefit plan

The employee benefits relate to post-employment medical benefit plan and are made up as follows:

Carrying value

Figures in Rand thousands

	2025	2024
Present value of the defined benefit obligation wholly funded	(129 757)	(133 646)
Fair value of plan assets	104 160	115 245
	(25 597)	(18 401)
The plan assets are held through a prefunding vehicle arrangement and an annuity policy managed by reputable asset managers. The post-employment medical benefit plan is a stable growth annuity fund that consists of equities, bonds, cash, and international investments with normal market risk exposure. The fair value of plan assets comprises:		
Cash and cash equivalents	1 354	12 677
Equity securities	46 872	46 674
Bonds	55 934	55 894
	104 160	115 245

Reconciliation for the year

Figures in Rand thousands	Defined benefit liability		Plan assets	
	2025	2024	2025	2024
Opening balance as at 1 April	(133 646)	(138 802)	115 245	122 449
Interest cost on defined benefit liability	(18 711)	(17 515)	–	–
Current service cost	(596)	(619)	–	–
Interest on plan assets	–	–	16 025	15 373
Expected employer benefit payments	10 487	9 720	(10 487)	(9 720)
Interest on the service costs	(87)	(81)	–	–
Expected closing balance as at end of the year 31 March	(142 553)	(147 297)	120 783	128 102
Adjusted expected closing balance as at end of the year 31 March	(142 553)	(147 297)	120 783	128 102
Actuarial gain/(loss)	12 796	13 651	(16 623)	(12 857)
Actual closing balance as at end of the year	(129 757)	(133 646)	104 160	115 245

The post-retirement benefit applies only to employees who joined SENTECH prior to 1 July 2005 and did not accept the voluntary buy-out offer in 2013.

Employees of SENTECH participate on the Medical Scheme, administered by the medical aid fund company.

The post-employment subsidy policy valued is summarised below:

Employees who joined SENTECH prior to 1 July 2005 are eligible to receive a post-retirement subsidy of medical scheme contributions. Members who accepted the voluntary buyout offer in 2013 are no longer eligible for a subsidy of medical scheme contributions in retirement.

- Employees who joined SENTECH prior to 1 July 2005 are eligible to receive a post-retirement subsidy of medical scheme contributions. Members who accepted the voluntary buyout offer in 2013 are no longer eligible for a subsidy of medical scheme contributions in retirement.
- SENTECH pays 100% of medical scheme contributions, up to a maximum of 100% of the risk contributions on the Classic Comprehensive plan.
- Spouses of eligible continuation members receive a subsidy before and after the death of the principal member.
- If a member eligible for a retirement subsidy dies in service, their dependants receive the above-mentioned subsidy for a maximum period of six months.
- It has been assumed that members who retire early will receive the annuity from the date of normal retirement as provided by SENTECH, and that these members do not receive a subsidy of medical scheme contributions from SENTECH prior to the date of normal retirement.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

The net unexpected actuarial loss of R3.827 million (2024: loss of R0.794 million) arose as a result of a combination of the following factors:

- Higher than expected returns on plan assets resulted in an unexpected gain of R0.321 million.
- An unexpected loss of R1.454 million arose as a result of a decrease in the real discount rate, i.e. a decrease in the difference between the discount rate and the healthcare cost inflation assumption, from 4.18% p.a. to 3.96% p.a. This change was necessitated by a decrease in real bond yields.
- The actual weighted average contribution increase was higher than the expected increase. This resulted in an unexpected loss of R3.269 million.
- An unexpected gain of R0.575 million arose as a result of differences between actual and expected membership changes.

There are several risks faced by SENTECH as a result of the post-employment healthcare obligation and can be summarised as follows:

- **Inflation:** The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- **Longevity:** The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- **Open-ended, long-term liability:** The risk that the liability may be volatile in the future and uncertain.
- **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for SENTECH.
- **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for SENTECH.
- **Perceived inequality by non-eligible employees:** The risk of dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- **Administration:** Administration of this liability poses a burden to SENTECH.
- **Enforcement of eligibility criteria and rules:** The risk that eligibility criteria and rules are not strictly or consistently enforced.
- **Investment risk:** The risk that the return earned by the plan assets is lower than expected and thus the plan assets are insufficient.
- **Market risk:** The risk that the market value of the plan assets will decrease due to unexpected movements in market factors.

Key assumptions used

Assumptions used on last valuation on 31 March 2025:

	2025	2024
Discount rates used per annum	12.80%	14.60%
Annual increase in health care costs	8.50%	10.00%
Expected retirement age	63 years	63 years
CPI per annum	7.00%	8.50%

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted.

The additional liability in excess of the annuity has been recalculated for SENTECH to show the effect of:

- a one percentage point decrease or increase in the discount rate;
- a one percentage point decrease or increase in the rate of healthcare cost inflation; and
- a one-year decrease or increase in the expected retirement age.

11. Employee benefits continued

Sensitivity analysis

Change in liability	Base	-1% (1 year younger)	+1% (1 year older)
2025			
Medical Health Inflation	8.50%	31 843	53 048
Discount rate	12.80%	47 295	36 461
Expected retirement age	63 years	43 462	39 380
Change in current service and interest cost	8.50%	4 624	7 615
2024			
Medical Health Inflation	10.00%	24 288	43 144
Discount rate	14.60%	37 687	28 695
Expected retirement age	63 years	34 508	31 099
Change in current service and interest cost	10.00%	4 048	7 053

Historical information

Figures in Rand thousand	2025	2024	2023	2022
Retirement medical aid benefits				
Present value of the obligation	25 597	18 401	16 353	28 138

Analysis of unexpected gains and losses

The accrued liability calculated in this valuation is R25.597 million, reflecting net interest of R2.686 million, current service costs of R0.683 million and R3.827 million of unexpected actuarial losses.

12. Trade and other payables

Figures in Rand thousand	2025	2024
Financial instruments:		
Trade payables	42 747	18 235
Accrued expenses*	74 541	58 532
Non-financial instruments:		
Unearned income	66	144
Customer deposits	1 940	1 550
VAT	3 896	3 164
Leave pay and other employee related accruals	46 107	44 446
	169 297	126 071

Financial instrument and non-financial instrument components of trade and other payables

Figures in Rand thousand	2025	2024
At amortised cost	117 288	76 767
Non-financial instruments	52 009	49 304
	169 297	126 071

* Accrued expenses comprise local and foreign creditors year-end accruals, accruals for goods and services received in the year with invoices not yet processed against the supplier accounts.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to their short-term nature.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

13. Deferred income

Analysis of movements in deferred income

Figures in Rand thousand	2025	2024
Opening balance	376 160	229 719
Net funding received (see below)	289 223	167 098
Net interest capitalised	31 627	19 773
Interest received from government grant funds	43 325	27 087
Taxation paid on interest	(11 698)	(7 313)
Utilisation		
– Dual illumination incremental costs recovery	(10)	(24 046)
– SA Connect costs recovery	(48 306)	(16 384)
Closing balance	648 694	376 160
Net funding received		
Government grants received	347 606	197 249
Deemed VAT (15%)	(45 340)	(25 728)
Income tax at 27%	(13 043)	(4 423)
	289 223	167 098

Government grants are received for the purchase and construction of plant and equipment. Government grants are also received for incremental operational expenditure related to government projects. The deferred income relating to completed assets has been netted-off against the cost of the respective assets under property, plant and equipment. Deferred income relating to capital work-in-progress is set-off against costs incurred to date, on the net presentation basis. The asset will then be depreciated over its useful life based on the net carrying amount after taking government grant funding into account as per the accounting policy.

The remaining funds are contingent on the completion of government funded projects.

Cash receipts relating to grants are government grants received before income tax, net of VAT and interest received from government grants funds before income tax.

14. Revenue

Figures in Rand thousand	2025	2024
Revenue recognised over time		
Terrestrial television services	550 870	590 316
Terrestrial FM radio services	361 949	349 409
Terrestrial MW radio services	6 725	6 722
Satellite direct-to-home	184 799	175 934
Business television	3 500	3 456
Connectivity	20 321	16 741
Dual illumination grant income*	146 000	152 000
	1 274 164	1 294 578
Revenue from rental/lease income comprises of the following		
Facility rentals	85 409	85 711
Revenue recognised at a point in time		
Sale of goods – Vivid/Dish kits	246 637	824
	1 606 210	1 381 113

* The dual illumination grant income relates to the grant receivable raised at reporting date to fund the Dual Illumination incremental costs for the 2025 financial year. Refer to Note 7 for the detailed disclosure.

Included above is revenue recognised on a net basis due to agency principal relationships with some of the customers. Included in revenue (Terrestrial television services and Satellite direct-to-home) is agency fees relating to call centre management fees, project management fees and quality assurance fees of R17.409 million (2024: R20.669 million). Revenue is recognised on a gross basis when the Group and Company are principal. The sale of vivid/dish kits in the current financial year relates to the supply and delivery of DTH STBs and related accessories.

15. Other income

Figures in Rand thousand	2025	2024
Commissions received	6	7
Other income*	453	2
	459	9

* Other income includes recoveries for fruitless and wasteful expenditure.

16. Expenses

Operating profit/(loss) for the year is stated after charging/(crediting) the following, amongst others:

Leases and other rental expenses

Figures in Rand thousand	2025	2024
Short-term leases and other rentals	26 680	23 812
Depreciation and amortisation		
Depreciation of property, plant and equipment	80 543	94 054
Depreciation of right-of-use assets	126 809	126 691
Amortisation of intangible assets	3 242	3 261
Total depreciation and amortisation	210 594	224 006
Movement in credit loss allowances		
Trade and other receivables	363 874	122 177

17. Direct expenses

Figures in Rand thousand	2025	2024
Energy	180 926	222 156
Support equipment	1 762	4 603
Maintenance costs	39 525	47 816
Other direct expenses*	241 185	20 212
	463 398	294 787

* Other direct expenses in the current year include costs for material, accessories and other services costs to supply the DTH STBs and related accessories.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

18. Operating expenses

Figures in Rand thousand	2025	2024
Audit fees – internal audit	795	656
Repairs and maintenance	42 337	41 452
Auditors' remuneration – external auditors	3 201	3 433
Consulting and professional fees	25 796	31 412
Transport and freight	22 859	32 996
Telephone and telecommunication	30 526	35 025
Travel	20 220	42 116
Selling expenses	17 160	17 944
License fees	9 513	8 186
Security costs	23 508	17 296
Software expenses	11 862	21 854
Other operating expenses*	29 523	22 844
Total operating expenses	237 300	275 214
Licenses fees include the following:		
– Spectrum	1 951	1 869
– ECNS/ECS	7 562	6 317
Total licenses	9 513	8 186
Selling expenses include the following:		
CSI, Advertising, surveys, promotional activities and other selling expenses	17 160	17 944

* Other operating expenses include other classes of operating expenses i.e. Insurance, training, levies, municipal expenses, printing and stationery etc.

19. Employee costs

Figures in Rand thousand	2025	2024
Salaries and wages	434 342	361 781
Medical aid – Company contributions	–	31 057
UIF	1 153	1 250
Leave pay provision charge	8 306	8 840
Short-term benefits	24 887	42 489
Defined contribution plan and defined benefit plan expenses	683	21 710
Other benefits – Group life	–	3 460
Termination benefits	–	14 581
	469 371	485 168

The Company changed to the total cost to Company salary structure from basic salary plus benefits salary structure.

The termination benefits were once off Voluntary Severance Packages in the prior year.

Number of persons employed

	2025	2024
Total number of employees at year end (excluding temporary staff)	425	419

20. Other gains/(losses)

Figures in Rand thousand	2025	2024
(Loss)/profit on disposal of assets*	(33 517)	320
Profit/(loss) on exchange differences	39 340	(87 269)
Unrealised (losses)/gains on financial assets at fair value through profit or loss	(1 037)	652
	4 786	(86 297)

* Profit/(loss) on disposal of assets includes (loss)/profit on disposal (sale or retirement or write off) of property, plant and equipment.

Refer to note 21 below for the breakdown between profit/(loss) on exchange differences and Profit/(loss) on sale of assets.

21. Other operating gains/(losses)

Figures in Rand thousand	Notes	2025	2024
(Loss)/profit on disposal of assets			
Property, plant and equipment	2(A)	(33 517)	320
Foreign exchange gains/(losses)			
Lease liabilities		32 085	(81 269)
Trade payables and receivables		184	(188)
Other foreign exchange gains/(losses)		7 071	(5 812)
		39 340	(87 269)

22. Investment income

Figures in Rand thousand	2025	2024
Dividend income		
Collective Investment Scheme – Local	10 082	14 213
Total dividend income	10 082	14 213
Interest income		
Bank	1 192	969
Financial assets at fair value through profit or loss	20 469	30 076
Financial assets at amortised cost and call deposits	15 402	30 533
Trade and other receivables overdue accounts	10	46 933
Other*	1 021	1 659
Total interest income	38 094	110 170
Total investment income	48 176	124 383

* Other interest income includes interest accrued from Eskom on deposits, interest from SARS for overpayment of provisional tax.

The interest on overdue accounts is accrued income as it is not yet settled.

23. Finance costs

Figures in Rand thousand	2025	2024
Lease liabilities	135 119	153 189
Employee benefits: Post-retirement medical defined benefit plan	2 686	2 142
Other interest paid*	44	127
Total finance costs	137 849	155 458

* Other interest paid relates to late payment of the utility accounts; refer to note 32.

Interest on the employee benefits: post-retirement medical defined benefit plan is non cash; it relates to the unwinding of discount of the liabilities.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

24. Taxation

Figures in Rand thousand	2025	2024
Major components of the tax income		
Current		
Tax recovered from grant funds	(24 741)	(11 737)
Deferred		
Originating and reversing temporary differences	21 308	(3 710)
	(3 433)	(15 447)
Reconciliation of the tax expense	%	%
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27.00	27.00
Expenses not deductible*	(0.60)	(0.32)
Prior year adjustment	–	(0.27)
Exempt income: Dividend income	1.09	2.37
Non-exempt grants received	(37.41)	(33.12)
Depreciation**	6.33	6.42
Loss on WIP write off	(5.07)	–
Tax recovered from grants	9.92	7.25
Unrealised gains and losses	0.02	–
Other adjustments	0.10	–
	1.38	9.33

* Expenses not deductible include expenses that are of capital nature – legal fees, permanent differences on allowable assets (property, plant and equipment).

** Depreciation on administration buildings, amortisation and retirement of deferred grant assets.

25. Tax paid

Figures in Rand thousand	2025	2024
Balance at beginning of the year	4 912	38 736
Current tax recognised in profit or loss	24 741	11 737
Interest from SARS	185	–
Tax recovered from grant funds	(24 741)	(11 737)
Balance at end of the year	(14 033)	(4 912)
	(8 936)	33 824

26. Other comprehensive income

Components of other comprehensive income – 2025

Figures in Rand thousand	Gross	Tax	Net
Items that will not be reclassified to profit/(loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	(3 827)	1 033	(2 794)
Movements on revaluation			
Gains/(losses) on property revaluation	137 457	(29 691)	107 766
Total items that will not be reclassified to profit/(loss)	133 630	(28 658)	104 972

Components of other comprehensive income – 2024

Figures in Rand thousand	Gross	Tax	Net
Items that will not be reclassified to profit/(loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	794	(214)	580

27. Cash generated from/(used in) operations

Figures in Rand thousand	2025	2024
Profit/(loss) before tax	(249 435)	(161 414)
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	210 594	224 006
Losses/(gains) on sale of assets and liabilities	33 517	(321)
(Gains)/losses on exchange differences	(38 631)	81 246
Fair value (losses)/gains on financial assets at fair value through profit or loss	512	(652)
Post-retirement medical aid benefit obligation	683	700
Inventory written off or impaired	2 785	1 255
Other non-cash items credits in profit or loss	(130)	–
Movement in credit loss allowances*	363 874	122 177
Adjust for items which are presented separately:		
Interest income	(38 094)	(110 169)
Dividends received	(10 082)	(14 213)
Finance costs	137 849	155 458
Changes in working capital:		
(Increase)/decrease in inventories	1 520	(4 507)
(Increase)/decrease in trade and other receivables*	(345 720)	(614 684)
Increase/(decrease) in trade and other payables	36 587	(48 478)
	105 829	(369 596)

* The movement in credit loss allowances has been presented separately from movements in trade and other receivables in the current and prior years to highlight increase in non- payment of the customers. Refer to note 7 for the detailed disclosure of trade and other receivables balances at gross level and net level.

28. Commitments

Capital expenditure will be financed in line with the Group and Company's optimal capital structure, considering internal cash resources available and government grants.

Figures in Rand thousand	2025	2024
Requested per corporate plan		
– SENTECH funded assets	473 493	330 845
– Government grant funded assets	442 241	177 155
Approved but not contracted	631 678	449 966
Contracted	284 056	53 069

The authorised capital expenditure for property, plant and equipment is planned to occur in the next financial year. It will be financed in line with the Group and Company's optimal capital structure, considering available internal cash resources and from government grants received.

29. Contingent liabilities and contingent assets

Contingent liabilities

The Company has two cases at the CCMA which cannot be quantified, as the outcome/ruling for the cases is pending; the matter is defended by SENTECH.

The Company has one case referred to the Competition Tribunal, which cannot be quantified as the outcome/ruling for the cases is pending; the matter is defended by SENTECH.

There is no reimbursement from any third parties for potential obligations of the Company.

Contingent assets

There was no contingent asset that the Group and Company is aware of at reporting date.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

30. Related parties

Relationships

Holding company	Department of Communications and Digital Technologies (DCDT)
Subsidiaries	Refer to note 3
Members of key management	The disclosure is provided below

Identification of related parties

The Group and Company has a related party relationship with its shareholder, government entities controlled by the shareholder and its Directors and executive team. The sole shareholder is the government of South Africa through the DCDT.

All transactions with government department and its entities were at an arm's-length and therefore these are normal dealings.

The below transactions and balances with related parties have been entered into in the capacity of entities owned by the same shareholder.

There were no commitments to related parties for the period ended 31 March 2025.

Transactions and balances with related parties

Government grants

Various transactions were entered into with the DCDT and National Treasury with respect to government grants. Government grants are accounted for in terms of IAS 20: *Accounting for Government Grants and Disclosure of Government Assistance*.

Government grants received and the related movements have been disclosed in note 13.

Related party transactions

Figures in Rand thousand

	2025	2024
Sale of goods and services to related parties		
SABC	694 788	668 119
BBI	4 891	9 163
DCDT	7 826	–
ATNS	3 259	–
USAASA	290 437	21 494
	1 001 201	698 776
Grant received from related parties		
DCDT	302 266	171 521
USAASA	146 000	152 000
	448 266	323 521
Interest (paid to)/received from related parties		
SABC	10	46 933
	10	46 933
Recoveries of expenses from related parties		
South African Post Office	–	426
	–	426
Purchases of goods and services from related parties		
SABC	(327)	(269)
SITA	(3 197)	(3 918)
ICASA	(9 627)	(8 706)
BBI	(1 335)	(1 085)
	(14 486)	(13 978)

30. Related parties continued

Figures in Rand thousand	2025	2024
Movement allowances for expected credit losses related parties		
SABC	(353 910)	(116 559)
BBI	174	2 277
NEMISA	–	1
USAASA	(1 951)	(779)
	(355 687)	(115 060)

Related party balances

Figures in Rand thousand	2025	2024
Amounts included in Trade and other receivable regarding related parties		
USAASA	466 705	285 250
SABC	1 181 702	1 009 657
BBI	2 735	5 733
	1 651 142	1 300 640
Amounts included in Trade receivable regarding related parties – allowance for expected credit losses		
USAASA	(5 436)	(3 485)
SABC	(524 273)	(170 362)
BBI	(195)	(369)
	(529 904)	(174 216)
Amounts included in Trade receivable regarding related parties – provision for credit notes		
SABC	(580)	(1 478)
USAASA	(209)	(2 923)
	(789)	(4 401)
Amounts included in Trade payable regarding related parties		
SITA	(1 649)	(1 781)
BBI	(1 335)	(1 055)
SABC	(210)	–
DCDT	(515)	(515)
	(3 709)	(3 351)
Amounts included in Trade payable regarding related parties – (accruals)		
ICASA	(7 561)	(6 317)

Transactions with key management personnel

Loans to Directors

There were no loans issued to directors during the year or outstanding at year end.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

Directors' emoluments 2025

Figures in Rand thousand	Period of service (months)	Salary ^{##}	Retainer fee	Medical aid and other allowances [#]	Meeting attendance fees	Acting allowance	Gratuity payment	Total
Executive								
TJ Leshope (Acting CEO)**	12	3 400	–	191	–	543	70	4 204
R Rasikhinya (CFO)****	12	3 060	–	11	–	–	63	3 134
Non-Executive								
SF Mudau (Chairperson)*****	11	–	318	–	356	–	–	674
VM Motloutsi	12	–	139	–	242	–	–	381
M Moropa	12	–	139	–	320	–	–	459
T Sesane	12	–	139	–	233	–	–	372
TF Phiri (Interim Chairperson)*****	12	–	139	15	389	–	–	543
NA Mudunungu	12	–	139	–	217	–	–	356
M Metuse	12	–	139	–	306	–	–	445
		6 460	1 152	217	2 063	543	133	10 568

Directors' emoluments 2024

Figures in Rand thousand	Period of service (months)	Basic salary	Retainer fee	Provident fund	Medical aid and other allowances [#]	Meeting attendance fees	Acting allowance	Gratuity payment	Total
Executive									
M Booï (CEO)*	7	1 851	–	257	1 280	–	–	295	3 683
TJ Leshope (Acting CEO)**	12	2 621	–	210	619	–	480	155	4 085
R Rasikhinya (CFO)	12	3 000	–	–	2	–	–	–	3 002
Non-Executive									
SF Mudau (Chairperson)	12	–	347	–	–	492	–	–	839
VM Motloutsi	12	–	139	–	–	325	–	–	464
M Moropa	12	–	139	–	–	417	–	–	556
T Sesane	12	–	139	–	–	292	–	–	431
TF Phiri	12	–	139	–	–	500	–	–	639
NA Mudunungu	12	–	139	–	–	208	–	–	347
M Metuse	12	–	139	–	–	400	–	–	539
L Keyise***	6	–	69	–	–	158	–	–	227
K Pillay***	6	–	69	–	–	83	–	–	152
		7 472	1 319	467	1 901	2 875	480	450	14 964

[#] Included in medical aid and other allowances is medical aid allowance, Group life, UIF employer contribution, long service award, leave encashment and termination leave payout, non-pensionable allowance as well as subsistence allowance for travel.

^{##} Salaries are a total cost to company package.

^{*} The employment contract for Mr M Booï came to an end in October 2023.

^{**} Mr T Leshope (Chief Operating Officer) was appointed as the Acting Chief Executive Officer from October 2023. Mr Leshope was appointed as the CEO for SENTECH effective from 23 May 2025.

^{***} L Keyise and K Pillay were appointed in April 2023 as independent Non-Executive Directors; they both resigned end of September 2023.

^{****} The term of employment for Ms R Rasikhinya's came to an end on 30 April 2025.

^{*****} Ms S Mudau resigned in February 2025 and Mr TF Phiri was appointed in May 2025 as the interim Chairperson.

30. Related parties continued

Other key management personnel

Key personnel are defined as per their positions below. Remuneration to key management personnel excluding Directors' emoluments above is:

2025

Figures in Rand thousand		Period of service (months)	Salary ^{##}	Medical aid and other allowances [#]	Acting allowance	Gratuity payment	Total
Executive	Position						
Z Adams	Executive: Legal and Regulatory	12	2 636	2	–	54	2 692
MT Finnis	Executive: Operations	12	2 350	113	–	48	2 511
MM Kgari	Acting Executive: Broadband ^{*****}	6	1 204	248	–	–	1 452
KK Motlhabi	Chief Human Resource Officer	12	2 612	83	–	54	2 749
IG Segaloe	Chief Strategy Officer	12	2 615	81	–	54	2 750
K Thage	Acting: Chief Marketing and Sales Officer	12	–	97	325	–	422
M Chimombe	Acting Company Secretary*	7	–	–	120	–	120
M Manyere	Acting Executive: Finance	12	–	–	275	–	275
F Mnisi	Acting Chief Operating Officer**	12	–	66	337	–	403
N Ogoh	Acting Chief Information Officer***	12	–	40	312	–	352
JM Venter	Acting Executive: Broadband ^{*****}	6	–	1	300	–	301
A Manqele	Company Secretary****	5	833	1	–	–	834
J van den Berg	Chief Audit Executive ^{*****}	9	1 500	2	–	–	1 502
			13 750	734	1 669	210	16 363

2024

Figures in Rand thousand		Period of service (months)	Basic salary	Provident fund	Medical aid and other allowances [#]	Acting allowance	Gratuity payment	Total
Executive	Position							
Z Adams	Executive: Legal and Regulatory	12	2 032	163	356	–	120	2 671
MT Finnis	Executive: Operations	12	1 811	145	339	–	107	2 402
MM Kgari	Acting Executive: Broadband	12	1 898	152	397	–	112	2 559
KK Motlhabi	Chief Human Resources Officer	12	2 014	161	328	–	119	2 622
IG Segaloe	Chief Strategy Officer	12	2 016	161	395	–	119	2 691
E Motlhamme	Company Secretary*	8	1 133	–	91	–	–	1 224
M Chimombe	Acting Company Secretary*	4	–	–	–	44	–	44
K Thage	Acting: Chief Marketing and Sales Officer	12	–	–	28	310	–	338
M Manyere	Acting Executive: Finance	12	–	–	–	260	–	260
F Mnisi	Acting Chief Operating Officer**	6	–	–	88	323	–	411
N Ogoh	Acting Chief Information Officer***	4	–	–	–	102	–	102
			10 904	782	2 022	1 039	577	15 324

[#] Included in medical aid and other allowances is medical aid allowance, Group life, UIF employer contribution, long service award, leave encashment and termination leave payout, non-pensionable allowance as well as subsistence allowance for travel.

^{##} Salaries are a total cost to company package.

* Ms E Motlhamme was appointed as the Company Secretary from December 2022 and resigned in November 2023 and Ms M Chimombe was appointed as the acting Company Secretary from December 2023.

** Mr F Mnisi was previously the acting Chief Information Officer; he was appointed as acting Chief Operating Officer from October 2023.

*** Ms N Ogoh was appointed as the acting Chief Information Officer from December 2023.

**** Ms A Manqele was appointed as the Company Secretary from November 2024.

***** Ms M Kgari resigned in October 2024 and Mr JM Venter was appointed as the Acting Executive: Broadband.

***** Mr J van den Berg was appointed in July 2024 as the Chief Audit Executive.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

31. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

Figures in Rand thousand	Note(s)	Fair value through profit or loss – Mandatory	Amortised cost
Financial assets at fair value through profit or loss	8	591 421	–
Trade and other receivables	7	–	1 156 890
Cash and cash equivalents	9	–	595 696
		591 421	1 752 586

2024

Figures in Rand thousand	Note(s)	Fair value through profit or loss – Mandatory	Amortised cost
Financial assets at fair value through profit or loss	8	452 976	–
Trade and other receivables	7	–	1 181 697
Cash and cash equivalents	9	–	630 989
		452 976	1 812 686

Categories of financial liabilities

2025

Figures in Rand thousand	Note(s)	Amortised cost
Trade and other payables	12	117 288

2024

Figures in Rand thousand	Note(s)	Amortised cost
Trade and other payables	12	76 767

Capital risk management

One of the key focus areas of the Accounting Authority is the optimal and most efficient use of the Group's and Company's capital. The primary objective of the Group's and Company's capital management strategy is to maintain healthy capital ratios to support the core business and social mandates, while maximising stakeholder value.

Borrowing limits

In terms of the Group's and Company's Memorandum of Incorporation, the Accounting Authority shall not have the power to borrow without the prior approval of the Executive Authority and the Minister of Finance.

Capital structure

The Group's and Company's aim is to ensure that it funds the maintenance and growth of its core business using internally generated funds, while using government grant funding for expansion of capital expenditure requirements and government initiated programmes. The Group and Company are restricted in the use of debt funding (subject to approval) and accordingly the optimising of the weighted average cost of capital is limited. The philosophy is therefore to actively apply excess capital to growing and maintaining the core business and using government funding for significant mandated projects.

31. Financial instruments and risk management continued

The core debt components of the Group and Company are as follows:

Figures in Rand thousand	Note(s)	2025	2024
Post retirement medical benefit obligation		25 597	18 401
Lease liabilities	2(C)	1 100 757	1 249 799
Trade and other payables	12	169 297	126 071
Deferred income		648 694	376 160
		1 944 345	1 770 431
Key capital structure data:			
Shareholder funds – Equity		2 399 432	2 540 466
Included in the shareholders' funds above are:			
		409 920	302 142
Interest expense		137 849	155 458
– Other interest paid		44	127
– Lease liability		135 119	153 189
– Post retirement medical benefit obligation		2 686	2 142
The Group benchmarks the following capital ratios:			
Debt to equity ratio			
Target		Less than 40%	Less than 40%
Actual		81.03%	69.69%
EBITDA to debt			
Target		Greater than 3	Greater than 3
Actual		0.21	0.17
EBITDA to interest cover			
Target		Greater than 10	Greater than 10
Actual		2.97	1.94

* Earnings before interest, tax, and depreciation (EBITDA) (Refer to Abbreviations and acronyms for the definition)

Financial risk management

Overview

The Group and Company is exposed to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (currency risk, interest rate risk).

Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's and Company's receivables from customers, investments and cash and cash equivalents held on behalf of the Group and Company by financial institutions.

Trade and other receivables

The Group's and Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's and Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. There is concentration of credit risk in a single customer, as more than 80% (R1.181 billion owed) of the Group's and Company's trade receivables comes from this customer. Therefore, SENTECH believes that the credit risk exposure is mitigated by the fact that the customer has developed its own five-year strategy that concentrates on revenue growth and cost reduction together with the government intervention. This situation will continue to be closely monitored to ensure that mitigating factors are in place to deal with any eventualities.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

The Accounting Authority has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's and Company's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group's and Company only on a prepaid basis.

Cash and cash equivalents

Reputable financial institutions with high credit ratings are used for investing and cash handling purposes. The credit risk at reporting date is considered very low. These instruments have all been externally graded with a minimum credit rating of **ZaAAA/zaA-1+** (very high credit quality with a very low default risk).

Financial assets at fair value through profit or loss

Credit risk exposure arising from financial assets at fair value through profit or loss is managed by the Group and Company through dealing with well-established financial institutions with high credit ratings. Investments to each financial institution are guided by the internal investment policy approved by the Accounting Authority. At reporting date, these instruments are considered to have a very low credit risk. These instruments have all been externally graded with a minimum credit rating of:

- **AA+(zA)(f)** (funds rated AA(f) possess very low levels of risk and demonstrate low to moderate volatility) for money market funds.
- **AA-(ZA)(f)** (funds rated AA(f) possess very low levels of risk and demonstrate low to moderate volatility) for collective investment schemes.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

Figures in Rand thousand	Note(s)	2025	2024
Financial assets at fair value through profit or loss	8	591 421	452 976
Cash and cash equivalents	9	595 696	630 989
Trade and other receivables	7	1 173 257	1 181 697
		2 360 374	2 265 662
The maximum exposure for trade and other receivables at the reporting date by geographic region was:			
Domestic		1 172 012	1 180 114
Foreign		1 245	1 583
		1 173 257	1 181 697

The collectability of financial assets is assessed at reporting date and expected credit losses are calculated for any financial assets with the credit risk that has increased significantly at reporting date based on a review of all outstanding amounts at year-end. The credit risk is considered to have increased significantly when the debtor is more than 30 days past due. Bad debts are written off during the year in which they are identified. The expected credit loss at year-end relates to financial assets/(trade receivables) which have passed payment due date and have not been settled by year-end. Financial assets that are not past due thus a minimal amount of expected credit losses has been recognised as these are considered to have a good credit quality.

Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group's and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

Typically, the Group's and Company ensure that there is enough cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

31. Financial instruments and risk management continued

Exposure to liquidity risk

The Group and Company will be able to meet their contractual obligations as they become due.

Current liabilities at year-end were as follows:

Figures in Rand thousand	2025	2024
Trade and other payables	117 288	76 767
Lease liabilities	162 709	147 997
Carrying amount	279 997	224 764

The Group's and Company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and cash reserves/invested with various financial institutions. The assets (financial assets at amortised cost, financial assets at fair value through profit or loss, trade and other receivables and cash and cash equivalents) are used to finance the liabilities that have maturity profile of less than a year.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity of contractual liabilities, including interest payments and excluding the impact of netting agreements are as follows: The cash flows are undiscounted contractual amounts.

2025

Figures in Rand thousand	Notes	Less than 1 year	1 to 5 years	Over 5 years	Total
Lease liabilities	2(C)	283 134	1 093 294	152 131	1 528 559
Trade and other payables	12	127 605	–	–	127 605
		410 739	1 093 294	152 131	1 656 164

2024

Figures in Rand thousand	Notes	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade and other payables	12	76 767	–	–	76 767
Lease liabilities	2(C)	286 225	1 104 578	430 487	1 821 290
		362 992	1 104 578	430 487	1 898 057

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group and Company are exposed to currency risk on purchases that are denominated in a currency other than the respective presentation currency of the Group and Company. The currencies in which these transactions are primarily denominated are British Pound (GBP), Swiss Franc (CHF), United States Dollar (USD) and Euro (EUR). The Group and Company did not hedge foreign purchases and sales but, where possible, match foreign currency denominated cash inflows and outflows through the underlying operations of the Group and Company. The forward exchange contracts/(hedging contracts) entered into in the prior year (2024) relate to lease payments for the 2025 financial year. This is to mitigate exposure for foreign currency risk. The Group's and Company's net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

Figures in Rand thousand	Note(s)	2025	2024
US Dollar exposure:			
Current assets:			
Trade and other receivables	7	1 245	1 583
Cash and cash equivalents	9	6 734	10 020
Non-current liabilities:			
Non-current portion lease liabilities	2(C)	(900 576)	(928 086)
Current liabilities:			
Trade and other payables	12	(929)	(1 296)
Current portion lease liabilities	2(C)	(149 779)	(154 354)
Net US Dollar exposure		(1 043 305)	(1 072 133)
Euro exposure:			
Current assets:			
Cash and cash equivalents	9	23	24
GBP exposure:			
Current assets:			
Cash and cash equivalents	9	239	229
CHF exposure:			
Current liabilities:			
Trade and other payables	12	(16 968)	–
Net exposure to foreign currency in Rand		(1 060 011)	(1 071 880)

Exposure in foreign currency amounts

The exposure to currency risk was as follows based on carrying amounts for other financial instruments:

Figures in thousands	Note(s)	2025	2024
US Dollar exposure:			
Current assets:			
Trade and other receivables	7	67	83
Cash and cash equivalents	9	362	523
Non-current liabilities:			
Non-current portion lease liabilities	2(C)	(48 441)	(56 498)
Current liabilities:			
Trade and other payables	12	(50)	(68)
Current portion lease liabilities	2(C)	(8 056)	(7 589)
Net US Dollar exposure		(56 118)	(63 549)
Euro exposure:			
Current assets:			
Cash and cash equivalents	9	1	1
GPB exposure:			
Current assets:			
Cash and cash equivalents	9	10	9
CHF exposure:			
Current liabilities:			
Trade and other payables	12	(798)	–

31. Financial instruments and risk management continued

Exchange rates

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
GBP/ZAR	23.67	23.94	24.16	24.32
EUR/ZAR	19.89	20.67	20.23	20.81
CHF/ZAR	20.99		21.28	
USD/ZAR	18.42	18.94	18.59	19.16

Foreign currency sensitivity analysis

A 10% weakening of the Rand against the following currencies at 31 March would have (decreased)/ increased post-tax profit or loss and net equity for the Group and Company by the amounts shown below. The 10% strengthening of the Rand against the following currencies would result into an (increase)/decrease in post-tax profit or loss and net equity of the Group and Company by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Figures in Rand thousand	2025	2024
GBP/ZAR	17	17
EUR/ZAR	2	2
CHF/ZAR	(1 239)	–
USD/ZAR	(104 521)	(122 032)

Interest rate risk

The Group and Company address their interest rate risk by ensuring that SENTECH invests into instruments that are competitive and generate the highest return with the lowest minimum risk.

Exposure to interest rate risk

The Group and Company generally adopt a policy of ensuring that its exposure to change in interest rates is on a floating rate basis.

There have been no significant changes in the interest rate risk management policies and process (investment policy) since the prior reporting period.

Interest rate profile

The interest rate profile of interest-bearing financial instruments at the end of the reporting period was as follows:

Figures in Rand thousand	Note(s)	2025	2024
Assets			
Government grants financial asset at fair value through profit or loss	8	210 015	82 627
Customer deposits financial asset at fair value through profit or loss	8	1 940	–
Financial assets at fair value through profit or loss own funds	8	379 466	370 349
Government grants cash and cash equivalents	9	415 016	236 385
Cash and cash equivalents own funds	9	180 543	394 603
		1 186 980	1 083 964

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods used in the preparation of the sensitivity analysis compared to the previous reporting period.

A change of 100 basis points in interest rates would have increased or decreased post-tax profit or loss and net equity by R3.5 million (2024: R5 million) with all other variables held constant on the balances of financial instruments, while the actuarial valuations of the post-retirement obligation impact have been incorporated in the note on employee benefits.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

Fair values versus carrying amount

The Group and Company carrying amounts for financial assets and liabilities approximate the fair values of the respective financial instruments at year-end as the significant balance relating to these is short term in nature, also in some instances linked to market rates.

• Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the various notes of the annual financial statements.

• Interest-bearing debt

Fair value is calculated based on discounted expected future principal and interest cash flows. For trade and other receivables/payables including Group and Company balances for receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

• Non-derivative financial assets and liabilities and derivative instruments

Fair value, which is determined for disclosure purposes and measurement purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Inputs used in the valuation technique include quoted market prices, interest rates, observable yield curves and credit spreads and OIS discounting to determine the present value of the trades for FECs.

• Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on prime rates at the reporting date plus an adequate credit spread.

• Fair value hierarchy

The valuation methods and fair value hierarchy classification for financial assets and liabilities are disclosed in the related disclosure notes to the annual financial statements. The following fair value hierarchy classification has been used:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32. Losses through criminal conduct, irregular, fruitless and wasteful expenditures

These comprise all losses through criminal conduct and any irregular, fruitless and wasteful expenditure. Section 1 of the Public Finance Management Act 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation. Section 1 of the Public Finance Management Act (No. 1 of 1999), as amended, defines fruitless and wasteful expenditure as that which was made in vain and would have been avoided had reasonable care been exercised.

Figures in Rand thousand	2025	2024
Irregular expenditure	20 031	19 203
Fruitless and wasteful expenditure	491	940
Closing balance	20 522	20 143

33. Events after the reporting period

The Board is not aware of any other matters or circumstances arising since the end of the year that would have an impact on the reported results.

34. Going concern

In determining the appropriate basis of preparing the financial statements, the Board of Directors (the Board) considered whether the Group and Company can continue in operational existence for the foreseeable future.

The Board acknowledges the financial sustainability issues, particularly in view of the concentration risk on one customer. In view of this the Group and Company has developed revenue diversification strategies to be implemented as contained in the strategic plan for the next five years.

Based on SENTECH's forecasts, cash and cash equivalents as at 31 March 2025 and available borrowing facilities, the Directors believe the Group has adequate resources to continue as a going concern into the foreseeable future.

The Group and Company recorded a net loss after tax of R246 million mainly due to the increase in expected credit loss of R364 million and certain revenue diversification not realised in the current financial year. There is an expected organic growth from the Broadband services after completion of the SA Connect infrastructure rollout, which will generate new revenue streams. Furthermore, it is expected that there will be inorganic growth from mergers and acquisitions in the Broadband services space.

Based on the strategic initiatives aforesaid, it is expected that the revenues will grow at a steady pace over the MTEF period. SENTECH is reengineering activities to ensure operational efficiencies which should reduce costs, thus ensuring that the Company is profitable and remains sustainable.

The strategic initiatives include broadening the market to reach further into other African countries for more revenue streams.

The cash generated from operations improved from FY2024 to FY2025 from negative R369 million to a positive R106 million. This should have been higher, however, there were two significant factors contributing to some liquidity challenges. There is an inherent liquidity and cashflow challenges.

The global economy is facing a period of significant economic distress which affected SENTECH's customers' ability to pay for services rendered, and in turn increased the accounts receivables balance compared to prior year. One key customer is facing financial challenges, and this resulted in an increase in trade receivables by R376 million and a reduction in own cash balances. This signifies the existence of a material uncertainty to the Group's and Company's ability continue as a going concern.

The Group and Company adopted the going concern basis in preparing the financial statements. The current operations, the future cash flow forecasts and positive net asset value, renders the Group and Company confidence that there will be sufficient resources to meet short-term obligations. SENTECH is financially stable to continue in operations for the next 12 months. The current assets exceed current liabilities, and the cash reserves exceeds current liabilities. The liquidity ratio of 2.5 times and solvency ratio of 81.03% are in favour of the going concern assumption.

Based on the above, it is the Group's and Company's view that it will remain as a going concern in the foreseeable future. To this effect, the financial statements were prepared on a going concern basis.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

35. Prior period errors

The accounting policy to account for government grant assets is to deduct the grant received from the carrying amount of the asset acquired or constructed by applying the net presentation method. This means that assets constructed or purchased using grant funds are recorded in the asset register as a deduction against the overall carrying value of the asset.

A prior period error was noted as part of the current year asset review process conducted in preparation for the 31 December 2024 ASO date. During this review it was noted that certain grant funded assets were only retired from the fixed asset register and ledger at a gross level, resulting in an understatement of the fixed assets.

In addition to the above, certain partially grant funded assets were not timeously reduced by the transfer of the grant funding utilised as required by the accounting policy and as such deferred income and the corresponding assets were both overstated.

It is also SENTECH's accounting policy to account for land and buildings under the revaluation model with the most recent valuation conducted in the current financial year. During this process it was noted that the credit deferred tax entries relating to the revaluation surplus recognised in prior years were omitted. This resulted in the overstatement of the overall deferred tax asset.

The errors presented above have been corrected by restating each of the affected financial statement line items in the prior periods as follows:

Effect on Group and Company Statement of Financial Position

Figures in Rand thousand	31 March 2024 as previously reported	31 March 2024 restated	Difference	31 March 2023 as previously reported	1 April 2023 restated	Difference
Property plant and equipment	998 925	1 081 840	82 915	1 005 817	1 128 644	122 827
Deferred tax	127 354	111 874	(15 480)	124 197	108 378	(15 819)
Effect on non-current assets			67 435			107 008
Reserves	770 134	752 655	(17 479)	770 134	752 655	(17 479)
Accumulated profit	1 586 574	1 711 917	125 343	1 732 816	1 857 305	124 489
Effect on equity			107 864			107 010
Deferred income	416 590	376 160	(40 430)	229 719	229 719	–
Effect on current liabilities			(40 430)			–

Effect on Group and Company Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand thousand	31 March 2024 as previously reported	31 March 2024 restated	Difference
Depreciation and amortisation	(222 739)	(224 006)	(1 267)
Other gains and (losses)	(88 080)	(86 297)	1 783
Effect on net loss before tax			516
Taxation	15 108	15 447	339
Effect on net loss after tax			852

The Note 27: Cash generated/(used) in operations to the Statement of Cash flows was restated as a result of the changes to the Group and Company Statement of Profit or Loss and Other Comprehensive Income as presented above. The effect on the net loss before tax was a reduction of R0.516 million, an increase in depreciation and amortisation amounting to R1.267 million and an increase in (losses)/gains on sale of assets and liabilities of R1.783 million. The overall net effect on total cash generated/(used) in operations was R Nil.

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ABBREVIATIONS AND ACRONYMS

4IR	Fourth Industrial Revolution	GHG	Greenhouse Gases
AGM	Annual General Meeting	HR	Human Resources
ARC	Audit and Risk Committee	IAS	International Accounting Standards
ASB	Accounting Standards Board	IASB	International Accounting Standards Board
ASO	Analogue Switch-Off	IC	Investment Committee
ATNS	Air Traffic and Navigation Services SOC Limited	IDC	Industrial Development Corporation
B-BBEE	Broad-Based Black Economic Empowerment	IFRS	International Financial Reporting Standards
BBI	Broadband Infraco	ICASA	Independent Communications Authority of South Africa
CAPEX	Capital Expenditure	ICT	Information Communications Technology
CCoE	Cloud Centre of Excellence	I-ECNS	Individual Electronic Communications Network Services
CEO	Chief Executive Officer	I-ECS	Individual Electronic Communications Service
CFO	Chief Financial Officer	MIS	Managed Infrastructure Services
COO	Chief Operations Officer	MOI	Memorandum of Incorporation
CPE	Customer Premise Equipment	MTEF	Medium Term Expenditure
CPI	Consumer Price Index	Nemisa	National Electronic Media Institute of South Africa
CSI	Corporate Social Investment	NDR	Non-Distributable Reserves
DCDT	Department of Communications and Digital Technologies	OAG	Office of the Accountant-General
DTH	Direct-to-home	OTT	Over-The-Top
DTT	Digital Terrestrial Television	PFMA	Public Finance Management Act, Act No. 1 of 1999
DTPS	Department of Telecommunications and Postal Services	SABC	South African Broadcasting Corporation
EBITDA	Operating revenue – Cost of goods sold – Operating expenses. Depreciation, amortisation, write off and impairment, non-operating income, unrealised gains and losses and expenses as well as macro- economic factors are excluded	SD	Skills Development
ECA	Electronic Communications Act, Act No. 36 of 2005	SITA	State Information Technology Agency
EDR	Events Data Record	SEC	Social and Ethics Committee
E&M	Entertainment and Media	SOC	State Owned Company
ESD	Enterprise and Supplier Development	SMME	Small Medium Micro Enterprises
EXCO	Executive Committee	TRIR	Total Recordable Incident Rate
FM	Frequency Modulation	SDGs	Sustainable Development Goals
FY	Financial Year	USAASA	Universal Service and Access Agency of South Africa
GRAP	Generally Recognised Accounting Practice	VAT	Value-Added Tax
		VSAT	Very Small Aperture Terminal
		WANA	Weighted Average Network Availability

