

Telkom SA SOC Ltd

Integrated Report

For the year ended 31 March 2025

Telkom's reporting suite

Welcome to the integrated report of Telkom SA SOC Ltd (Telkom or the Group) for the financial year ended 31 March 2025 (FY2025 or the year).

We are committed to providing stakeholders with transparent, relevant and integrated information to support informed decision-making about Telkom.

Our reporting suite caters to the diverse needs of stakeholders and is available on our Group website under investor relations: https://group.telkom.co.za/ir/

1

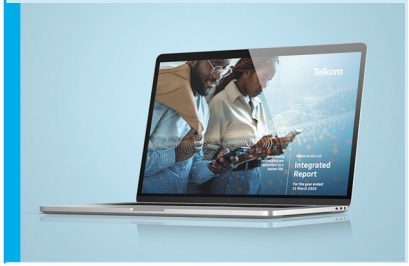
Integrated report

Our integrated report is our primary means of communication to stakeholders. It provides a holistic view of how our strategy, its implementation and operational performance contribute to value creation, preservation or erosion over the short, medium and long term period, and in relation to the six capitals.

It also summarises our impact on the economy, society and the environment, including our contribution to the United Nations Sustainable Development Goals (SDGs).

Key frameworks and standards applied:

- Integrated Reporting Framework (<IR> Framework)
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]
- South African Companies Act, 71 of 2008, as amended (Companies Act)
- Johannesburg Stock Exchange (JSE) Listings Requirements and Debt and Specialist Securities Listings Requirements



2

Financial information

- Audited annual financial statements
- Annual results announcement
- Annual results presentation

Our audited annual financial statements provide detailed information on the Group's financial performance. The annual results information is a summary of the year's performance.

Key frameworks and standards applied:

- International Financial Reporting Standards (IFRS® Accounting Standards)
- JSE Listings Requirements
- Companies Act
- King IV

3

Governance, risk management and assurance

- Remuneration report
- King IV application report
- Board charter and Committee terms of reference
- Declarations of conflict of interest
- Ethics pledges

Governance and risk information is included in our integrated report. It is supplemented by information relating to policies and practices of the Board and a detailed remuneration report.

Key frameworks and standards applied:

- King IV
- JSE Listings Requirements and Debt and Specialist Securities Listings Requirements
- Companies Act

4

Risk management, compliance and assurance

- Enterprise risk management principles
- Assurance statement

Risk information in the integrated report is supplemented by the enterprise risk management principles.

The assurance statement provides a moderate independent opinion on selected non-financial key performance indicators (KPIs), performed in accordance with the AA1000AS Type II requirements.

Key frameworks and standards applied:

- ISO 31000 Risk Management Guidelines
- AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

5

Shareholder information

- Notice of annual general meeting (AGM)
- Form of proxy

This provides shareholders with information regarding resolutions to be voted on. The hybrid AGM will be held on 21 August 2025.

Key frameworks and standards applied:

- JSE Listings Requirements and Debt and Specialist Securities Listings Requirements
- Companies Act
- King IV

6

Other reports to society

- Carbon Disclosure Project (CDP) climate change report
- Telkom Foundation annual report
- Sustainability fast read

The CDP climate change report outlines our initiatives, strategies and performance related to climate change mitigation and adaptation, as disclosed on the CDP platform.

The Telkom Foundation's annual report highlights how Telkom contributes to transforming disadvantaged communities through sustainable development programmes.

The inaugural sustainability fast read offers a concise overview of key sustainability initiatives and outcomes for FY2025.

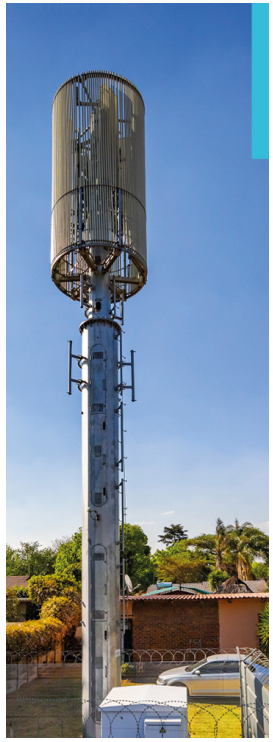
[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

Table of contents

2

Preparing our integrated report

The seven sections of our report enable stakeholders to navigate easily, supporting connectivity of information.



www.telkom.co.za

5

Section 1:

A Telkom snapshot

A concise overview of Telkom's purpose, vision and values, with a summary of our performance and value proposition to investors. It explains the Group's operating structure and unpacks each business unit.

5 Overview of our business
6 Our investment case
8 Explaining our business units
9 Integrated performance snapshot

11

Section 2:

Leadership reflections on FY2025

Messages from our Chairperson, Group Chief Executive Officer (GCEO) and Group Chief Financial Officer (GCFO) outlining key governance, strategy and performance themes.

11 An interview with our Chairperson
14 An interview with our GCEO
17 Our GCFO's report on financial performance

23

Section 3:

The process of value creation

An overview of our business model, material themes, strategic choices, and how we capture new opportunities and mitigate risks to support our purpose and vision.

23 Our business model
30 Our material themes
31 Unpacking our PIVOT Strategy
35 Our trade-offs
37 Our ESG strategy

40

Section 4:

The world we operate in

Illustrates the dynamic, complex environment in which we operate, highlighting risks that require mitigation and stakeholders' needs and concerns that are considered.

40 External themes shaping our strategy
42 Engaging with our stakeholders
46 Managing risks and compliance

51

Section 5:

FY2025 performance

A detailed account of performance across our non-financial capitals. Productive capital includes the business unit performance of Openserve, Telkom Consumer, BCX, Gyro and Swiftnet.

52 Productive capital
59 Intellectual capital
63 Human capital
68 Social and relationship capital
73 Natural capital



76

Section 6:

Ensuring transparency and accountability

Describes our approach to decision-making and outlines our governance processes and structures, leadership teams and key remuneration themes.

76 Our governance report
90 Social and Ethics Committee report
93 Remuneration report summary

96

Section 7:

Appendices

Additional information on our environmental, social and governance (ESG) reporting considerations, contributions to the SDGs, report on the Task Force on Climate-related Financial Disclosures (TCFD), and Telkom's share and debt holding information.

96 Our approach to ESG disclosures
97 Telkom's contribution to the SDGs
99 Task Force on Climate-related Financial Disclosures
102 Share and debt holding information
103 Abbreviations
104 Administration

Preparing our integrated report

We prepared this report for our providers of financial capital and other stakeholders. It shows the connections between our material themes, strategy, governance, performance and prospects. It addresses our divisions and subsidiaries (business units), unless otherwise stated.

Reporting boundary

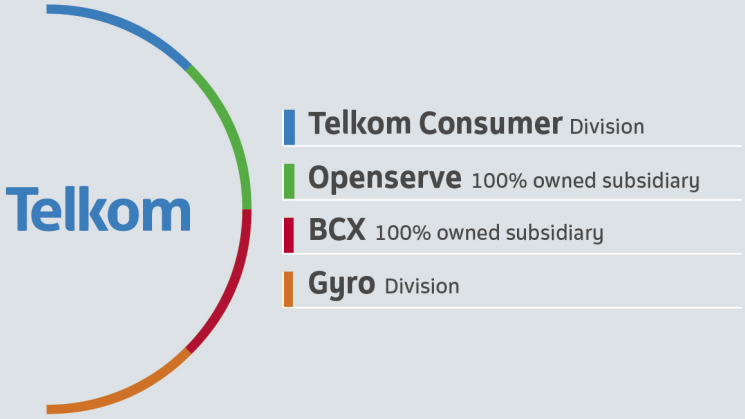
This integrated report (the report) covers the financial year from 1 April 2024 to 31 March 2025 and includes significant subsequent events up to the report's approval date.

In this report, "short term" refers to the next financial year (ending 31 March 2026), "medium term" to the period ending 31 March 2028, and "long term" to beyond 31 March 2028.

The reporting boundary covers Telkom SA SOC Ltd, representing Telkom Group, which comprises Telkom Company and its subsidiaries. Telkom Company comprises the Corporate Centre (now including Gyro) and a division, Telkom Consumer. Telkom Group's operating subsidiaries are Openserve and BCX. These divisions and subsidiaries form Telkom's business units.

The sale of Swiftnet was completed with an effective date of 31 January 2025. Swiftnet was part of the Group's operating model for the first 10 months of FY2025. It is excluded from Telkom's operating model going forward.

Telkom's operating model



Integrated reporting process

Our integrated reporting process reflects our integrated thinking.

1

Compiling the report

Integrated reporting project team
The investor relations team, led by the GCFO, is responsible for compiling the report. This team, with assistance from external experts, provides guidance on the reporting approach and content. They ensure the report adheres to the <IR> Framework and other adopted reporting standards and frameworks.

Materiality determination process and material themes approval
Our Group Executive Committee (Exco) and Board of Directors (the Board) annually review and approve material themes that guide the preparation of the report.

Content contributors
Contributors from various functions and subject matter experts produce the content of the report. Group executives from various divisions and departments oversee this process to ensure that controls are applied in information gathering and drafting.

The content creation process includes interviews with selected Board and Exco Members, internal and external sources of trusted information used for decision-making, and extracts from other reports in the reporting suite.

2

Report review and approval

The Exco is accountable to the Board for preparing the report. It reviews the reporting suite before submitting it to the Board Committees (Audit, Risk, Social and Ethics, and Remuneration) for review and discussion.

The Committees recommend the report to the Board, which gives final approval and sign-off.

3

Publication of the report

The report is published online, ensuring accessibility to all stakeholders. Printed copies are available on request.

4

Supplementary reports

All reports in the reporting suite are prepared and released simultaneously to ensure that the information and data across the suite are aligned and consistent.

Materiality

This report focuses on material themes. These are matters that materially affect our ability to execute our strategy and create value over the short, medium and long term. They have the potential to erode value for providers of financial capital and other stakeholders.

In FY2025, Telkom conducted a double materiality assessment – a comprehensive evaluation of the financial and sustainability impacts of our business operations. This process was concluded at the end of FY2025 and will inform our reporting from FY2026 onwards.

While the full outcomes of this assessment will be reflected in future reports, key insights and relevant material matters were incorporated in the sustainability disclosures. This keeps stakeholders informed of the most pertinent sustainability matters impacting our business and strategy.

We consider internal and external factors, relying on established processes, to identify and confirm our material themes. This process is set out as follows.

Identification

We identify relevant matters based on their potential to affect our ability to create value over the short, medium and long term.

- Our purpose, vision, values, strategy and strategic risks
- The impact of the external operating environment
- Key global and local sectoral trends and peer benchmarking
- Our stakeholders' expectations and concerns
- Board and Committees' key discussions

Evaluation and prioritisation

We evaluate the importance of identified matters in terms of their known or potential effect on value creation and prioritise the matters based on their relative importance.

- No separate Exco materiality workshop was conducted in FY2025. The evaluation relied on FY2024 material themes and early insights from the double materiality assessment.

Approval

Exco and the Board review the material themes and approve them annually. The Board-approved material themes for FY2024 guided the FY2025 integrated report.

Disclosure

Our material themes for FY2025

Details on the material themes are on page 30.

1. MM1 Regulatory environment
2. MM2 Competitive landscape
3. MM3 Customer expectations and experiences
4. MM4 Cyberthreats
5. MM5 Economic climate
6. MM6 Future-ready skills and expertise
7. MM7 Networks and digital technologies
8. MM8 Climate resilience

Combined assurance related to the integrated report

The Group follows a combined assurance approach (page 87) to ensure the integrity of the report's information. Telkom Group Internal Audit (TGIA) assessed the completeness and accuracy of strategic non-financial KPIs presented in this report.

Certain financial information is derived from our Company and Group consolidated annual financial statements. PricewaterhouseCoopers Inc. (PwC) independently audited the consolidated annual financial statements and issued an unmodified audit opinion.

Independent external assurance provider IBIS ESG Consulting Africa (Pty) Ltd (IBIS) provided moderate assurance over selected non-financial indicators. Assured non-financial indicators are indicated with this icon Ⓐ. Refer to IBIS's FY2025 statement of assurance, available online.

Forward-looking statements

Several statements in this report, and verbal statements that may be made by Telkom or Officers, Directors or employees acting on Telkom's behalf, constitute or are based on forward-looking statements. Such statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results or achievements to be materially different from our future results, performance or achievements expressed or implied by such forward-looking statements.

Telkom cautions readers not to place undue reliance on these forward-looking statements. All written and verbal forward-looking statements attributable to Telkom, or persons acting on Telkom's behalf, are qualified in their entirety by these cautionary statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report so that they conform either to the actual results or to changes in our expectations.

Any forecast financial information contained in this report was not reviewed or reported on by our external auditors.

Board approval

The Board acknowledges its responsibility for the integrity of Telkom's integrated report. The Board confirms that it has collectively reviewed the contents of the report and leveraged the combined assurance obtained.

The Board is confident that the report addresses all material themes, and concludes that the information is materially presented according to the <IR> Framework.

The Board approved the report on 15 July 2025.

Mvuleni Geoffrey Qhena	**Serame Taukobong**	**Nonkululeko Dlamini**
Board Chairperson	Group Chief Executive Officer	Group Chief Financial Officer



Feedback

We recognise that integrated reporting and stakeholder information requirements continue to evolve. We welcome feedback to improve our integrated report and the rest of the reporting suite. Comments and feedback can be sent to our investor relations team at telkomir@telkom.co.za.

The icons we us

We use the following icons in the report to help stakeholders understand the integrated nature of our reporting.

Strategic pillars

- P Partnerships
- I Integrated solutions
- V Victory in broadband
- O Operational efficiency
- T Technology innovation

Material themes

- MM1 Regulatory environment
- MM2 Competitive landscape
- MM3 Customer expectations and experiences
- MM4 Cyberthreats
- MM5 Economic climate
- MM6 Future-ready skills and expertise
- MM7 Networks and digital technologies
- MM8 Climate resilience

Stakeholder groups

- S1 Customers
- S2 Government and regulators
- S3 Investor community
- S4 Employees
- S5 Organised labour
- S6 Suppliers and business partners

Telkom's six capitals

- FC Financial capital
- PC Productive capital
- IC Intellectual capital
- HC Human capital
- SRC Social and relationship capital
- NC Natural capital

ESG goal statements

- DS Digital services
- DP Digital planet
- EC Empowered communities
- BS Business stewardship
- IWP Investing with purpose
- OE Operational efficiencies

SDGs

Telkom supports four primary SDGs:



Key terms we use

Broadband refers to the high-speed internet provided through fibre, digital subscriber line (DSL), long-term evolution (LTE) and 5G networks.

EBITDA means earnings before investment income and finance cost, tax, depreciation, amortisation and write-offs, impairments and losses. It is a financial metric used to assess Telkom's operational performance by calculating its earnings before the impact of non-operational expenses.

Homes passed is the potential number of premises we are capable of connecting to a fibre to the home (FTTH) network in a service area.

Homes connected is the number of premises that are connected to our network and are subscribers or can become subscribers without further installation work.

Next-generation fibre refers to advanced fibre-optic technology that offers higher speeds, greater bandwidth and improved performance compared to traditional fibre networks. It is designed to meet the increasing demand for data-heavy services like streaming, cloud computing and smart applications.

Spectrum refers to the range of electromagnetic frequencies used to transmit data wirelessly. It is divided into different bands (e.g. radio, microwave and millimetre waves) and is a limited resource that mobile operators use to deliver services like 4G, 5G and Wi-Fi. Access to spectrum is regulated by government authorities. Its availability directly impacts the speed, coverage and quality of wireless communications.

Tier IV data centre is the highest level of data centre classification, designed for maximum uptime and reliability. It offers redundant systems for power, cooling and network connectivity, ensuring 99.995% availability.

5G is the fifth generation of mobile network technology, offering faster speeds, lower latency and greater capacity than previous generations.

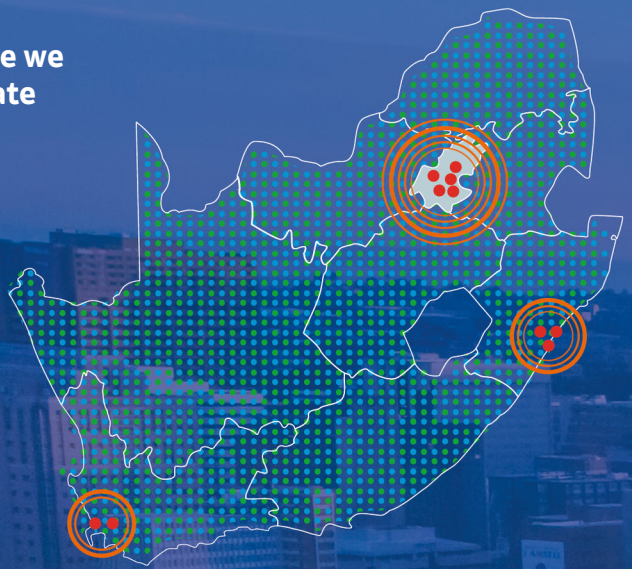
Refer to page 103 for a full glossary.

A Telkom snapshot 1

Overview of our business

Telkom is a leading digital infrastructure and technology service provider in South Africa. We offer end-to-end information and communications technology (ICT) solutions, including high-speed fibre, mobile and data services, information technology (IT) services and property management.

Where we operate



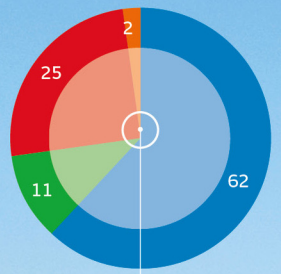
Overview of our business	5
Our investment case	7
Explaining our business units	8
Integrated performance snapshot	9

We are a JSE-listed company with a market capitalisation of **R19 billion** as at 31 March 2025.

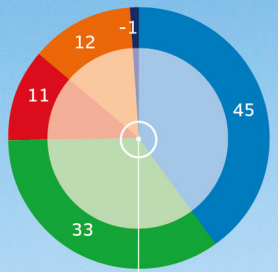
The Group comprises four business units that generated R45 billion[2] in revenue and R12 billion[2] in adjusted earnings (adjusted EBITDA).

9 509 permanent employees in the Group.

Revenue[1] contribution per business unit



EBITDA contribution per business unit



[1] Represents revenue generated from customers outside the Group.
[2] Represents total operations, which is generated from both continuing and discontinued operations



Telkom's purpose

Seamlessly connecting our customers to a better life

Our vision

To lead in the converged ICT market through deep and credible relationships and a distinctive customer experience by:

- **Leading in converged solutions**
- **Providing a quality network with unmatched reach**
- **Offering end-to-end digital solutions in the business community**
- **Creating innovative and pervasive broadband consumer services**
- **Being the wholesale provider of choice**
- **Being the best place to work for committed and accountable people**

Our shared values

A high-performance, values-driven culture is one of Telkom's keys to future success. Telkom is committed to ethically conducting business based on our core shared values and acceptable principles.

We revised our values to ensure greater alignment with our strategic objectives as part of the journey towards a unified OneTelkom culture. Refer to the human capital section on page 63.

Our shared values form the foundation of our Group Code of Ethics.

Collaboration

Work together, learn from each other, and amplify our collective impact

I work together with my colleagues across our business units to maximise value for customers. I openly contribute my business unit knowledge/insights to achieve shared goals and better serve our customers. I am empathetic in considering other perspectives to align on common goals.

Customer centricity

Place the customer at the heart of everything we do

I listen to understand in order to deliver the best solutions to our customers. I work with a sense of urgency and never at the expense of quality delivered to customers. I own the part I play in our commitment to customers.

Accountability

Take ownership of our roles, decisions and outcomes

I do what I promise to do. I treat our business as my own by adopting an owner's mindset. I set an example by showing up with no excuses.

Agility

Be nimble, adaptable and responsive to change

I act swiftly yet responsibly when making decisions. I adopt a solutions mindset in order to shift the status quo. I am flexible and open to change.

Simplicity

Break complexity to simplify processes, communication and solutions

I simplify daily tasks and processes to efficiently serve our customers. I create an environment of clarity. I use simple, accessible language to be understood, avoiding jargon wherever possible.

Telkom's operating structure, products and services

This matrix sets out our operating structure and the products and services our four business units provide.

- **Openserve**
- **Telkom Consumer**
- **BCX**
- **Gyro**

Connectivity ● ● ●

Through ducted and aerial copper, fibre, satellite, mobile and wireless transmission.

Infrastructure ● ● ● ●

Fibre infrastructure, data centres and property solutions for Telkom and third-party clients.

State-of-the-art mobile and fibre networks ● ●

Networks that employ the latest and high-speed broadband technology.

Digital transformation ●

Providing medium and large enterprises with digital transformation solutions to enhance their businesses, including cloud solutions and consulting services.

Converged ICT solutions ●

Providing end-to-end business ICT services and products, including cloud, voice connectivity, fixed-data and wireless networks, enterprise applications, analytics and other IT services.

Digital presence and e-commerce ● ●

The e-commerce platform supports integrated business solutions for small and medium business customers.

Our investment case

Why invest in Telkom?

Telkom is a leading digital infrastructure and technology group. We are well positioned for sustainable growth in South Africa's evolving ICT landscape.

Our investment case is built on a strong foundation of strategic differentiation, operational efficiency and financial resilience. This makes us an attractive long-term investment.



1 Leading in digital infrastructure and the backbone of South Africa's digital future

- One of South Africa's largest digital infrastructure players, with over 180 000 km of fibre, 7 909 mobile sites and 10 carrier-neutral data centres supporting the country's digital transformation
- Market-leading FTTH connectivity rate of 50.4%, enhancing our ability to drive broadband penetration
- Strategic partnership with Google's Equiano undersea cable, expanding our reach, network capacity and technology capabilities

2 Demonstrating strong financial and operational performance

- Proven ability to execute strategy, delivering data revenue growth, cost optimisation, improved cash flow and resilient financial position:
  - Data revenue up 9.5% to R24.7 billion, driven by increased fibre and mobile broadband adoption
  - Improved free cash flow (FCF) (+555.2%)
  - A stronger balance sheet, with net debt to Group adjusted EBITDA improving to 0.6 times
- The disposal of Swiftnet resulted in R6.6 billion cash received, which strengthened our balance sheet and enhanced financial flexibility

3 Delivering on a strong sustainability commitment

- Ambitious targets for carbon neutrality (by 2035) and net zero (by 2040). Achieved a 10% reduction in emissions in FY2025
- Commitment to socio-economic development, with R68 million invested in education and digital skills through the Telkom Foundation
- FutureMakers programme supports 459 small enterprises, contributing to 73 890 job opportunities and strengthening our supply chain
- R48 billion in gross economic value added. Our operating activities helped to employ more than 77 029 people across South Africa

4 Leveraging our growth potential and innovation

- We operate in a high-growth sector driven by ongoing demand for connectivity and a national drive to increase digital access
- Ongoing investment in artificial intelligence (AI), automation and digital solutions to enhance customer experience and drive operational efficiency
- Leveraging our 184 MHz spectrum portfolio to enhance mobile network coverage and expand 5G deployment
- Expanding high-speed broadband and cloud services, with a focus on fibre connectivity and edge computing
- Strengthening enterprise digital transformation capabilities through BCX's cloud, cybersecurity and other IT service offerings

5 Showcasing resilient governance and leadership

- A strong, diverse leadership team focused on executing our strategy as OneTelkom for maximum impact and efficiency
- Robust corporate governance and risk management practices aligned with King IV and the JSE Listings Requirements
- A prudent capital allocation framework that balances debt reduction, strategic investments and shareholder returns

Explaining our business units



	Products and services	Differentiators	Contribution to Group
Telkom Consumer Delivers high-speed mobile broadband via reliable, stable, high-quality converged communications and effective cost optimisation.	- Broadband (mobile, fixed and nomadic) - Voice - Non-connectivity and financial services	- Third-largest and fastest-growing mobile network operator in South Africa - 7 909 mobile integrated sites - 465 active 5G sites - 23.2 million mobile subscribers, of whom 65.7% are broadband customers	- R27 804 million in revenue - R5 567 million in EBITDA - 1 013 employees with R1 222 million in salaries and benefits paid
Openserve South Africa's leading wholesale infrastructure connectivity provider.	- Broadband and enterprise solutions - Optical and carrier solutions - Global solutions - Interconnect solutions - Voice services	- Largest managed wholesale open-access infrastructure connectivity provider in South Africa - National and regional fibre routes to deploy fibre-based access, enterprise and backhaul technologies - Over 180 000 km of fibre across South Africa - Connectivity rate of 50.4%, with 1 378 930 homes passed	- R12 349 million in revenue - R4 005 million in EBITDA - 4 563 employees with R3 072 million in salaries and benefits paid
BCX A state-of-the-art technology company that provides ICT solutions and an integrated portfolio of technology solutions across South Africa.	- Converged communications solutions, including voice, data networks, internet and wireless connectivity - Digital platform solutions, including enterprise applications and customised industry-specific offerings - Cloud platform solutions, including private cloud, public cloud and infrastructure, field services management and cybersecurity	- Proprietary IT platforms for enterprise sectors, including: - UniSolv: A locally built pharmacy system - powering over 1 100 sites, streamlining healthcare delivery through automation, compliance and real-time insights - Retail and service technologies: Proprietary - platforms such as Dolfin, ActiveRetail and UltiSales deployed across more than 12 000 retail sites and 215 000 devices, enhancing efficiency and growth in the Southern African Development Community (SADC) region - A national footprint of 10 data centres with a combined capacity of 12 600 m^2 and IT capacity of 9.82 MW - BCX owns three of the four Tier IV data centres in South Africa	- R12 346 million in revenue - R1 376 million in adjusted EBITDA - 3 620 employees with R3 404 million in salaries and benefits paid
Gyro Manages the property portfolio of Telkom that is used for operations. Provides property services, including real estate management services.	- Property and space user demand - Facilities management - Physical security and business protection - Programme management office - Up to 31 January 2025, Gyro managed the masts and towers portfolio through Swiftnet	- Leverages the Group's technologies to implement smart-enabled buildings and next-generation property and facilities management solutions	- R730 million in cash proceeds from transfer of 57 properties sold - Swiftnet for 10 months ended 31 January 2025: - Revenue: R1 221 million - EBITDA: R912 million

Integrated performance snapshot

Our six capitals for value creation are inputs to the PIVOT Strategy and operating model and link to our strategic outcomes. We hold ourselves accountable through a balanced suite of financial and non-financial KPIs, tracking progress against our PIVOT[1] Strategy every year.

In FY2025, Telkom delivered a strong performance, setting a solid foundation for further growth in FY2026.

FY2025
FY2024
FY2023

	Continuing operations[2]	Total operations	What are we measuring?	Why is it important?	Performance	Capitals impacted	Link to PIVOT Strategy
Group revenue (Rm)	43 880 (3.3%) 42 463 41 838	44 572 (3.1%) 43 230 42 534	**Total revenue generated from all business operations across the Group's continuing operations.**	Group revenue reflects our ability to generate value through diversified services and indicates overall commercial performance.	The 3.3% increase was mainly driven by strong growth in mobile service revenue (+10.2%) and fibre-related services revenue (+10.0%).	FC, PC	P, I, T
Data revenue (Rm)	24 728 (9.5%) 22 590 20 964		**Combined revenue from mobile and fibre data services.**	Data revenue underpins our growth strategy as customers increasingly demand reliable, high-speed connectivity.	Mobile data revenue grew by 12.3% on the back of a 13.4% rise in the subscriber base. Fibre data revenue grew 10.0%, supported by a strong increase in homes connected and migrations to fibre-based services by enterprises. This was partially offset by a 26.9% decrease in non-fibre-related data revenue.	FC, IC	V, T
FCF[3] (Rm)	2 778 (555.2%) 424 (2 722)		**Cash that remains after we have paid for operating expenses and capital outlays.**	FCF reflects our financial flexibility to reinvest, pay dividends, and strengthen the balance sheet.	FCF improved by over 555.2%, supported by stronger operational performance and strategic asset disposals.	FC, PC	P, I, T
Adjusted EBITDA margin[3,4] (%)	26.9 (4.7 ppts) 22.2 21.7	37.5 (14.3 ppts) 23.2 22.4	**Adjusted EBITDA as a percentage of Group revenue from continuing operations.**	This demonstrates how effective we are at converting revenue into profit and improving operational performance and efficiencies.	Group adjusted EBITDA increased by 25.1% to R11 792 million, lifting the EBITDA margin by 4.7 ppts. Improved margins reflect strong mobile performance and cost optimisation.	FC, PC	P, I, T
Net debt to adjusted EBITDA[3,4] (times)	0.6 (1.2x) 1.8 1.8	0.4 (1.3x) 1.7 1.8	**Our ability to meet interest obligations and settle our debt balance in full.**	We aim to maintain a healthy balance sheet with net debt to EBITDA of between 0.5x and 1.5x and within the debt covenant requirement of less than 3x.	Improved net debt to EBITDA is supported by a 55.8% decrease in net debt and a 25.1% increase in Group adjusted EBITDA. This aligns with our disciplined approach and efforts to strengthen financial sustainability.	FC, PC	P, I, T

Capitals

- FC Financial capital
- PC Productive capital
- IC Intellectual capital
- HC Human capital
- SRC Social and relationship capital
- NC Natural capital

PIVOT Strategy

- P Partnerships
- I Integrated solutions
- V Victory in broadband
- O Operational efficiency
- T Technology innovation

Strategic outcomes

1 *PIVOT is our Group-wide strategy designed to support our purpose of seamlessly connecting customers to a better life. It focuses on five strategic pillars: Partnerships, Integrated solutions, Victory in broadband, Operational efficiency, and Technology innovation.*

2 *All Group financial KPIs presented in this report reflect continuing operations only. This approach aligns with IFRS 5, following the classification of Swiftnet as held for sale and its disposal effective 31 January 2025. As a result, Swiftnet is excluded from current and comparative figures to ensure consistency and comparability over time and alignment with the FY2025 annual results booklet and annual financial statements. Swiftnet-inclusive total Group numbers are provided alongside the relevant KPIs where applicable.*

3 *This is a non-IFRS financial measure.*

4 *These numbers have been adjusted to exclude the effect of the Telkom Retirement Fund derecognition loss of R618 million and restructuring costs of R160 million.*

Integrated performance snapshot continued

FY2025
FY2024
FY2023

	Continuing operations[2]	Total operations	What are we measuring?	Why is it important?	Performance	Capitals impacted	Link to PIVOT Strategy
Capital expenditure (capex) (Rm)	5 827 ↑ 0.1% 5 825 7 177	6 086 ↑ 0.8% 6 134 7 401	**Our investment in long-term assets indicates our growth and improvement in operations.**	Capex management is part of responsible capital allocation and ensures we drive adequate capex returns.	Capex of R5.8 billion kept capital intensity at 13.3%, within the target range. Strategic investments in mobile and fibre networks improved customer experience, as seen in a net promoter score (NPS) of 72.3 and core network availability of 99.99%.	FC, PC	P, I, T
Dividend per share (cents)	261 ↑ 100% 0 0		**Total dividend declared per ordinary share, including ordinary and special distributions.**	Dividends signal our ability to generate free cash flow, capital discipline, and value return to shareholders	A total dividend of R1 333 million (261 cents per share) was declared (ordinary: R833 million; special: R500 million), reflecting our improved cash generation and Swiftnet disposal.	FC, SRC	P
Training and development spend (Rm)	166 Ⓐ* ↑ 1.2% 168 145		**How much we spent on providing employees with opportunities to enhance their skills and practise continuous learning.**	Upskilling and reskilling our workforce supports a future-ready, engaged Group and ensures we can deliver on strategic objectives through strong internal capabilities.	We invested R166 million in learning and development, focused on building leadership capabilities and future-fit skills. Our bursary and internship initiatives supported 267 students while 406 employees participated in our OneTelkom learning programmes.	HC	O, T
Active mobile subscribers (number '000)	23 176 ↑ 13.4% 20 439 18 262		**The total number of our active mobile subscribers across pre-paid and post-paid segments.**	Growth in active mobile subscribers reflects the success of our customer acquisition and retention strategies, supporting scale and revenue stability.	13.4% growth in mobile subscribers was supported by targeted customer acquisition strategies and expanding reach into high-volume, non-metro areas. Mobile data subscribers rose 19.5% to 15.2 million and now make up 65.7% of our base, reflecting increased demand for seamless, value-led connectivity.	FC, PC	P, O, I, T, V
Fibre connectivity rate (%)	50.4% ↑ 1.9 ppt 48.5% 47.4%		**The number of homes we have connected (694 630) as a percentage of the number of homes passed (1 378 930) with fibre.**	This helps us measure our market penetration, optimise network investments and assess service uptake. Monitoring and enhancing our service performance helps us maintain our competitive edge and high customer satisfaction.	Our connectivity rate improved to an industry-leading 50.4%. The number of homes connected grew to 694 630 (FY2024: 590 527). This reflects strong execution of Openserve's commercialisation strategy and growing demand for high-speed broadband.	IC, SRC	P, O, I, T, V
Total carbon emissions (tCO_2e)	576 395 Ⓐ ↑ 9.8% 639 041 704 740		**Scope 1 and Scope 2 emissions generated from our operations.**	We aim to become carbon neutral by 2035 and achieve net zero by 2040, in line with the government's commitment to reduce carbon emissions.	The reduction in Scope 1 emissions was driven by reduced diesel use through lithium-ion battery rollout. Scope 2 emissions declined by 7% due to network optimisation and equipment decommissioning. Total emissions declined in line with our science-based targets, achieving a 4.2% linear annual reduction.	FC, PC	P, I, T
Lives impacted through SMME spend (number)	251 203 ↑ 9.9% 228 594 129 561		**The number of lives impacted through our spend on small, medium and micro enterprises (SMMEs).**	This demonstrates our commitment to social responsibility and attainment of SDG 8 (decent work and economic growth). Supporting SMMEs creates jobs, and each job ultimately supports more than three lives (Stats SA).	251 275 lives were impacted through our SMME spend by the end of FY2025, showing the resilience and social impact of our supplier development initiatives. We are on track to meet our FY2027 target of 250 000 lives impacted.	SRC	P

Ⓐ *External moderate assurance on selected sustainability indicators. Please refer to the FY2025 Independent Assurance Report, available online.*

Leadership reflections on FY2025

2

An interview with our Chairperson	11
An interview with our GCEO	14
Our GCFO's report on financial performance	17



"Telkom's improved performance has laid the building blocks for sustainable financial growth. Further investment in our infrastructure will help us realise the desired returns and expand our reach."

Mvuleni Geoffrey Qhena
Chairperson

An interview with our Chairperson

Q

Inflationary pressures and geopolitical tensions impacted the global economic environment. How did Telkom perform against this backdrop?

A

We operated in a tough global economic environment in FY2025. Subdued economic growth due to geopolitical uncertainties and high interest rates significantly impacted consumer spending. The global economy is expected to stabilise, growing at a moderate 2.7% for the next two years[1].

The global telecommunications industry was shaped by evolving trends such as the adoption of AI, 5G deployment, Internet of Things (IoT) and FTTH.

The South African economy was constrained by domestic challenges including high unemployment and volatile global commodity prices. We remained resilient and delivered on our data-led strategy despite the challenging macro-economic environment.

Our operational and financial performance improved, including our net debt to EBITDA ratio and positive free cash flow.

Read more about our financial performance in the GCFO's report on page 17.

[1] *https://openknowledge.worldbank.org/server/api/core/bitstreams/f983c12d-d43c-4e41-997e-252ec6b87dbd/content*.

Q

Telkom concluded the sale of Swiftnet as part of its Value Unlock Strategy. What role did the Board play, and how will this transaction benefit Telkom?

A

The Board played an instrumental role through the Investment and Transactions Committee, which oversaw the transaction working closely with the Group Exco. We held regular meetings to keep the Board abreast of developments and to ensure we negotiated a prudent deal for Telkom.

The proceeds from the sale have strengthened Telkom's balance sheet by supporting debt reduction and enabled the payment of a special dividend to shareholders.

Going forward, we will focus on creating additional revenue from existing infrastructure assets.

Q

The telecommunications industry continues to shift as technology evolves. What gives you confidence that the PIVOT Strategy is fit to take the Group forward and establish Telkom as the backbone of South Africa's digital future?

A

The PIVOT Strategy remains relevant, having supported our shift from voice-driven to next-generation revenue in line with industry changes.

Our strategy is anchored by five priorities, namely partnerships, integrated solutions, victory in broadband, operational efficiency, and technology innovation.

One of our key strategic enablers is to monetise our infrastructure assets as OneTelkom. In FY2024, we embarked on the ongoing OneTelkom initiative to maximise our infrastructure capabilities and encourage collaboration across business units. This will enable us to win more business, promote operational synergies and drive capital efficiency.

Read more about our PIVOT Strategy and OneTelkom initiative on page 31.

Telkom has a vast footprint across South Africa, with over 180 000 km of fibre, 7 909 mobile sites and 10 carrier-neutral data centres. This includes our contribution to the country's undersea cable infrastructure. Through our strategic partnership with Google Equiano, we are able to expand our network capabilities and provide innovative products and services to our customers.

We will continue to leverage this competitive advantage and further improve our value proposition.

Q

What were the key ESG matters that the Board monitored this year?

A

Monitoring our transition and physical climate risks was a key focus. Telkom conducted assessments to understand the financial impact of these risks. The transition risks identified are in the categories of policy/legal, technology, market and reputation. The physical risks identified include flooding, extreme weather, precipitation, temperature, fire and drought. We must manage these risks, as they threaten Telkom's infrastructure and our ability to create value.

The Board continued overseeing initiatives to drive energy efficiency and explore alternative renewable energy.

Read more about our natural capital initiatives on page 73.

Q

Why are technology and innovation key to Telkom's longevity?

A

Without innovation, we would be unable to remain relevant and competitive. During the current reporting period, the Board established the Technology Committee, which regularly reviews our technology and information strategy. This Group-wide strategy was finalised in FY2025 and is aligned with our PIVOT and ESG strategies to enhance our role in the digital economy.

We invested over R46 million in innovation and industry research and development this year. We continued accelerating innovation in the technology sector through our FutureMakers enterprise and supplier development programme. This involved collaboration with SMMEs to foster strategic partnerships and empower social entrepreneurs in the ICT space.

We fostered a culture of innovation among employees by completing the second year of the Telkom Group Innovation Challenge. This challenge generated solutions that were implemented to improve operational efficiency and drive new revenue.

We invested in start-ups such as AdvannoTech, which develops IoT solutions for deployment in various industries. Through Aions Creative Technology, we invested in Welo Health, a women-owned healthtech platform that connects patients to healthcare and on-demand occupational health services.

Q

What trade-offs are considered in Telkom's capital allocation framework to balance debt reduction, strategic investments and shareholder return?

A

The nature of the telecommunications sector requires us to make strategic capital investments that will yield profits. Our capital allocation framework considers our business continuity and financial sustainability. We also factor in our capacity to lower debt levels and related expenses.

Returning value to our shareholders requires us to consider both Telkom's long-term financial viability and our capacity to make additional capital investments. Our goal is to be competitive and relevant in our key growth areas, such as FTTH and mobile.

Telkom has declared a dividend of R1.3 billion, comprising an ordinary dividend of R833 million in line with our revised dividend policy, and a special dividend of R500 million enabled by the proceeds from the disposal of Swiftnet.

Q

Strengthening Telkom's succession pipeline and ageing talent at management level are key challenges. How is the Board responding?

A

We operate in a competitive market in which talent is a scarce commodity. Therefore, we must retain our existing talent. We do this by implementing measures to support, encourage and upskill our people.

Telkom has a robust talent management and succession planning framework to mitigate vacancy risk for the Group. Our succession plans ensure business continuity by placing internal talent in relevant roles, either as full replacements or in an acting capacity as emergency replacements.

We continue to invest in learning and development initiatives to prepare future successors for key roles. This includes our Female Leadership Development programme to strengthen our pipeline of female leaders.

Through the Remuneration Committee, we approved a remuneration strategy scheme to address people risk regarding talent retention and attraction.

The purpose of this scheme is to ensure our remuneration strategy is agile in considering macro talent challenges and aligns with our business strategy.

The scheme structure is underpinned by variable pay to ensure we attract and retain the critical, scarce and core talent we need to achieve our long-term business objectives and deliver shareholder total returns.

Read more in our standalone remuneration report and in the human capital section on page 63.

Q

How does the Board ensure that Telkom has suitable skills within the Board, Committees and management to provide robust oversight of its strategy progress and sustainability?

A

I am confident that our Board Members bring immense value to Telkom. This is reflected in their diverse skills, knowledge and expertise, as well as a balanced mix of gender and age.

The Board has the appropriate combination to guide the business and take Telkom forward. We have a Board development programme that keeps Members abreast of industry and business developments. We prioritise Board and Group Exco succession planning to safeguard Board continuity and sustainability and ensure Telkom remains agile in its operations and decision-making.

We reviewed the composition of the Board this year and made adjustments to some of the Committees. Non-executive Director, Ms Olufunke Ighodaro, was previously a Member of both the Remuneration and the Investment and Transactions Committees. She is now also the Chairperson of the Risk Committee and a Member of the Audit Committee. Her expertise in auditing, risk management and business leadership will bring significant value to these Committees.

Q

In providing strategic oversight, what will the Board prioritise in FY2026?

A

In the coming year, the Board will pay close attention to:

- Monitoring the execution of the PIVOT Strategy, with a focus on expanding FTTH, critical projects to increase network capability, and improving BCX's performance
- Monitoring financial performance, with a focus on further improving FCF. This will include tracking the growth of next-generation revenue and improving profitability and cash generation, primarily through our data-led strategy
- Ensuring the transformation of Telkom as South Africa's leading infrastructure company
- Monitoring the geopolitical landscape and potential impacts

Q

Telkom emphasises strong stakeholder relationships. Do you have any words of appreciation?

A

I thank my fellow Board Members for their dedication and support.

This year, we bade farewell to Non-executive Director, Mr Louis Von Zeuner, who retired by rotation from the Board and its Committees. We thank him for his invaluable contribution.

We welcomed Mr Mlamli Booi as a Non-executive Director of the Board and Member of the Technology Committee. He brings key ICT and innovation skills to the Board.

We also welcomed Ms Mandl'esilo Msimang, who joined as a Non-executive Director and Member of the Social and Ethics Committee. She is well versed in public policy and regulation.

I thank the employees, under the leadership of the Group Exco, for their commitment and resilience as we emerged from the section 189 restructuring over the last few years.

I acknowledge the continued trust and support of our shareholders. We are committed to strengthening stakeholder engagement and creating long-term value for our shareholders.

Chairperson
Mvuleni Geoffrey Qhena



"Our improved performance and strong financial position reflect the success of our data-led strategy. We surpassed market expectations as our strategy delivered excellent results.

These results were supported by efficiency and customer centricity, strategic infrastructure investments, expanded fibre and 4G/5G coverage, and our flexible, affordable plans tailored to diverse customer segments."

Serame Taukobong
Group Chief Executive Officer

An interview with our GCEO

Q

The operating environment underwent key shifts on the domestic and global fronts. Did these impact Telkom's ability to create value?

A

Domestic and global economic headwinds negatively impacted consumers and businesses in FY2025. This forced South African households to reconsider where to spend their disposable income. Accordingly, we made sure we brought the best value propositions to our customers while remaining competitive.

We experienced a significant shift in South Africa's political landscape as the 2024 national elections resulted in a Government of National Unity (GNU). It remains important for Telkom to maintain a solid relationship with the government as a strategic partner and our largest shareholder. We engaged at national and provincial levels to explore ways in which Telkom can be an enabler for growth and drive digital transformation and inclusion in South Africa.

Telkom continued its growth trajectory despite the uncertain operating context. Revenue increased by 3.3%, supported by our mobile and broadband strategies. We focused on growing revenue from our next-generation technologies as we transition away from traditional fixed-line revenue.

Mobile and fibre service revenue growth across the Group, along with effective cost efficiency programmes, improved Group adjusted EBITDA by 25.1%.

FCF increased more than sixfold to a positive R2 778 million.

Our net debt to Group adjusted EBITDA ratio improved to 0.6x, driven by higher earnings and debt repayments. The use of proceeds from the Swiftnet transaction to reduce debt post-year-end further improved this ratio.

Group adjusted EBITDA increased by 25.1% to R11 792 million, outpacing revenue growth.

Our EBITDA growth was primarily driven by the cost-optimisation efforts we implemented across the Group. Our cost transformation programme included initiatives such as managing roaming costs in our mobile business, network simplification by Openserve, and employee restructuring and facilities consolidation by BCX. These savings are structural and long-term, focusing on sustainable costs and optimising operational structures.

Read more about our financial performance in the GCFO's report on page 17.

How our business units performed

Telkom Consumer's robust performance affirmed its data-led growth strategy, which delivered market expansion, revenue diversification and strong customer loyalty. Investments in digital innovation and network expansion and resilience continued to drive profitability. Operating revenue increased by 5.6% to R27 804 million on the back of advanced data analytics, optimisation of the product portfolio, and the expansion of distribution channels.

Openserve executed its strategic imperatives, underpinned by a sustainable revenue and channel mix, and achieved a notable 5.9% increase in its fibre data portfolio. This was driven by a 13.3% increase in homes passed and a 17.6% increase in homes connected, resulting in 8.9% growth in broadband revenue. Openserve enhanced its operational efficiency while embracing digital innovation to streamline operations.

BCX's strategic shifts gained momentum in the second half of FY2025. BCX strengthened the business fundamentals, expanded its high-margin services and optimised the cost structure. This reduced the cost to serve and continued to shift the converged communications offerings to fibre-based platforms.

Gyro successfully auctioned non-core properties, including properties previously earmarked for property development. In total, 57 Gyro and Telkom-owned properties were transferred, realising cash proceeds of R730 million.

Swiftnet continued to organically grow its co-location business while scaling up its Power-as-a-Service (PaaS) offering. In January 2025, Telkom transferred its 100% equity interest in Swiftnet as the sale was completed. Read more in the performance chapter from page 51 and in our annual results announcement and presentation.

Q

In FY2025, Telkom concluded the disposal of Swiftnet. How will this benefit Telkom, and what were the key milestones in the transaction?

A

The Swiftnet transaction complements the FCF generated from our underlying operations.

Approximately 72% of the R6.6 billion in cash proceeds will go to servicing our debt. Our net debt to EBITDA ratio was 1.8x when we initiated the sale in FY2023, and is now 0.6x. Lower debt levels and a stronger balance sheet create room for future growth, more innovation, and a sustained competitive edge in a dynamic market.

A portion of the proceeds will be returned to shareholders in the form of a special dividend (R500 million). The rest will serve as a buffer and enable us to explore additional capital investment opportunities. The transaction had no negative impact on our existing operations.

Considering the current macro-economic uncertainties, being able to service our current and future debt places Telkom in a strong liquidity position.

Our stronger, more predictable FCF supports optimised capital allocation, strategic reinvestment in the business, and our dividend policy.

2024	2025
March The Swiftnet sales agreement was announced, with a consortium comprising an infrastructure fund managed by a subsidiary of Actis and a vehicle owned by Royal Bafokeng Holdings (Pty) Ltd as its broad-based black economic empowerment (B-BBEE) partner. The purchase consideration was R6.6 billion.	**March** All key conditions for the sale were met and the effective date for the disposal was 31 January 2025.
May Telkom shareholders unanimously approved the sale.	
August The Competition Commission approved the deal and referred it to the Competition Tribunal, which later approved the transaction with conditions.	
December The Independent Communications Authority of South Africa (ICASA) approved the sale.	

Q

Last year, you mentioned the significance of leveraging Telkom's infrastructure assets and entrenching the OneTelkom culture. How did Telkom deliver on its strategy with OneTelkom in mind?

A

We focused on strengthening the execution of our PIVOT Strategy, including identifying opportunities to utilise our infrastructure assets to drive revenue growth.

This strategy is showing positive results. We saw significant demand for pre-paid data, which is reflected in the growth of our mobile business. We also saw the positive impact of fibre in driving data growth through Openserve and BCX.

We championed cross-business unit collaboration through OneTelkom.

In FY2025, Telkom was awarded a significant portion of a contract by the State Information Technology Agency to connect clinics, schools, government offices and police stations nationwide with the latest broadband infrastructure. This would not have been possible without collaboration between BCX and Openserve. Securing this contract aligns with our strategic objectives to offer end-to-end converged propositions and become the leading broadband provider in South Africa.

We are also using the OneTelkom approach to improve our network planning and achieve better synergies in the rollout of fibre networks and equipment to mobile base stations. Teams across our business units are working together to retain contracts and provide superior value through innovative product and service bundles for enterprise clients.

The Swiftnet transaction was another success story of OneTelkom. It required collaboration between Openserve and Telkom Consumer, as these entities are also tower tenants and various contracts associated with the towers directly impact them.

We are undergoing a culture transformation process to cement OneTelkom internally. This includes new shared values that support the vision of working as OneTelkom, namely collaboration, customer centricity, agility, accountability and simplicity.

Q

This report highlights Telkom's ESG achievements in ethical leadership, gender diversity, socio-economic impact and emissions reduction. How do these position Telkom for the future?

A

It is important that we proactively live the principles of good governance and ethical leadership.

Telkom has done significant work prioritising ethical leadership at the Board and Exco levels and across the Group. We are also encouraged by the active use of our whistle-blower platforms, which demonstrate our commitment to zero tolerance for unethical behaviour.

Achieving fair gender representation remains a priority. Three years ago, we set the goal for women in leadership positions at 35%. We have since achieved this target, and I believe we should aim for 50% over the next few years. This representation must be reflected across the Telkom ecosystem, from senior leadership to our internship programmes.

We have reduced our Scope 1 and 2 carbon emissions by 32% since FY2022. This is good for the planet and for our business. It affords us greater resilience in a volatile energy landscape. This transition resulted from our network modernisation and shift away from legacy technologies, as well as a concerted team effort driven by Group KPIs.

We are proud of our impact on digital literacy and education through the Telkom Foundation. We also contribute to job creation through our investments in SMMEs. The socio-economic challenges in South Africa are immense, and it is only through addressing inequality and economic growth that we as a business will continue to thrive.

In the coming years, we will deepen our endeavours in all these areas as part of our sustainability strategy.



Q

This year, Telkom implemented its technology and information strategy. How will this help to build a fit-for-purpose technology operating model that will take Telkom into the future?

A

We have reset our technology strategy to position Telkom as a digital enabler in the fourth industrial revolution era. Following a Group-wide digital strategy review led by the Group Chief Digital Officer, we developed a fit-for-purpose operating model that is agile and aligned with our PIVOT Strategy.

We are already reaping the fruits of the strategy. This includes cost savings through IT spend optimisation and operational efficiency gains via modernised operational and business support system platforms. Digitised channels and the Openserve Technician App have improved the customer experience.

We approach AI with a strong ethical lens – ensuring governance, transparency, data privacy, oversight and protection of our intellectual property.

South Africa is lagging globally in AI adoption. This presents an opportunity for Telkom to position itself as a leading infrastructure company by providing the infrastructure ecosystem required to enable AI adoption.

Our fibre infrastructure, data centres, and ability to connect customers already set us apart from our competitors. Telkom has the building blocks required to meet the AI demands in South Africa and southern Africa.

Q

What are Telkom's priorities for FY2026, and how do they align with the PIVOT and ESG strategies?

A

Improving financial performance across Telkom remains a priority.

We are confident that the Group will see greater top-line growth in fibre and mobile services as our legacy revenues become less significant.

We will enhance our cost-containment measures and improve operational efficiencies to support our cost-to-revenue ratio.

We are committed to entrenching the OneTelkom culture across the Group. We will foster collaboration and identify operational synergies between our business units. We will continue investing in our people through training and development support and succession planning programmes.

Our growth areas are centred on our data-led strategy for fibre and mobile, and we continue to invest in these areas. We will grow our mobile subscriber base and homes connected with fibre, while providing innovative solutions tailored to deliver value for existing and new customers. We will grow IT services for our enterprise customers through BCX, using fibre data as a base for layering on these services.

We are conscious of our role in preserving the planet for future generations. We will continue to explore environmentally friendly and energy-efficient propositions to reduce carbon emissions.

In FY2026, we will review our PIVOT Strategy and assess its appropriateness for Telkom's future.

Q

Any final words to stakeholders?

A

Telkom has undergone a significant turnaround in the last 18 months.

I am grateful to our employees for their resilience, hard work and passion during these testing times.

I thank the Board for their continued support and guidance.

I also thank Althon Beukes, who has stepped down as CEO of Openserve. Althon served in this role since 2020 and has been with Telkom for 30 years. We wish him all the best in his future endeavours. He is succeeded by Beauty Apleni, and we look forward to her contributions in this key leadership role.

To all our partners, I look forward to building strategic and long-lasting partnerships that will accelerate South Africa's digital transformation.

Serame Taukobong
Group Chief Executive Officer



I am pleased to report a robust set of financial results reflecting our strategic focus on operational efficiency, prudent capital management and delivering value to our shareholders.

Nonkululeko Dlamini
Group Chief Financial Officer

Our GCFO's report on financial performance

Despite a challenging competitive landscape and the depreciation of the rand, we exceeded market expectations, reflecting the resilience and adaptability of our business model.

Our consistent focus on strategic execution has translated into strong momentum in our underlying performance, with steady growth across key operational and financial metrics.

We demonstrated exceptional performance in data services, underscoring the success of our investment in digital infrastructure. Our focus on cost containment and operational efficiencies yielded positive results.

We maintained a robust balance sheet underpinned by prudent capital management.

Strategic investments were directed towards areas that enhance our return on invested capital, ensuring sustainable growth and value creation.

Our strong liquidity and robust leverage ratio position us well to navigate uncertainties and invest in growth.

We have strengthened our cash generation, supporting reinvestment in the business and enhancing shareholder returns. We delivered R1.3 billion to shareholders, setting a new roadmap for continued profitable growth.

The disposal of Swiftnet and non-core properties were successfully executed.

We remain committed to a disciplined capital return programme, while continuing to drive sustainable long-term growth.

We are proud to have successfully met or exceeded all key aspects of our medium-term guidance, which is a testament to our disciplined execution and strategic clarity.

	Medium-term guidance FY2023 – FY2025	FY2025 Reported total[1]
Revenue growth	Low to mid-single digit	3.1 %
EBITDA growth	Low to mid-single digit	14.8 %
Capex to revenue	12% – 15%	13.9 %
Net debt to EBITDA	1.5x – 1.9x	0.6x

Highlights

Group revenue up 3.3% to R43.9 billion

Mobile service revenue up 10.2% to R21.0 billion

Total data revenue up 9.5% to R24.7 billion

Group adjusted EBITDA[2] up 25.1% to R11.8 billion with an **EBITDA margin**[1] of 26.9%

Adjusted headline earnings per share (HEPS)[2] up 102.4% to 583.2 cents per share

Adjusted basic earnings per share (BEPS)[2] up 128.9% to 681.7 cents per share

Free cash flow up 555.2% to R2.8 billion

Net debt to adjusted EBITDA[2] improved 1.2x to 0.6x

Items impacting our financial performance

Group composition

Discontinued operation assessment

It was confirmed that Swiftnet SOC Ltd (Swiftnet), in addition to being classified as held for sale in FY2024, was a separate component of Telkom and represented a separate major line of business. Therefore, it met the discontinued operation classification from 1 April 2024 to 31 January 2025.

Consequently, Swiftnet's operating results (revenue and expenses) were separately disclosed as a single line item in the consolidated statement of profit or loss for the 10-month period from 1 April 2024 to 31 January 2025.

In March 2024, Telkom SA SOC Ltd entered into a sale agreement to dispose of its entire equity share in Swiftnet to the consortium led by Actis LLP and Royal Bafokeng Holdings (TowerCo BidCo). Prior to the transaction, Telkom held 100% of the shares in Swiftnet. Telkom lost its control over Swiftnet after selling 100% of its equity shareholding to TowerCo BidCo on 31 January 2025. The gain on disposal of Swiftnet is recognised in discontinued operation in the statement of profit or loss and other comprehensive income. The Group recognised a gain on disposal of R4 408 million.

On 27 March 2025, TowerCo BidCo paid R6 618 million in cash and R21 million as a non-cash consideration for the purchase of the shares.

[1] *Excludes the gain on sale of Swiftnet.*

[2] *This financial measure is presented to show the adjusted performance of the Group's operations and is internally used by management to assess the performance of the business. Refer to page 18 for the reconciliation of the reported figures to the pro forma adjusted figures.*

Pro forma financial information

Restructuring costs

BCX announced the initiation of the second phase of the section 189 process in August 2024. A total of 438 employees were affected, resulting in restructuring costs of R157 million incurred in FY2025. Gyro incurred a further R3 million in restructuring costs, amounting to a total Group restructuring cost of R160 million.

Settling the Telkom Retirement Fund

During FY2025, the Telkom Retirement Fund (TRF) met the IAS 19 (Employee Benefits) criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules. The change was approved by the Financial Sector Conduct Authority, effective from 1 July 2024. The amendment of the TRF rules resulted in Telkom having no further obligation to pay contributions to fund any deficit unless it freely enters into a future agreement in writing, thereby creating a future obligation.

Effectively, Telkom derecognised the present value of the defined benefit obligation and plan assets, effective 1 July 2024. The impact is a loss of R618 million recorded in employee expenses. The loss on settlement consists of:

- A once-off amount of R330 million, which Telkom paid to the TRF relating to the derecognition. This was funded from an annuity issued through a cell captive insurer and has no cash flow impact on Telkom
- An amount of R288 million, which is the difference between the TRF defined benefit obligation and the plan asset, based on the valuation at derecognition date. The difference would have been accounted for as an asset ceiling and recognised in other comprehensive income, had the derecognition not taken place

Extract of the audited condensed consolidated annual financial statements	Pro forma	Pro forma adjustments		Reported
	Pro forma March 2025	Restructuring costs	TRF derecognition loss	Reported March 2025
Continuing operations	Rm	Rm	Rm	Rm
Operating expenses	**(22 548)**	**160**	**618**	**(23 326)**
Employee expenses	**(8 035)**	**160**	**618**	**(8 813)**
EBITDA[1]	**11 792**	**160**	**618**	**11 014**
Operating profit	**5 835**	**160**	**618**	**5 057**
Profit before taxation	**4 220**	**160**	**618**	**3 442**
Taxation	**(869)**	**(43)**	**(167)**	**(659)**
Profit for the year	**3 351**	**117**	**451**	**2 783**
BEPS (cents)	**681.7**	**23.8**	**91.9**	**566.0**
HEPS (cents)	**583.2**	**23.8**	**91.9**	**467.5**



Key themes from Telkom's financial performance

1. Gain from the diversification of data revenues
2. Operational efficiencies yielding positive results
3. Earnings improvement
4. Smart capex deployment supporting improved returns on invested capital
5. Strengthening our financial position and improving leverage levels
6. Improved cash conversion
7. Shareholder value

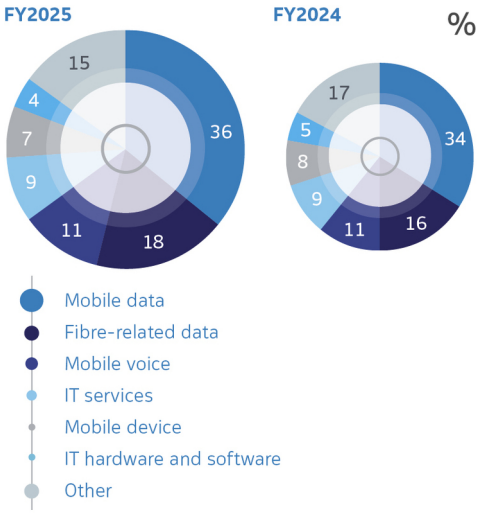
1

Gain from the diversification of data revenues

We focused on driving growth and resilience through the evolution of the digital landscape. We aimed to diversify our data revenue streams and focused on fibre and mobile data services, enabling us to offer more diversified data opportunities to our customers. This resulted in mobile and fibre data revenues increasing by 11.6% to R23 825 million, constituting 54.3% of Group revenue, up 4.0 ppts from FY2024.

Group revenue increased by 3.3% to R43 880 million, mainly due to the continued focus on our data-led strategy. This was partially offset by a:

- 20.4% or R627 million decrease in fixed-voice revenue
- 26.9% or R332 million decrease in non-fibre-related data revenue
- 21.4% or R480 million decrease in IT hardware and software revenue



2 Operational efficiencies yielding positive results

Group adjusted EBITDA increased by 25.1% to R11 792 million and the EBITDA margin expanded by 4.7 ppts to 26.9% compared to FY2024. The Group revenue increase of 3.3% benefited Group EBITDA. This was further enhanced by a decrease in the cost of handsets, equipment, software and directories of 15.3% and lower payments to other operators of 19.1%. This decrease was mainly due to lower IT hardware and software sales as well as the mobile business implementing stringent credit vetting and re-vetting of existing customers and enhancing long-term revenue visibility. Roaming costs were positively impacted by stringent roaming traffic thresholds, migrating traffic to our network, and reduced loadshedding.

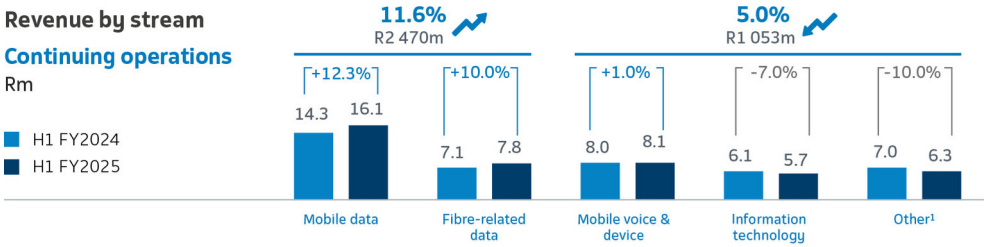
Other income increased by 73.4%, driven by higher profits from the sale of properties in Gyro. These increases were partly offset by a 3.8% increase in operating expenditure and an increase in sales commissions and incentives from mobile.

Aligned with our strategy to improve operational efficiency while optimising cost structures, we limited the increase in total expenses to 0.9%. This improvement was evidenced by the 3.3 ppts decrease in the Group's cost-to-income ratio to 75.1% from 78.4% in FY2024. Cost to income reflects total adjusted expenses, while income consists of revenue and other income, excluding the gain on sale of assets.

Revenue by stream

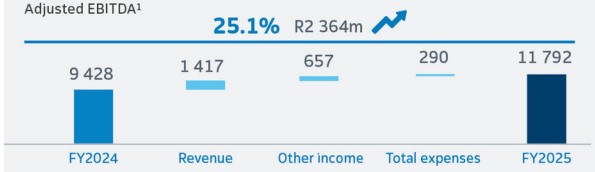
Continuing operations

Rm



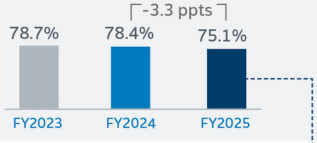
Continuing operations Rm

Adjusted EBITDA¹

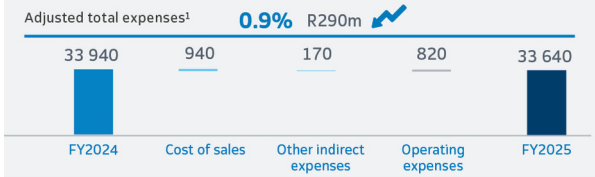


Cost to income² %

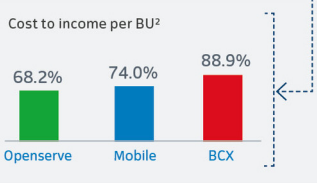
Group cost to income²



Adjusted total expenses¹



Cost to income per BU²



[1] *Excludes the impact of the TRF derecognition loss of R618 million and restructuring cost of R160 million.*

[2] *Cost reflects total adjusted expenses. Income consists of revenue and other income excluding the gain on sale of assets.*

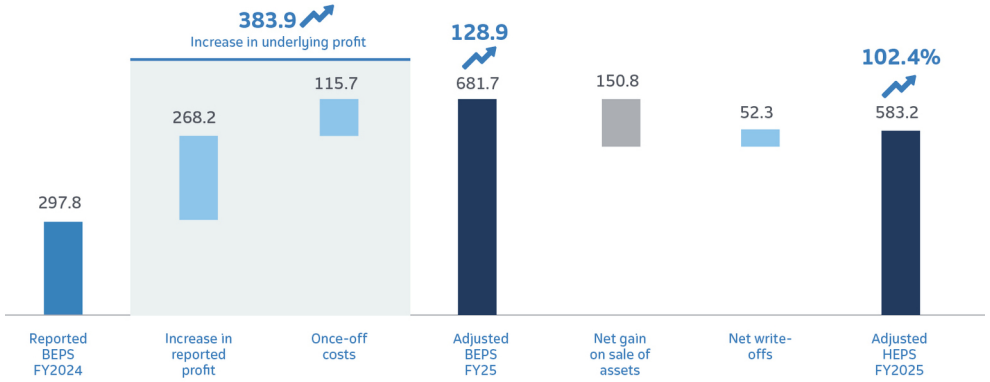
3 Earnings improvement

Adjusted HEPS increased by 102.4% year on year to 583.2 cents while adjusted BEPS increased by 128.9% to 681.7 cents. The improvement was mainly due to a 49.5% increase in adjusted operating profit, driven by a 25.1% increase in Group adjusted EBITDA. Profits were further enhanced by an increase in investment income and a decrease in finance charges and fair value movements of 61.1% and 9.0%, respectively. The improvements were partly offset by higher depreciation, amortisation, impairment and write-off expenses, and a higher taxation expense driven by a 116.3% increase in adjusted profit before taxation. The weighted average number of ordinary shares increased by 0.8% to 490 660 883.

Earnings

Continuing operations

Cents per share



cents per share	Reported FY2025	Reported FY2024	Adjusted FY2025
BEPS	**1 528.0**	385.5	
Continuing	**566.0**	297.8	**681.7**
Discontinued	**962.0**	87.7	
Property, plant and equipment (PPE) and intangible assets	**(983.5)**	(9.5)	**(98.5)**
Net profit on disposal of PPE and intangible assets	**(150.8)**	(22.6)	**(150.8)**
Swiftnet disposal	**(885.0)**	–	
Net write-offs and impairment	**52.3**	13.1	**52.3**
HEPS	**544.5**	376.0	
Continuing	**467.5**	288.1	**583.2**
Discontinued	**77.0**	87.9	
Weighted average number of shares	**490 660 883**	486 904 628	

4

Smart capex deployment supporting improved returns on invested capital

Capital expenditure

Our funding framework supports growth areas and aims to improve return on invested capital while maintaining a healthy balance sheet. Capex from total operations decreased by 0.8% to R6 086 million with a capex-to-revenue ratio of 13.9%. Capex from continuing operations at R5 827 million is flat compared to FY2024, with a capex-to-revenue ratio of 13.3%.

The decrease in the capex-to-revenue ratio was driven by our continued focus on investing in high-demand areas, in line with the strategy to maintain our leadership in data. Supported by this investment focus, the Mobile business expanded its footprint by 171 integrated sites to 7 909 sites.

Openserve improved its FTTH connectivity rate by 1.9 ppts to 50.4%. The business unit continued to accelerate its fibre rollout, increasing homes passed by 13.3% and homes connected by 17.6% year on year. We will continue to expand our FTTH footprint while simultaneously connecting premises to maintain a high connectivity rate.

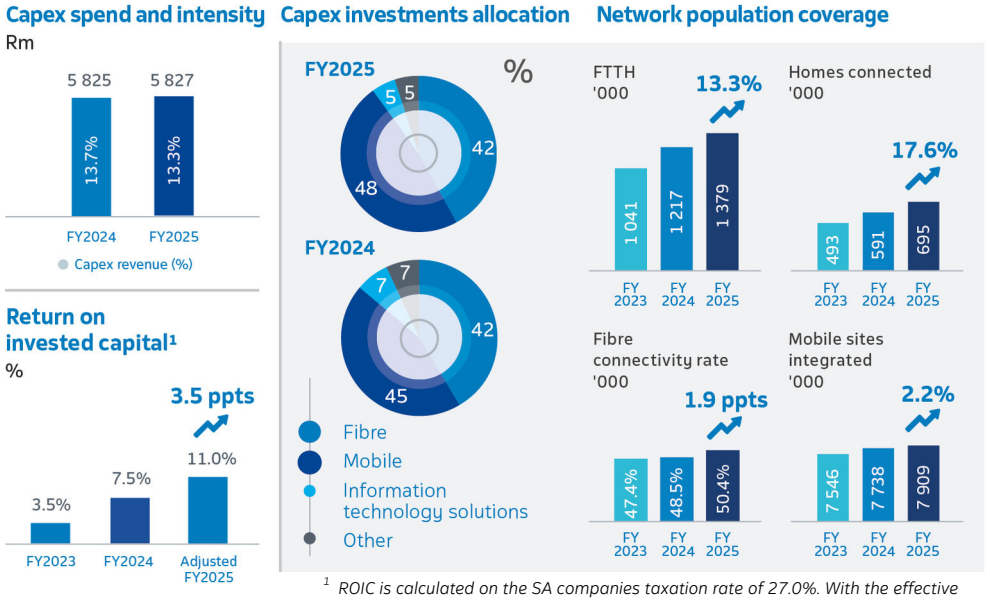
Return on invested capital (ROIC)

ROIC is a financial indicator that measures a company's profitability, efficiency in using its capital, and value creation through the effective use of its resources. It is calculated by dividing operating profit after tax by invested capital, focusing on core operations. Invested capital focuses on a company's assets and liabilities and is derived by subtracting non-operating assets and liabilities (cash and cash equivalents, restricted cash, other financial assets, and current liabilities) from the total assets.

Extract of the consolidated annual statement of profit or loss Continuing operations	Pro forma March 2025 Rm	Pro forma adjustment Rm	Reported March 2025 Rm	Reported March 2024 Rm
Operating profit	**5 835**	**778**	**5 057**	3 903
Taxation (effective tax rate)	**(1 176)**	**(210)**	**(966)**	(994)
Taxation (companies tax rate)	**(1 575)**	**(210)**	**(1 365)**	(1 054)
ROIC %	**12.0%**	**—**	**10.6%**	7.6%
Operating profit after tax (effective tax rate)	**4 659**	**568**	**4 091**	2 909
Invested capital (closing balance)	**38 696**	**—**	**38 696**	38 063
ROIC %	**11.0%**	**—**	**9.5%**	7.5%
Operating profit after tax (companies tax rate)	**4 260**	**568**	**3 692**	2 849
Invested capital (closing balance)	**38 696**	**—**	**38 696**	38 063

Telkom is committed to the continued improvement in ROIC by focusing on cost optimisation and revenue growth opportunities, while investing strategically in growth areas.

Capital expenditure



[1] *ROIC is calculated on the SA companies taxation rate of 27.0%. With the effective tax rate applied, ROIC is 12.0% for FY2025.*

5

Strengthening our financial position and improving leverage levels

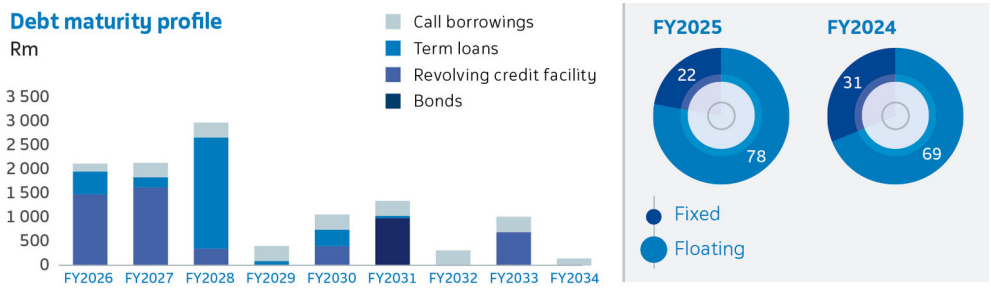
Bank and cash balances for continuing operations increased by 195.0% to R11 054 million, mainly attributable to the R6.6 billion in proceeds from the sale of Swiftnet. As a result, net debt decreased by R9.4 billion (55.8%) to R7 483 million (FY2024: R16 931 million).

The reduction in debt aligns with the Group strategy to follow a disciplined and robust approach focused on strengthening our balance sheet and improving leverage levels. Net debt[1] to Group adjusted EBITDA[1,2] improved by 1.2x to 0.6x, mainly due to a 55.8% decline in net debt[1] and a 25.1% increase in Group adjusted EBITDA[1,2].

	FY2025	FY2024	%
Cash balances[1]	**11 054**	3 747	195
Interest-bearing debt	**11 617**	14 217	(18)
Opening balance	**14 217**	14 356	(1)
Net funding raised/ (repaid)	**(2 629)**	(150)	
Other	**29**	11	164
Lease liabilities	**6 920**	6 461	7
Opening balance	**6 461**	5 889	10
Repayment of lease liabilities	**(2 496)**	(1 201)	(108)
IFRS 16 lease liability raised[2]	**2 955**	1 773	67
Net debt	**7 483**	16 931	(56)
Net debt to adjusted EBITDA	**0.6**	1.8	(1.2)
Average cost of debt (%)	**9.3**	10.0	(0.7)
Interest cover (times)	**7.1**	5.2	1.9

[1] *Cash balances for FY2025 include the Swiftnet proceeds received on 27 March 2025.*
[2] *Includes R1 429 million Swiftnet-related lease liabilities raised in FY2025.*

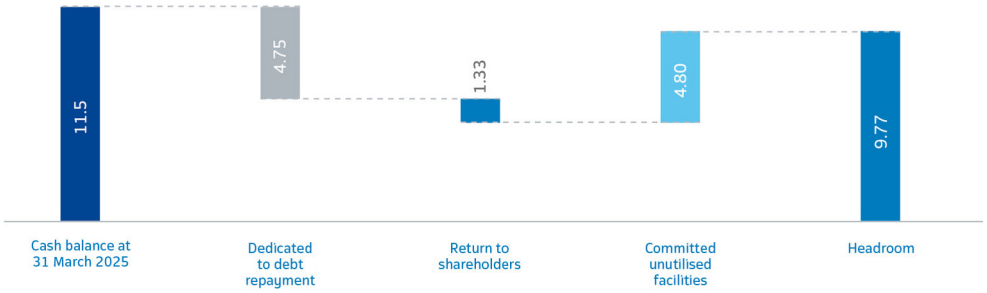
Debt maturity profile



With further support from unutilised facilities of R4.8 billion, Telkom has adequate headroom to fund our strategy.

Adequate liquidity

Liquidity



6

Improved cash conversion

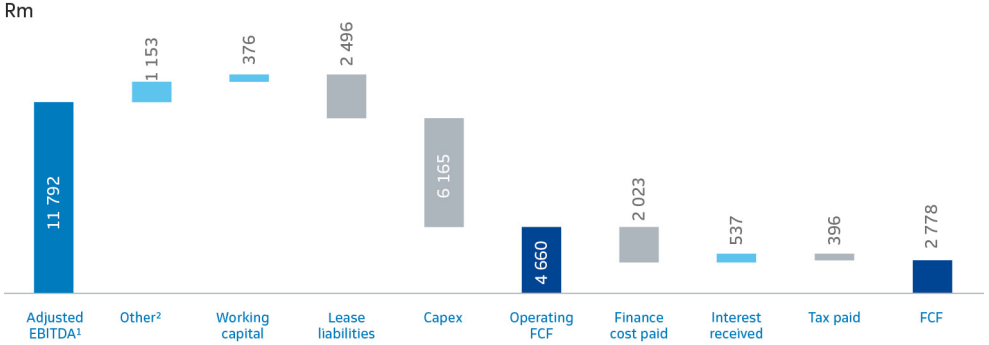
FCF increased more than sixfold to R2 778 million (FY2024: R424 million), primarily due to the 19.3% increase in cash generated from operations, in line with the 25.1% increase in Group adjusted EBITDA and refined working capital management. The Group managed to improve working capital to R376 million from a negative R1 390 million in FY2024. The increase was partially offset by higher repayments of finance lease liabilities of R1 295 million.

Free cash flow	March 2025 Rm	March 2024 Rm	Variance %
Cash receipts from customers	**44 484**	43 469	2.3
Cash paid to suppliers and employees excluding the restructuring cost paid	**(31 003)**	(32 166)	3.6
Cash paid to suppliers and employees	**(31 493)**	(33 234)	5.2
Proceeds from plan assets	**330**	–	100.0
Add back: Restructuring cost paid	**160**	1 068	(85.0)
Cash generated from operations excluding restructuring cost and TRF settlement paid	**13 481**	11 303	19.3
Repayment of lease liability	**(2 496)**	(1 201)	(107.8)
Interest received	**537**	447	20.1
Finance charges paid	**(2 023)**	(2 304)	12.2
Taxation paid	**(396)**	(422)	6.2
Cash generated from operations before dividend paid	**9 103**	7 823	16.4
Cash paid for capex	**(6 165)**	(6 331)	2.6
Adjusted free cash flow excluding restructuring cost paid	**2 938**	1 492	96.9
Restructuring cost paid	**(160)**	(1 068)	85.0
Free cash flow	**2 778**	424	555.2

Through disciplined working capital and cost optimisation we improved translation of profits into cash providing the financial flexibility to fund capital expenditure, reduce debt and return value to shareholders without compromising growth.

Cash conversion

Free cash flow



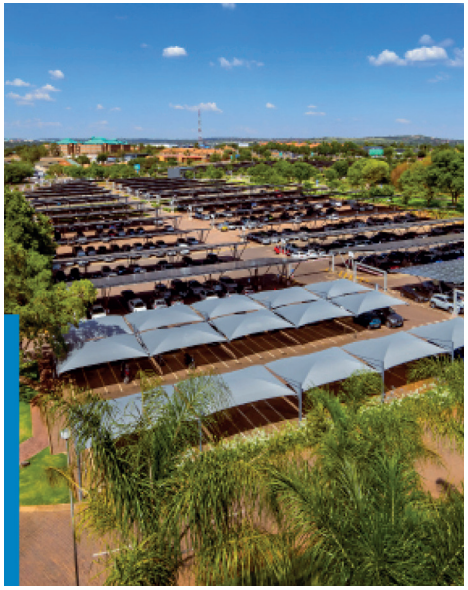
[1] *Excludes the impact of the TRF derecognition loss of R618 million and restructuring cost of R160 million.*
[2] *Non-cash items include an increase in impairment of receivables and contract assets, provisions and deferred revenue.*

7

Shareholder value

Aligned with our commitment to deliver shareholder value, the Board declared an ordinary dividend of 163 cents per share, from strong operational performance, representing 30% of our FCF. Furthermore, a special dividend of 98 cents per share from the funds received from the disposal of Swiftnet was also declared, bringing the total dividend to 261 cents per share.

The decision underscores our dedication to returning capital to shareholders while maintaining a balanced approach to reinvestment and financial flexibility.



Capital allocation priorities to support our strategy

EBITDA margin enhancement and increased profitability

- Sustain and expand our core business
- Customer-centric innovation to drive top-line performance
- Drive efficiencies and cost optimisation
- Optimal product and service mix
- Operational execution with strong financial outcomes

Smart capex deployment driving value creation

- Target high return on investment and invest as OneTelkom
- Clear criteria for investment returns
- Optimal capital intensity to ensure infrastructure sustainability

Prudent financial sustainability management

- Preserve resilient financial position
- Financial flexibility for growth and investment
- Maintain prudent leverage levels

Shareholder value delivery

- Disciplined capital allocation to ensure sustained positive free cash flow generation
- Return of 30% to 40% of FCF to shareholders as per the dividend policy

Outlook

Medium-term guidance

We remain focused on driving sustainable growth and operational efficiency.

Over the medium term, we anticipate revenue acceleration in the mid-single-digit range, supported by targeted marketing campaigns, competitive value propositions and strategic network expansion initiatives.

Leveraging our current momentum on cost containment, we are committed to optimising margins, targeting a Group EBITDA margin of between 25% and 27%, underpinned by disciplined cost management and a focus on improving overall performance efficiencies.

Our approach to strategic capital allocation will continue to prioritise investments that enhance value creation while pursuing operational efficiencies and driving sustainability. This will be through ongoing network simplification and energy transformation programmes, with planned capital deployment maintained at 12% to 15% of revenue.

Lastly, we aim to preserve our financial position strength, targeting a net debt to EBITDA ratio of between 0.5x and 1.5x, ensuring flexibility to respond to market opportunities while maintaining financial resilience.

	New medium-term guidance FY2026 – FY2028
Revenue growth	Mid-single digit
EBITDA margin	25% – 27%
Capex to revenue	12% – 15%
Net debt to EBITDA	0.5x – 1.5x

Dividend policy

The Board approved a dividend policy with a dividend payout range of 30% to 40% of FCF after considering capex investments.

We remain dedicated to delivering value to our shareholders through disciplined capital allocation, robust financial performance, and a commitment to sustainable growth.

We look forward to building on this momentum in the coming financial year, continuing to navigate the evolving market landscape with agility and strategic foresight.

Nonkululeko Dlamini
Group Chief Financial Officer

The process of value creation 3

Our business model

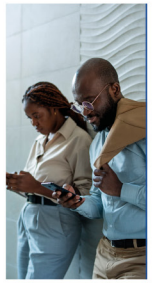
This diagram provides a synopsis of our business model. Each capital is detailed further on the following pages.

Our business model	23
Our material themes	30
Unpacking our PIVOT Strategy	31
Our trade-offs	35
Our ESG strategy	37

Inputs we rely on

- Financial capital
- Productive capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

Stakeholder groups (page 42)



- Customers
- Government and regulators
- Investor community
- Employees
- Organised labour
- Suppliers and business partners

Business activities

Business activities

We connect our customers and provide solutions and infrastructure to corporates. Telkom's enabling and support functions are essential in building a sustainable business. They include strategy, human resources (HR), legal and compliance, and finance. We elaborate on our various business activities throughout this report.

Profit drivers (page 51)

Revenue

- New revenue streams (mobile, next-generation network and related fibre connectivity)
- Increasing subscriber base and average revenue per user (ARPU)

Cost

Sustainable cost optimisation programme

- Maintenance cost
- Mobile cost to serve, including roaming costs
- Salaries and employee benefits
- Debtor impairments

Opportunities to grow and preserve value

- Expand market share, network footprint and service offerings, including rolling out 5G
- Leverage infrastructure capabilities to expand integrated solutions as OneTelkom and enhance competitive advantage
- Upskill employees for a future-ready workforce
- Drive energy efficiency and decarbonisation

Outputs and outcomes

Outputs

Telkom's products and services (page 6) are connectivity, infrastructure, state-of-the-art mobile and fibre networks, digital transformation, converged ICT solutions, and digital presence and e-commerce.

Outcomes we aim for

- Creating profits to share with investors and reinvest in the business
- Investing in our networks and infrastructure to grow our subscriber base, empower communities and enable socio-economic upliftment
- A positive culture, sound HR practices and compelling career opportunities
- Business activities and outputs that add value to the economy, create jobs and support SMMEs
- Corporate social investment (CSI) programmes and sponsorships that bring educational and recreational opportunities to South Africans



The world we operate in can impact our inputs, business drivers, outputs and outcomes

External factors (page 40)

Navigating local and global economic headwinds	Considering the ICT sector and technology evolution	Staying relevant amid intensified competition	Managing regulatory change	Increasing focus on climate change

Material themes (page 30)

Regulatory environment	Competitive landscape	Customer expectations and experiences	Cyberthreats
Economic climate	Future-ready skills and expertise	Networks and digital technologies	Climate resilience

Financial capital

The financial capital available to maintain and grow our business



Key inputs

Equity invested by shareholders

R33 585 million

Retained earnings

R26 356 million

Net debt

R7 483 million

Cash generated from operations excluding restructuring costs[1]

R13 481 million

Constraints

- **Macro-economic environment, including interest and exchange rates**
- **Industry trends, including decline in legacy voice revenue**
- **Rising operating costs, including loadshedding costs, affect profitability**

PIVOT Strategy

P	Partnerships
I	Integrated solutions
V	Victory in broadband
O	Operational efficiency
T	Technology innovation

ESG strategy

EC	Empowered communities
OE	Operational efficiencies
IWP	Investing with purpose

Activities to preserve and sustain value

- Strengthened operational performance
- Continued with cost-optimisation initiatives
- Focused on capital allocation to unlock value for shareholders
- Grew next-generation offerings
- Invested in alternative power sources to ensure resilient network availability and performance

Read more about our activities to preserve and sustain financial capital in the GCEO's report (page 14) and the GCFO's report (page 17).

Outcome indicators

↑	Group revenue growth (3.3% increase to R43 880 million)
↑	EBITDA margin (cost to income) (26.9%)
↑	Headline earnings (102.4% year-on-year growth and 583.2 cents per share)
↑	Net debt to adjusted EBITDA ratio (gearing) (0.6 times)
↑	Return on invested capital[2] (11.0%)
↑	Capex-to-revenue ratio (capex intensity) (13.3%)
↑	Free cash flow from operations (R2 778 million)

Key

↑ Capital increased

– Capital preserved

↓ Capital eroded

[1] *Excludes the restructuring costs of R160 million and includes proceeds from plan assets of R330 million relating to the Telkom Retirement Fund settlement. These proceeds, funded by the plan assets, are accounted for in investing activities while the payment is recorded in cash paid to suppliers and employees within cash generated from operations. For purposes of disclosing the true number, the proceeds from plan assets are included.*

[2] *Calculation based on the companies tax rate of 27%. Based on the effective tax rate, the return on invested capital is calculated to be 12.0%*

Productive capital

Our fixed and mobile network provides services to retail, business and wholesale customers. It includes earth stations to provide satellite services and towers to transmit across radio spectrum and support the delivery of mobile voice and data services. Fibre-optic and remaining copper cables connect fixed-line customers. Data centres provide hosting, disaster recovery services and cloud services to business customers. Cable landing stations offer international communications diversity, improving customer service levels for global access, services and products.



Key inputs

7 909 sites and **>180 000 km**
Mobile base stations and fibre network footprint

99.92% access,
99.88% transport, and
99.99% core network availability

1 378 930
Homes and businesses passed with fibre

3
Satellite earth stations

4
Cable landing stations

9 221
Fibre to base station connections

184 MHz
Total mobile spectrum portfolio

465
5G small cell sites

12 600 m² and **9.82 MV**
Data centre footprint — IT capacity

4 012 towers (owned and leased)
Productive sites up to 31 January 2025

Constraints

- **Funds to invest in networks and infrastructure**
- **Security of assets (infrastructure vandalism)**
- **Impact of loadshedding and extreme weather events**
- **Capital allocation across business units**

PIVOT Strategy

P	Partnerships
I	Integrated solutions
V	Victory in broadband
O	Operational efficiency
T	Technology innovation

ESG strategy

EC	Empowered communities
DS	Digital services
BS	Business stewardship

Activities to preserve and sustain value

- Invested in modernising fibre networks, driving fibre deployment, and in mobile capex including spectrum
- Provided a highly reliable and scaled network
- Delivered competitive high-speed broadband solutions across mobile and fibre segments
- Focused on cybersecurity growth and growing the data centre and infrastructure solutions business
- Expanded product offerings

Read more about our activities in the productive capital chapter on page 51 and the GCEO's report on page 14.

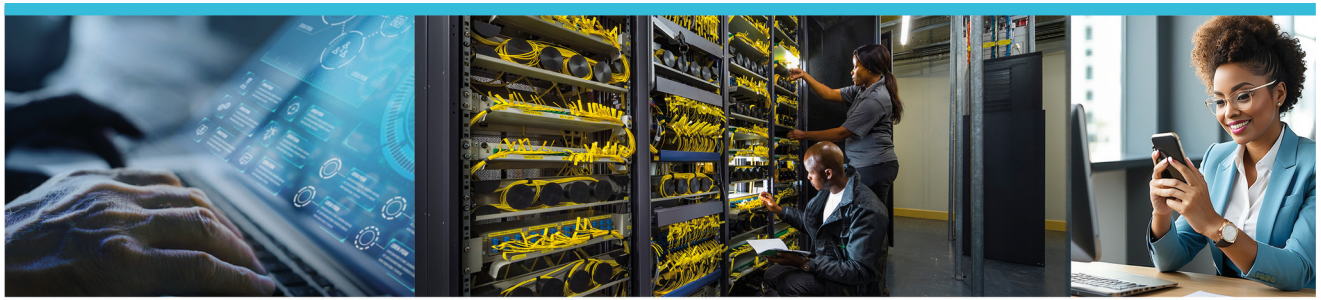
Outcome indicators

↑	Fixed network availability – broadband access (99.92%)
↑	Mobile blended ARPU (R78)
↑	Mobile broadband subscribers in Telkom Consumer (19.5% growth and 15 226 291)
↑	Fibre broadband subscribers in Telkom Consumer (1.9% growth and 554 953)
↑	Fibre to the home connectivity rate (50.4%)
↑	Fibre to base station connections (1.0% growth and 9 221)
↑	Mobile broadband traffic (24.1% growth and 1 759 petabytes)
↑	Fixed-broadband data traffic (26.4% growth and 2 915 petabytes)
↑	Enterprise next-generation data access revenue in BCX (R1 770 million)

Key
↑ Capital increased
– Capital preserved
↓ Capital eroded

Intellectual capital

The intangible assets associated with our brands, our legal licences to operate, our collective expertise and processes, and the strategies, policies, procedures, standards and codes that govern how we do business.



Key inputs

The DNA of Telkom's key brands
– Openserve, Telkom Mobile, BCX and Gyro

The Group values and initiatives
to embed the values (page 6)

Innovation projects
to support our drive for operational efficiency, integrated solutions and technical innovation

Future-ready workforce
(refer to the human capital chapter on page 63)

IT systems, research and development

Internal policies, procedures and frameworks
(governance framework, ERM framework) and environmental management systems to maintain compliance and internal controls

Leveraging AI
to improve products, services, internal processes and decision-making

Constraints

- **Constraints on financial resources may limit our ability to invest in innovation projects and solutions to support growth**
- **Legacy infrastructure restricts our ability to adopt emerging technologies, slowing innovation initiatives**
- **Skills shortages in critical areas such as IT research and development could impede our ability to leverage intellectual capital effectively**

PIVOT Strategy

P	Partnerships
I	Integrated solutions
T	Technology innovation

ESG strategy

EC	Empowered communities
DS	Digital services
BS	Business Stewardship

Activities to preserve and sustain value

- Revised our values and rolled them out across the Group
- Invested in research, development and innovation
- Continued with digital transformation initiatives to improve customer experience and operational efficiencies
- Managed information security governance and enhancements
- Managed brand and reputational risks
- Leveraged data-driven insights

Read more about our activities in the intellectual capital chapter on page 59, the GCEO's report on page 14 and the Social and Ethics Committee report on page 90.

Outcome indicators

↑	Openserve's interaction net promoter score (iNPS) is 72.3 while BCX's NPS is 33
↑	"Best Mobile Provider in South Africa" in Ask Afrika Orange Index® 2024
↑	"South Africa's Best Fibre Network Operator" awarded by Analytico
↑	Escalated customer complaints (decreased by 35% to 4 953)
–	Number of data breaches (0)
↑	Fibre average time to install (2.3 days)
↑	Beyond Connectivity revenue and as a percentage of total mobile revenue (R1 685 million and 6.9%)
↑	Mobile and fibre service revenue (12% increase and R28 725 million)
↑	Use of AI for IT operations (AIOps) revenue growth (6.2%)
↑	Investment in research, development and innovation (R46 million)

Key

↑ Capital increased

– Capital preserved

↓ Capital eroded

Human capital

Our human capital includes current and future skills, competencies, experience, health and wellbeing. It encompasses human capital dynamics like culture, ethics, diversity, and motivation to be productive and innovative.



Key inputs

Group culture

9 509
permanent employees

R166m
Training and development spend

>50%
of employees attended training (including digital training and employee development programmes)

810 internships and learnerships

Corporate governance practices, including remuneration and reward practices, and an experienced leadership team

Policies, processes and practices on safety, health, environment and quality

Constraints

- **Attracting and retaining a resilient and suitable workforce to support our Group's strategic objectives**
- **Succession planning in certain categories and ageing management-level employees**

PIVOT Strategy
O | Operational efficiency

ESG strategy
IWP | Investing with purpose

Activities to preserve and sustain value

- Committed to diversity and inclusivity
- Monitored employee engagement and embedded the OneTelkom mindset
- Applied accountability and consequence management
- Reviewed the Group's succession pipelines and evaluated risks and suitable interventions as mitigation, including plans to build skills
- Implemented the reward and recognition framework
- Embedded the employee wellness programme and ensured employee safety through visible leadership, accountability and commitment, hazard identification and risk management

Read more about our activities in the human capital chapter on page 63 and the Social and Ethics Committee report on page 90.

Outcome indicators

–	Certified as a Top Employer in South Africa
↑	Employee net promoter score (improved – good place to work: 17, good product and services: 61, work environment: 10)
↑	Salaries and benefits paid to employees (12% increase to R8 813 million)
↑	Succession planning (10% ready-now successors and 58% ready in less than two years)
↑	Key talent retention rate (94%)
↑	Internship and OneTelkom learning programmes retention rate (99%)
↑	Female representation (33%) and women in leadership roles (35.5%)
↑	Black South African representation (72%)
↑	Employee voluntary turnover rate (5%)
↓	Total recordable injury frequency rate (0.57) and ↑ lost-time injury rate (0.46)
–	Fatalities (0)

Key
↑ Capital increased
– Capital preserved
↓ Capital eroded

Social and relationship capital

Social and relationship capital reflects our contribution to South Africa's society and is anchored in our purpose of seamlessly connecting our customers to a better life.



Key inputs

An ESG strategy
that includes digital services, empowering communities, digital planet and investing with purpose

Stakeholder engagements and relationships
supported by a stakeholder engagement framework and policies and a Stakeholder Management programme

Established structures
to execute Telkom's corporate responsibility activities, like the Telkom Foundation and FutureMakers programme, with investments of R68 million and R24 million, respectively

Partnerships
with IT application providers and other key partners and suppliers

Constraints

- **Available funds and managing trade-offs between competing priorities**
- **Satisfying conflicting stakeholder interests and expectations**
- **Increasing expectations on companies to solve societal issues**

PIVOT Strategy

- P Partnerships
- T Technology innovation

ESG strategy

- IWP Investing with purpose
- EC Empowered communities
- DS Digital services
- DP Digital planet

Activities to preserve and sustain value

- Delivered on the ESG strategy and its supporting goals and actions
- Leveraged established structures like the Telkom Foundation and FutureMakers programme with intent

Read more about our activities in the ESG strategy chapter on page 37, our stakeholders on page 42, and the social and relationship capital chapter on page 68.



Outcome indicators

↑	Economic value added (R47 764 million)
↑	Number of jobs created (direct and indirect) (73 890)
↑	Procurement opportunities (R859 million) supporting SMMEs (459)
↑	Number of learners and teachers impacted (36 254)
↑	Lives positively impacted through SMME spend (251 203)
↑	Lives impacted through digital literacy (72 278)
↑	Customers connected to broadband and fixed wireless broadband (15.3 million)
↑	South African homes and businesses passed with our FTTx footprint (1 378 930)
↑	Revenue from global IT hardware and software partnerships (R1 527 million)

Key

↑ Capital increased

– Capital preserved

↓ Capital eroded

Natural capital

This includes using natural resources, comprising renewable energy sources, such as solar energy, water, and other non-renewable resources. It includes the environmental impact of electronic and electrical waste (e-waste) and carbon emissions.







Key inputs

Environmental management programmes for water and electricity usage that consider international best practices and relevant laws and regulations

775 103 kL
Water used

581 GWh
Eskom electricity

9.2 GWh
Solar PV electricity used

34.4 GJ
Diesel-generated electricity

3 249 kL
Diesel and petrol used for backup generators during loadshedding

4 717 kL
Fleet diesel used for transport

Constraints

- South Africa's national reliance on coal-fired power stations for electricity
- Reliance on diesel for backup electricity
- Financial capital to roll out solar photovoltaic (PV) and other renewable energy projects

PIVOT Strategy

- P – Partnerships
- O – Operational efficiency
- T – Technology innovation

ESG strategy

- OE – Operational efficiencies
- DS – Digital services

Activities to preserve and sustain value

- Reduced water and electricity usage and increased the use of renewable energy to decrease our carbon footprint
- Reduced diesel and petrol consumption by driving efficiency
- Focused on the management of e-waste and hazardous waste
- Maintained international best practices and regulatory compliance to minimise our environmental impact

Read more about our activities in the natural capital chapter on page 73.

Outcome indicators

↑	Total carbon emissions (3% decrease)
↑	Scope 1 and Scope 2 emissions (10% decrease)
↑	Fossil fuel consumption (59% decrease)
↑	Renewable energy use (149% increase)
↑	Emissions from diesel use (78% decrease)
↑	Migration from R22 refrigerant gases (9% decrease)
↑	Waste to landfill (5% decrease)
–	E-waste/copper recycled (28% increase)
–	CDP climate change score (B)
↑	Cumulative IoT devices deployed (95 170)

Key

↑ Capital increased

– Capital preserved

↓ Capital eroded

Our material themes

Regulatory environment

Telkom operates in a highly regulated environment affected by policy uncertainty and inconsistency and continuously evolving regulations and legislation. We are affected by international regulatory trends regardless of the different operating contexts and political environments.

New or changing regulations affect resource availability. Policy uncertainty and inconsistency impact business and investor confidence.

Customer expectations and experiences

Customers expect a seamless and reliable digital experience and value for money. They expect Telkom's products and services to meet their needs, always be available, and keep their information secure. The customer experience affects our reputation, as well as customer attraction and retention, all of which are critical in a competitive market.

Meeting customer expectations requires appropriate investments in our networks, infrastructure and systems, products and services, and people.

Economic climate

Local and international economic factors influence Telkom's ability to grow, the cost of doing business and customers' spending power. Such factors include muted South African economic growth, loadshedding, political and geopolitical pressures and socio-economic factors.

Investor and business confidence, financial risks related to liquidity and foreign exchange, and exposure to interest rates also play a role.

Networks and digital technologies

Effective deployment of advanced networking and digital technologies can give Telkom a competitive edge as an infrastructure company and improve internal efficiencies. The quality and reach of our country-wide assets are key to our future growth and sustainability. Our ability to provide leading levels of network resilience, availability and throughput are likewise essential.

This theme requires appropriate investment in infrastructure, digital applications, backup energy solutions, AI and other emerging technologies. It also requires a skilled and future-ready workforce, innovation, and a partner ecosystem to support product development and delivery.

MM1 MM2 MM3 MM4 MM5 MM6 MM7 MM8

We define our material themes as matters that materially affect our ability to execute our strategy and create value over the short, medium and long term, and have the potential to erode value for providers of financial capital and other stakeholders.

Management's materiality determination process and the material themes were approved by the Group Exco, Audit Committee and Board.

Refer to page 3 for our materiality determination process. Refer to external themes on page 40, our stakeholders on page 42 and strategic risks on page 46.

Competitive landscape

Traditional and non-traditional competition remains intense, with changing customer needs, market disruptions and the convergence of various industries. This provides opportunities for collaboration with partners. It requires a focus on innovative products and services, customer satisfaction, capital allocation, cost optimisation and business growth.

Cyberthreats

Cyberattacks and data breaches could impact Telkom's service levels, leading to customer dissatisfaction, reputational damage, business disruption and loss of revenue.

This requires a continuous focus on information security, business continuity, and both internal and external awareness measures. Keeping abreast of cyberthreats allows us to develop new customer solutions, such as products powered by AI.

Future-ready skills and expertise

Telkom requires specialised skills in ICT, digital and other areas to develop products and solutions that will increase revenue and improve customer service. We compete for such skills locally and internationally with traditional and non-traditional players. Our talent attraction, retention and development are influenced by gender and race diversity, the premium paid for skills and experience, and the expected future skills pipeline. Telkom emphasises skills and leadership development to ensure we have suitable leadership and future-ready capabilities.

Climate resilience

The Group's ability to respond to and mitigate the impacts of climate change is vital from both financial and responsible corporate citizenship perspectives. By negatively affecting our operations and customer service, climate change can have strategic and reputational impacts.

Telkom must mitigate and adapt to climate change and use our resources responsibly to protect both our business and the environment.

Unpacking our PIVOT Strategy

We are committed to our purpose of seamlessly connecting our customers to a better life. We aim to make life better for our customers at work and at home, whether they are learning, being entertained, or connecting with friends, family and customers from around the world.

By delivering on our purpose, we will achieve our goal of leading in the converged ICT space, bringing together fixed, mobile and digital services for our customers.

The word "PIVOT" captures our five-pronged strategy and its four Group enablers. It encourages all employees within every team, department and business unit to drive continual change as we seek new ways to serve customers.

Leader in the converged ICT market

P	I	V	O	T
Partnerships	**Integrated solutions**	**Victory in broadband**	**Operational efficiency**	**Technology innovation**
Leverage partnerships optimally to support the implementation of the Group strategy	Offer end-to-end converged propositions from connectivity to IT solutions	Become the leading broadband provider in South Africa	Develop operational superiority, which provides a competitive advantage	Modernise and build a state-of-the-art network

Seamlessly connecting our customers to a better life

Group enablers

- Monetise our infrastructure assets as OneTelkom
- People development and empowerment
- Simple and digital processes
- ESG-aligned financial framework for sustainable value creation



PIVOT captures the transformational changes to our core business in response to the shift from voice to data, from copper to fibre, and from fixed-line to mobile.

Increasingly, our industry is characterised by diverse digital services, automation and data-driven decision-making. PIVOT speaks to our moving beyond mere connectivity to IT service solutions and digital ecosystems.

PIVOT aligns with the four SDGs most applicable to our business. Refer to page 97 for our performance against the SDGs.

Group enablers

We encourage business units to **monetise our infrastructure assets as OneTelkom**. We monetise, or earn revenue from, our assets by utilising them in deploying mobile and fixed connectivity, data services and a broad portfolio of IT services. We also make our assets available for use by third parties, such as internet service providers (ISPs) and network operators.

We introduced several new OneTelkom initiatives to sweat our assets. These involve collaborating across business units while respecting wholesale and retail boundaries to:

- Win more business
- Promote operational synergies
- Drive capital efficiency

While our operating model is still based on federated business units, our strategic framework emphasises the synergies between them, rather than their separation.

Employees remain the driving force of our business, despite increased digitalisation. We must empower them to cope with the industry's relentless changes and to make decisions at the local level. Therefore, we remain committed to **people development and empowerment**.

Improved customer experience depends on **simplifying and digitising our processes**, and we are implementing initiatives to drive this.

Our fourth enabler is **sustainable value creation through our ESG-aligned financial framework**. Telkom's sustainability depends on our ability to generate cash from operations consistently. This aligns with the need to meet our ESG responsibilities so that we create shared value for the Group and our stakeholders. The ESG strategy starts on page 37.

FY2025 strategic performance snapshot



Strategic priorities	Why it is a priority	Measures of our progress	FY2023	FY2024	FY2025	Why the measures are important	Target
Partnerships	Partnerships enable the Group strategy. We seek to simplify and maximise partnership opportunities for the Group.	Revenue from global IT hardware and software partnerships	R1 411 million	R1 454 million	R 1 527 million	It shows the development of new partnerships to complement our core services.	Leverage partnerships optimally to support achievement of the Group strategy.
Integrated solutions	Addressing customers' ICT needs comprehensively requires appropriate access solutions. These solutions must seamlessly integrate with various IT services, from traditional (hardware and software) to new and emerging (cloud and IoT) IT services and analytics.	Beyond Connectivity revenue and as a percentage of total mobile revenue	R1 177 million (5.8%)	R1 665 million (7.5%)	R1 685 million (6.9%)	They indicate progress in supplementing traditional connectivity with service offerings that resolve customer pain points.	Offer end-to-end converged propositions from connectivity to IT solutions.
		Cybersecurity product and service revenue	R454 million	R522 million	R469 million		
		PaaS solution sites	10	59	501		
Victory in broadband	We are building new digital services on high-speed data networks. We are accelerating our capability to disrupt the local broadband market by delivering innovative and value-rich solutions. Telkom offers these to residential and commercial customers via the optimal access technology – copper, fibre, fixed wireless, mobile or satellite.	Mobile broadband subscribers in Telkom Consumer	11.6 million	12.7 million	15.2 million	Continuous growth in data traffic and associated data revenue highlights the increasing demand for data-centric services.	Become the leading broadband provider in South Africa.
		Fibre broadband subscribers in Telkom Consumer	179 500	213 400	220 669		
		Fixed-broadband data traffic (petabytes)	1 895	2 307	2 915		
		Enterprise next-generation data access revenue in BCX	R1 480 million	R1 561 million	R1 770 million		
Operational efficiency	In an increasingly competitive world, our success depends on continually improving the efficiency and effectiveness of our operations.	Fibre connectivity rate (%)	47.4%	48.5%	50.4%	They show how we improve customer experience and capital efficiency and reduce the cost of maintaining a large property footprint while generating cash for reinvestment.	Develop operational superiority, which provides a competitive advantage.
		NPS in Openserve	68	70	72		
		Use of AIOps revenue growth	8%	9%	6%		
		Fibre average time to install (days)	2.51	2.43	2.36		
Technology innovation	We aspire to operate with the most scalable and efficient network. To achieve this, Telkom invests in an optimal mix of technologies.	Fibre access connections (number of connections)	492 812	590 527	694 630	They demonstrate the continual investments made to deploy the latest mobile, fixed and digital technologies.	Modernise and build a state-of-the-art, seamless, data-led network that is not easily replicable to sustain our integrated competitive advantage.
		Mobile base stations (number of base stations)	7 546	7 738	7 909		

Performance across strategic pillars

This section should be read in conjunction with the business unit performance sections starting from page 51.

P

Partnerships

By deploying the relevant digital platforms, we enable best-of-breed partners to deliver relevant services quickly and efficiently to our customers.

FY2025 progress

Telkom, in partnership with the **Inclusive Society Institute (ISI) and Constructor University Bremen**, launched the 2024 South African Social Cohesion Index (SASCI) research findings in February 2025.

The study showed an overall improvement from 51.7 points in 2023 to 53.3 points in 2024. The research aims to inform policy development and support initiatives for a more cohesive society. This aligns with Telkom's mission to foster socio-economic growth and stability.

Read more on page 59 (intellectual capital).





Openserve partnered with Intelsat to upgrade hardware and enhance satellite connectivity at over 900 sites across South Africa.

The partnership allows Openserve to leverage Intelsat's advanced technology to meet evolving connectivity demands.

The project has significantly improved network performance and delivered higher throughputs at lower costs. It is providing more reliable services to businesses and communities, especially in remote areas.

Read more on page 52 (Openserve productive capital).

Material matters MM3 MM7

Relevant capitals impacted FC SRC PC

I

Integrated solutions

We aim to provide value-added services on top of connectivity services.

- Fixed-line consumers: Content services, such as media streaming, and smart home solutions like web-based security
- Mobile subscribers: Bundling social media applications and creating synergies between fixed, mobile and digital services
- Enterprise: Applications that streamline business service include e-commerce, point-of-sale systems, inventory control, cloud services, digital platforms and embedded cybersecurity
- Small and medium businesses: Tools to enable a mobile sales force and cloud-based tools to become more agile, responsive and professional

FY2025 progress

Openserve was recognised as Analytico's 2025 Preferred Business Fibre Provider in South Africa. This reflects Openserve's delivery of reliable, high-speed connectivity solutions that empower businesses. Openserve's NPS has also consistently risen each year since 2021.

Telkom Consumer's connectivity revenue, encompassing airtime advances, insurance, content and fintech, continued to grow in real terms and as a proportion of total mobile service revenue.

To support this growth, we launched TelkomLearn, a digital platform that provides access to premium educational resources through accredited partners.

BCX advanced its reimagined strategy, aiming to become a leading everything-as-a-service (XaaS) provider. BCX offers a unified solution to clients, partnering with public cloud providers like Alibaba, AWS, Microsoft Azure and Huawei. It saw consistent growth in enterprise next-generation data revenues.

Swiftnet continued to roll out PaaS solutions for mobile service providers. These solutions shift the responsibility to provide backup power from the service provider to the tower owner.

This reflects our progress in enhancing traditional connectivity with service offerings that address customer pain points.

Material matters MM3 MM7

Relevant capitals impacted IC FC SRC



V

Victory in broadband

We aim to build on our strength as a connectivity provider in fixed and mobile to provide data services to a broad range of customers.

Our connectivity services are built on our digital infrastructure assets, which enable the digital needs of corporates, SMMEs and consumers.

FY2025 progress

- **Openserve:** Steady growth in fixed-line broadband data traffic, driven by an increase in connected homes and higher data demand per household
- **Telkom Consumer:** Growth in mobile and fibre broadband subscribers
- **BCX:** Growth in enterprise next-generation data access revenue, fuelled by increased data demand and customer growth

This continuous growth in data traffic and associated revenues underscores the rising demand for data.

Material matters | MM3 | MM7 | FC | SRC



O

Operational efficiency

We aim to be efficient with resources, digitise processes and procedures, and leverage platforms and applications to deliver IT services.

We aim to reduce costs through economies of scale and simplicity within our operating model.

FY2025 progress

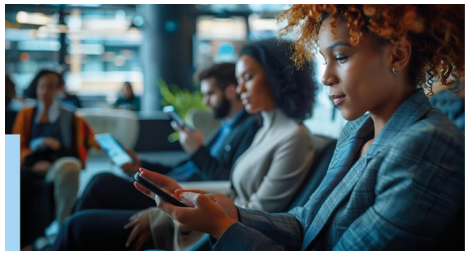
Openserve's industry-leading fibre connectivity ratio continues to improve as we transform our fibre investments into revenue-generating households. This will generate cash to cover operating costs and fund future investments, ensuring long-term sustainability.

Openserve's average time to install fibre has steadily decreased due to ongoing process refinements across the installation value chain.

BCX implemented generative AI automation in the call centre and rolled this out to 50 customers. The technology enables us to analyse the quality and sentiments of over 90 000 calls per month in real time and to reduce overall costs. This is just one way in which we are using AI to improve efficiency in operations.

These examples highlight the improvements in our operational efficiency metrics.

Material matters | MM3 | MM7 | FC | PC | SRC



T

Technology innovation

We deliver value for our customers by deploying technology optimally to improve the network experience and reduce service costs. This includes:

- Rolling out 5G base stations for better spectral efficiency
- Introducing the latest fibre-optic transmission modules to increase FTTH speeds
- Investing in new digital platforms to deliver best-of-breed services

FY2025 progress

Telkom supported the Independent Electoral Commission (IEC) in delivering the national elections in May 2024. We hosted the IEC website and provided connectivity to 320 results-capturing sites and 10 results centres. Our extensive network infrastructure and advanced security measures ensured reliable and secure data transmission, safeguarding the integrity of the electoral process.

The consistent increase in **Telkom Consumer** mobile base stations is fuelled by subscriber growth, rising data traffic and enhancements in network experience.

Openserve is expanding its fibre access connections by building innovative, efficient, resilient and scalable fibre networks.

These are examples of our ongoing deployment of the latest mobile, fixed and digital technologies.

Material matters | MM3 | MM7 | FC | SRC



Our trade-offs

Delivering sustainable value often requires making deliberate trade-offs between competing priorities.

These trade-offs are considered carefully by management and the Board to ensure our decisions support our strategic objectives, strengthen our business model and protect our stakeholders' interests over time.



Pursuing our net zero ambition

Telkom is committed to achieving net zero greenhouse gas (GHG) emissions across Scope 1, 2 and 3 by 2040, with an interim goal of carbon neutrality by 2035.

We are steadily increasing investments in renewable energy solutions, energy efficiency upgrades and circular economy initiatives.

These sustainability-focused investments contribute to long-term cost savings, reduced climate risk and regulatory readiness. However, they compete for funding that could otherwise accelerate our infrastructure rollout or improve customer-facing technologies.

We actively manage this tension between long-term environmental sustainability and short-term commercial growth to ensure neither is compromised.

Impact on strategy and future business model

By lowering the cost to serve, increasing network uptime and expanding the capabilities of our infrastructure, our energy transition is reshaping how we think about value creation.

As we modernise our network with clean technologies, we are positioning Telkom to evolve into a provider of low-carbon digital solutions. Over time, this will enable new business models and service offerings that respond to changing stakeholder expectations and create additional revenue streams. Examples include green-powered connectivity and decarbonisation services for enterprise clients.

NC ↑ FC ↓ SRC ↑

Monetising non-core infrastructure assets

We continued monetising non-core assets to strengthen our financial position without compromising future growth:

- Disposed of non-core properties through Gyro (R730 million in cash proceeds). This enhanced our liquidity and further optimised operating costs
- The sale of Swiftnet (R6.6 billion in cash proceeds) bolstered Telkom's balance sheet, ensuring greater financial resilience (read more in the GCEO's report on page 14)

Asset monetisation reduced our productive capital through the disposal of properties and tower infrastructure. However, it preserved operational flexibility and safeguarded service delivery. The proceeds have enabled us to continue investing in strategic growth areas.

Impact on strategy and future business model

By streamlining our asset base and freeing up financial capital, we reinforced our financial foundation. This enables us to scale our digital infrastructure, particularly in fibre and mobile services.

Reducing our debt levels provides flexibility to pursue innovation opportunities while maintaining a resilient and sustainable business model.

FC ↑ PC ↓

Balancing shareholder returns with investment in future growth

Telkom's dividend policy aims to balance shareholder returns with the imperative to invest in strategic growth areas for sustainable future performance.

This year, we declared a dividend for the first time since FY2020, demonstrating our commitment to returning value to shareholders while maintaining financial discipline.

Impact on strategy and future business model

Our cautious approach to dividends strengthens our financial health. This enables us to build infrastructure for continued competitiveness while creating future value for shareholders.

This approach ensures Telkom remains agile to capitalise on emerging opportunities in a changing technological environment while enhancing its long-term market position.

FC ↓ PC ↑

↑ Value created
↓ Value eroded
– Value sustained

Exiting legacy services while building future platforms

Telkom is transitioning from legacy fixed-voice business to next-generation platforms like fibre and mobile broadband. This involves decommissioning outdated copper and 3G networks, which leads to short-term revenue declines and upfront costs.

Modernising our network involves site consolidation, renewable energy integration and advanced analytics. These projects require significant initial investment, impacting near-term cash flow. However, they generate long-term cost savings, enhance network resilience and benefit the environment.

Balancing the short-term financial impact of legacy retirements with the broader rollout of fibre and 5G exemplifies the ongoing and multi-year nature of this strategic shift.

Impact on strategy and future business model

Through this transition, Telkom is evolving into an agile, digitally enabled business. The network modernisation, including 5G and IoT solutions, enhances our service reliability and customer experience.

The upfront costs of these changes are strategic investments that will ultimately reduce operating expenses and improve operational efficiency.

Over the long term, this will strengthen Telkom's market position and enable sustainable growth in the broadband and mobile sectors.

PC ↓↑ FC – NC ↑

Investing in data-driven customer experiences

Telkom is creating differentiated, data-driven customer experiences by investing in advanced AI platforms. These platforms enable personalised services, faster issue resolution and deeper customer insights. However, they require significant upfront investments in AI infrastructure, data management systems and talent acquisition.

They also bring operational challenges, including data privacy and change management issues. We need to ensure that the new systems enhance customer experiences without disrupting service quality or operational stability.

Balancing the pace of technological deployment with strong governance and employee upskilling is important to ensure the long-term success of these investments.

Impact on strategy and future business model

The shift towards AI and data-driven solutions is integral to Telkom's strategy. By integrating AI into our service delivery architecture, we are improving customer engagement and opening new revenue streams, such as predictive analytics services for enterprise clients.

Expanded use of AI will reshape Telkom's business model by enabling more proactive, automated interactions with customers. This will reduce the cost to serve and increase operational efficiencies.

Our investment in AI will drive long-term growth by enhancing the scalability of our services and enabling us to deliver innovative products tailored to customer needs.

FC ↓ IC ↑ HC ↑ SRC ↑

↑ Value created
↓ Value eroded
– Value sustained



Our ESG strategy

Telkom started addressing key enablers in our maturing journey towards a more resilient and sustainable business. Key milestones this year included:

- Concluding our first net zero pathway analysis, which informs a decarbonisation pathway incorporating Scopes 1, 2 and 3
- Conducting our first double materiality assessment in line with the JSE's voluntary Sustainability Disclosure Guidance
- Conducting a climate risk scenario analysis using two representative concentration pathway (RCP) scenarios. This gives a view of the vulnerability of our key assets to climate change over the medium and long term.

Telkom made measurable progress against its ESG goals, with notable achievements in gender diversity, emissions reduction and socio-economic impact:

- Increased the percentage of women in leadership positions to 35%, a 3% increase from the FY2022 baseline, despite a challenging recruitment environment
- Reduced our Scope 1 and 2 emissions by 32% from our FY2022 baseline
- Exceeded annual targets for driving economic and digital inclusion, particularly through SMME spend and digital literacy initiatives

Telkom remains on track to achieve our long-range climate commitments, including carbon neutrality by 2035 and net zero by 2040.



2030 sustainability ambition

Since the Group has reached almost all its 2025 goals – barring long-range decarbonisation goals – we have developed a new ambition for 2030.

KPIs that we achieved ahead of FY2025 will either be recalibrated to more ambitious targets for 2030 or retired where appropriate. New metrics will be included to reflect our expanded focus areas.

Ambition for 2030

Enable digital infrastructure to foster growth for key economic sectors.

The new ambition is framed across four interconnected sustainability themes:

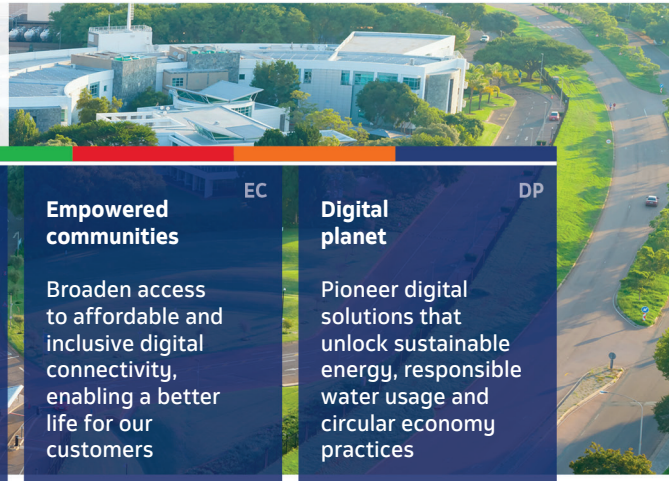
Prosperity: Creating economic value for stakeholders through expanded and new forms of connectivity.

Planet: Committing to environmentally conscious practices and adopting principles of circularity.

Practice: Embracing sustainable and innovative ways of working that foster customer trust.

People: Connecting and empowering our stakeholders to thrive in a digital world.

This ambition and supporting themes will be detailed in our FY2026 report, as the final governance approvals will be obtained early in FY2026.



ESG strategy and performance

DS **Digital services**

Deliver digital solutions that enable socio-economic uplift

Telkom Consumer

EC **Empowered communities**

Broaden access to affordable and inclusive digital connectivity, enabling a better life for our customers

openserve

DP **Digital planet**

Pioneer digital solutions that unlock sustainable energy, responsible water usage and circular economy practices

BCX

BS **Business stewardship**

Instil accountable and ethical operating practices and encourage responsible technology/AI usage, data privacy and security

Telkom

IWP **Investing with purpose**

Enable social impact through leading CSI programmes, localisation and growing SMMEs. Encourage diversity, inclusion and equal opportunity

Telkom

OE **Operational efficiencies**

Mitigate climate change impact and achieve cost optimisation and security of supply through responsible water/energy use and waste management

Gyro

ESG strategy and performance

Environmental

Goal statements		FY2022 baseline	FY2024 actual	FY2025 actual	% change from FY2022 (baseline)	Status
OE						
Ⓐ **Carbon neutral by 2035** (tCO_2e)		852 782	639 041	576 395	-32%	O
Ⓐ **50%**	Reduction in fossil fuel consumption by 2030 (tCO_2e)	55 466	66 119	35 127	-37%	O
Ⓐ **100%**	Renewable energy sources by 2035 (GJ)	<1%	13 320	33 284	2.5x increase from FY2024	O
Net zero by 2040						
Ⓐ **–**	Determine Scope 3 emissions	1 764 216	1 724 460	1 713 336	-2%	O
75%	Reduction in waste to landfill by 2030 (tonnes)	743	644	610	-18%	O
Ⓐ **50%**	Reduction in potable water consumption by 2030 (kL)	997 617	777 722	774 991	-22%	O
25%	Migration from R22 refrigerant gases in 2025 and 100% by 2035 (tonnes) from a 2016 baseline	38	34	31	-18%	O

Refer to page 73

DP						
70 000	IoT devices deployed by 2025	15 220	73 679	95 170	sixfold increase	G

Refer to page 57

* *Lives impacted by job creation = the number of people employed at an SMME, which can either be actual or x4.1 average if the number of employed is unknown (Small Business Institute SA). To calculate lives impacted, apply an economic multiplier of x 3.3, representing the average number of people per household (Statistics South Africa).*

** *Digital literacy is the ability to use technology to connect with the world around us, to access opportunities and to use digital content to learn new skills/knowledge to contribute in a digitally connected society (UNESCO, UNICEF, EU).*

Legend

G	Achieved
O	Making progress but long-term target not yet achieved
R	Not achieved, progress needs to be improved
●	No specific target set as part of the initial ESG strategy

Social

Goal statements		FY2022 baseline	FY2024 actual	FY2025 actual	% change from FY2022 (baseline)	Status
IWP						
200 000	Lives positively impacted through SMME spend by 2025*	91 357	221 308	251 203	2.8x increase	G
70 000	Lives impacted through digital literacy by 2025**	14 420	58 417	72 278	5x increase	G
2023	Become a leading employer in South Africa	Achieved	Achieved	Achieved	Achieved	G
Ⓐ **35%**	Women in leadership positions by 2025	32%	34%	35%	3 ppts	G

Refer to page 68

DS						
4.3 million	Customers with access to Telkom's diversified digital platforms by 2025	2 039 684	8 800 000	11 277 361	5.5x increase	G
500 000	Businesses with access to digital platform solutions by 2025	443 467	447 647	451 346	2%	O

Refer to page 55

EC						
15 million	Customers connected to broadband and fixed wireless broadband by 2025	11 700 000	15 957 972	19 590 697	67%	G
1.5 million	SA homes and businesses passed with our FTTx footprint by 2025	839 691	1 217 110	1 378 930	64%	O
Under-served areas	Fibre rollout in townships (homes passed)	119 579	139 476	231 330	94%	●
	Fibre rollout in townships (homes connected)	47 619	70 024	120 852	2.5x increase	●

Refer to page 53

Ⓐ *External moderate assurance on selected sustainability indicators. Please refer to the FY2025 Independent Assurance Report, available online.*

Governance

Goal statements	FY2022 baseline	FY2024 performance	FY2025 performance	% change from FY2022 (baseline)	Status
BS					
Culture of responsible technology and information use					
Reduction in number of data breaches	0	0	0	0	●
Promote fair and ethical practices towards our customers and within the Group					
Reduction in escalated customer complaints***	7 416	3 661	4 953	-33%	●
Decrease in whistle-blowing incidents reported from FY2023	152	121	71	-41%	●

Refer to page 89

**** Excludes complaints managed at the call centre, as these are too complex for reporting purposes.*

Legend

●	Achieved
●	Making progress but long-term target not yet achieved
●	Not achieved, progress needs to be improved
●	No specific target set as part of the initial ESG strategy

Future focus

Looking ahead, Telkom will focus on:

- Finalising and implementing the 2030 sustainability ambition
- Further embedding sustainability considerations into our practices and processes. This includes cascading ESG KPIs into our operations, as they are included in Group and business unit short- and long-term incentive scorecards
- Improving mechanisms for execution. This includes automating data collection and working towards a real-time view of our sustainability performance to enhance decision-making

We will build efficiencies and cost savings through our net zero pathway, improve sustainable procurement practices, and enhance reporting in line with local and global best practices.



The world we operate in 4

External themes shaping our strategy

We monitor local and global trends to assess their potential impact on our markets and customers. We adapt our strategy to leverage the associated opportunities or mitigate the risks where needed.

External themes shaping our strategy	40
Engaging with our stakeholders	42
Managing risks and compliance	46

Navigating local and global economic headwinds 1

Context

The global and local economy saw lacklustre growth in 2024. It was characterised by what is termed soft landing and lingering effects of high inflation. At least 60 countries held elections in 2024, including South Africa. While some of the political uncertainty levelled off, there is uncertainty about the effects of global trade policy and economic uncertainty stemming from the new United States (US) administration.

South Africa's economic outlook for 2025 is somewhat better, with forecasted GDP growth of between 1.5% and 1.8%. However, underlying pressures on food, electricity and fuel prices may affect inflation. Stronger growth would require improved government spending and fixed private investment along with structural reform.

The rand is expected to remain vulnerable at the end of 2025. However, we believe it may strengthen towards the end of 2025, offering relief for imports of international technology such as network equipment and smartphones.

The outlook for 2025 is positive, promising stronger consumer spending and better performance in several sectors.

Implications for our strategy O

Telkom's operational efficiency improved in FY2025 as loadshedding eased and other operational costs levelled off. We continue to prudently manage costs while balancing maintenance and targeted capital investment.

Future-proofing of networks and quality maintenance on networks and systems will enable Telkom to drive measures to mitigate the impact of adverse weather-related events.

Further reading: Material themes on page 30, strategic risks on page 46, and GCFO's report on page 17.

Considering the ICT sector and technology evolution 2

Context

Organisations are adopting digital-first strategies to meet business goals and generate sustainable growth. Cloud computing is catalysing the transformation and modernisation of IT infrastructure, enabling agility and efficiency.

Businesses are looking at a range of private, public and hybrid cloud solutions to manage emerging issues. These include connectivity, interoperability, network resilience, data transfer costs, and the need for open application programming interfaces (APIs).

As organisations transform digitally, cybersecurity risks are becoming increasingly complex and widespread. Adoption of AI, cloud computing and IoT technologies has expanded the attack surface, making proactive security essential.

Ensuring best-in-class connectivity and networking between data centres, carriers, ISPs, businesses and consumers is critical. Operators must deploy future-proof networks incorporating AI, cloud and next-generation technologies like 5G, software defined networks and edge.

Data traffic increased by 31% and 26% for the mobile and fibre businesses respectively. This reflects a healthy appetite for seamless broadband connectivity in South Africa.

Implications for our strategy P I V T

Telkom continues to meet the growing demand for data-led services while driving improved operational efficiencies.
We are retiring legacy technologies like 3G and increasing our 5G capability. As we expand our network, we are enhancing coverage by deploying low band (sub 1 GHz) spectrum and increasing capacity by adding multiple-input and multiple-output antennae across our sites. We leverage data analytics and machine learning to predict churn, boost adoption and optimise customer journeys.

Openserve continually upgrades its fibre nodes and forms strategic alliances. It drives cost efficiency through network simplification (consolidating sites and decommissioning legacy systems) and renewable energy initiatives (installing lithium-ion batteries and solar power).

These measures, combined with the upgrade of technologies and infrastructure at central office locations, enable better remote visibility, automation and control of the network.

BCX enhances its solutions to enable clients' digital and cloud journeys. It continues to expand its portfolio of cloud offerings and provide comprehensive solutions to clients through our partnership with Alibaba as an exclusive reseller for South Africa and Africa.

Further reading: Material themes on page 30, strategic risks on page 46, GCEO's report on page 14, and unpacking our PIVOT Strategy on page 31.

Staying relevant amid intensified competition 3

Context

While South Africa's economy is expected to perform better in 2025, the residual effects of higher inflation and lower business confidence will continue to moderate consumer and business spending.

Investments in loadshedding solutions at sites and mobile towers in previous years ensured a quality and reliable network experience for customers.

Across the industry, inflationary price increases were implemented to cover network investments and escalating operational costs.

The ever-increasing need for connectivity is intensifying competition in the industry, with new entrants such as mobile virtual network operators and ISPs emerging. This is driving innovation, particularly in reducing the cost to serve, as service providers strive to penetrate more price-sensitive market segments.

Implications for our strategy V T

Telkom aims to maintain its leadership in broadband and data services. In FY2025, we deployed capex to expand our mobile and fixed network coverage, using spectrum acquired in 2022.

The Group continues to deliver innovative, value-driven products that offer maximum value at competitive prices. Together with our data-led strategy, this resulted in above-industry mobile growth driven by data traffic expansion and Mo'Nice, our tailored pricing solution.

Tarifica, an independent global pricing and research firm, ranks Telkom as the leader in high-scoring value plans.

We will continue to drive pre-paid mobile performance through personalisation via advanced data analytics, regionalisation of offerings through the Mo'Town offering, and affordable low-end 4G devices.

The data-led strategy is also evident in the growth of fibre in the fixed services portfolio. Openserve prioritises fibre investment, connecting additional homes and premises with fibre as we pass them.

Openserve also targets more areas with value propositions for lower-income consumers. Its Webstream Prepaid product includes a variety of nationwide pre-paid fibre services in different time-based bundles and data packages. These offer flexibility and affordability for customers who only need fibre at specific times in specific data quantities.

Openserve has launched WebConnect, providing ISP clients with an affordable white label fibre-based internet service that they can rebrand and on-sell. This is pre-packaged with Wi-Fi connectivity, making fibre services easy to access.

Further reading: Material themes on page 30, strategic risks on page 46, and Openserve on page 52.

Managing regulatory change 4

Context

We expect ICASA to start preparing in FY2026, with actual licensing or auction of spectrum to occur in FY2027. We expect around 280 MHz of additional spectrum to be made available, including spectrum in the sub 1 GHz and mid-range bands.

A review application was lodged in the High Court regarding ICASA's position on spectrum pooling and sharing brought forward by Vodacom. The interdict to stop current spectrum sharing was not granted. However, the outcome determines the spectrum design process.

ICASA published the final Call Termination Rate Regulations (for fixed and mobile termination rates) on 9 December 2024, effective 1 July 2025. Telkom welcomes ICASA's decision to phase in symmetrical mobile termination rates. We believe ICASA struck a reasonable balance between enabling effective competition for smaller players and new entrants and fostering a sustainable and competitive telecoms sector in South Africa.

Implications for our strategy BS

These regulatory changes support Telkom's data-led strategy and are positive for market growth in the telecoms sector. The upcoming additional spectrum licensing will enable better 4G and 5G coverage and network quality for customers.

We made positive contributions to the Fair Share discussion on contribution to network costs by large content providers, and to the hearings on policies to support satellite services. We support the principle of a level playing field across the industry.

We uphold the principles of improving service quality, expanding customer options and fostering effective competition. We engage constructively with regulators and policymakers to ensure the electronic communications sector is competitive, supports economic growth and empowers South Africans.

Telkom is well positioned to play a foundational role as enabler of South Africa's digital future.

Further reading: Material themes on page 30 and strategic risks on page 46.

Increasing focus on climate change 5

Context

The global emphasis on climate change continues to intensify. International regulatory frameworks and investor expectations are driving companies toward greater climate accountability.

South African businesses are under growing pressure to decarbonise, driven by increased climate risk disclosure and emission reduction requirements.

While Africa contributes minimally to global GHG emissions, it remains disproportionately affected by climate change, experiencing biodiversity loss, water scarcity and economic disruptions. Aligning with the global goal of limiting warming to 1.5°C is essential for mitigating these impacts and ensuring long-term resilience in African economies.

Many South African companies are accelerating their sustainability initiatives. These include implementing science-based targets, investing in renewable energy and enhancing climate-related disclosures.

Implications for our strategy OE

Telkom is refining its ESG strategy in response to the evolving climate imperatives. The Group remains committed to its long-term targets of carbon neutrality by 2035 and net zero emissions by 2040.

In FY2025, we completed our first climate risk scenario analysis.

As we advance our sustainability efforts, we will explore alternative energy sources, integrate renewable energy, and automate climate-related data collection to enhance performance tracking and reporting.

Further reading: Material themes on page 30, strategic risks on page 46, natural capital on page 73 and TCFD on page 99.

Engaging with our stakeholders

Telkom is committed to open and constructive communication with stakeholders. We strive to respond to stakeholder concerns in a timely and appropriate way and to address these concerns transparently.

Our stakeholder engagements are guided by a formal framework and policy. Our Stakeholder Management programme focuses on identifying and engaging with key stakeholders, understanding their challenges and expectations, and aligning them with Telkom's strategic and operational objectives and targets.

We engage regularly through relevant and effective channels.

In March 2025, the Board approved the revised stakeholder engagement policy, which outlines Telkom's principles and long-term approach to stakeholder communication and engagement. We also began updating our stakeholder engagement framework. This will provide a dynamic and practical tool for executing tailored engagement strategies that evolve alongside the business and its stakeholders.

Stakeholder governance structure

The Board
is the ultimate owner of stakeholder management matters and is responsible for overseeing response strategies.

The Social and Ethics Committee
assists the Board in fulfilling its responsibilities by ensuring we manage key stakeholder relationships effectively.

The GCEO
ensures commitment to effective stakeholder management.

The Group Exco
considers critical stakeholder matters as part of its agenda. It reviews and discusses the stakeholder management profile and assigns members to monitor specific stakeholder groups.

Management
implements the overall stakeholder engagement process through the approved framework and policy.

Monitoring and reporting

We assess the effectiveness of stakeholder engagements and relations by linking KPIs to value creation and relationship quality. Proper assessment of stakeholder relationships allows management to channel time and effort into relationships that are relatively weak.

Our stakeholder groups

We unpack our top six stakeholder groups based on the material impact they can have on Telkom's value creation process.

Relationship quality

No existing relationship	● ○ ○ ○ ○
Relationship established but significant work needed to improve it	● ● ○ ○ ○
Relationship established and value created with room for improvement	● ● ● ○ ○
Good relationship with some room for improvement	● ● ● ● ○
Strong relationship exists	● ● ● ● ●

Customers

Relationship quality
● ● ● ● ○
Basis of assessment: Customer satisfaction surveys (NPS (72.3), iNPS, Voice of the Customer (VOC), Quality of Service (QoS), Brand health tracker and Tarifica benchmarking)

Customers underpin our existence and drive our reputation and brand. They consume the products and services from which we generate revenue. Their evolving needs and preferences guide product and service development in relation to new trends and market shifts. Building strong relationships and delivering superior service are critical to ensure customer loyalty, brand advocacy and sustained revenue growth.

Refer to the business unit performance sections in the productive capital chapter, starting on page 51.

Their interests, needs and expectations	- A relationship of trust and transparency - Reliable, affordable and value-rich products and services - Solutions that support cost management - Timeous resolution of complaints and issues - Effortless transactions - Secure information - Education on how to derive the most value from our offerings - Reliable network performance
How we responded in FY2025	- Continually reviewed product portfolios to ensure affordability and market responsiveness - Integrated content and influencer marketing to educate consumers - Improved query response times on social media channels - Improved customer experience through Openserve Connect app and proactive notifications - Maintained deep, trusted client relationships through innovative, purpose-fit solutions
Overarching value created for customers	- Offered compelling product and service value propositions that address their budget constraints - Delivered competitive advantage for partners through South Africa's leading open-access network - Enabled customers to improve their lives and grow their businesses through connectivity - Delivered client digital transformation journeys through comprehensive XaaS solutions - Enabled SMMEs and corporates to stay connected through affordable voice and data offerings
In FY2026 we will prioritise	- Improving the overall customer experience - Enhancing billing, pre-sales and pricing touchpoints to ensure market competitiveness - Expanding fibre-based services and driving market reach

Government and regulators

Relationship quality

● ● ● ● ○

Basis of assessment: Self-assessment

Government through policies, Parliament through legislation, and regulators through regulations and licences, significantly impact on our cost of doing business, our return on investment, and the value we create for stakeholders.

Regulators issue critical licences, including those required to provide electronic communications services and networks and to use radio frequency spectrum. They monitor retail tariffs, set call termination rates, impose social obligations, allocate numbering resources, and prescribe fees payable by licensees. Their findings and decisions influence market dynamics. Non-compliance with legislation and regulations can result in penalties and fines, further affecting our operations.

Their interests, needs and expectations	- A relationship of trust and transparency - Compliance with policies, laws and regulations - Quality and affordable products and services across South Africa - Effective competition in the market - Licensing of spectrum - Economic transformation, social impact, job creation and productivity
How we responded in FY2025	- Engaged proactively with policymakers, regulators and market participants - Submitted comprehensive inputs during public consultations on policies, legislation and regulations
Overarching value created for government and regulators	- Contributed to the fiscus through tax payments, licence fees and contributions to the Universal Service and Access Agency of South Africa - Enabled the government's socio-economic development mandate through investment in networks and infrastructure - Shaped government policies through robust engagement with regulatory agencies such as ICASA and the competition authorities and participation in industry forums - Promoted local procurement and employment and value-adding CSI initiatives
In FY2026 we will prioritise	- Collaborating with the government and other regulatory bodies as necessary to maintain robust engagement and ongoing communication and co-operation - Implementing the 2024 Call Termination Amendment Regulations from 1 July 2025 - Participating in the next high-demand spectrum licensing process - Engaging on the review of the Electronic Communications Act

Investor community

Relationship quality

● ● ● ● ○

Basis of assessment: Self-assessment

Investors enable access to equity and debt markets. They drive demand for Telkom shares and debt securities, impacting our market capitalisation and debt issuance capacity.

Also refer to the leadership reflections starting on page 11.

Their interests, needs and expectations	- Long-term sustainable return on investment - Optimal debt levels and a sustainable positive FCF - A relationship of trust and transparency, and access to management - A clearly articulated investment case - Improved ESG and financial disclosures and tracking of performance against goals
How we responded in FY2025	- Management engaged with investors and analysts at financial results roadshows, conferences, and on an ad hoc basis, while the Board Chairperson and Remuneration Committee Chairperson engaged with shareholders at the annual governance roadshow - Management engaged with investors on the Swiftnet disposal through a roadshow and market announcements to drive shareholder support for the transaction - Continued to provide progress on our ESG targets - Conducted a perception study to identify areas for improvement - Reinstated the dividend policy (refer to page 12)
Overarching value created for investors	- Improved understanding of Telkom's investment case to enable informed investment decisions - Telkom aims to provide a sustainable return on investments through responsible capital allocation, share price appreciation, distribution to shareholders in line with our dividend policy, capital and interest payments on bonds, and interest repayments on loans
In FY2026 we will prioritise	- Enhancing communication of our strategy and business objectives to deepen investors' understanding of our business model - Exploring innovative ways to maximise investor engagement, leveraging technology for broader reach and participation - Improving our reporting practices to provide comprehensive information on ESG matters

Employees

Relationship quality

● ● ● ● ○

Basis of assessment: Employee engagement survey and employee engagement score

Employees are strategic partners essential for ensuring Telkom's sustainability through their performance, culture and skills. They possess the intellectual capital required for all core and supporting business processes, making them integral contributors to the Group's success.

Also refer to the human capital chapter on page 63.

Their interests, needs and expectations	- A relationship of trust and transparency - Frequent communication and engagement - Job security - Fair remuneration and recognition and reward for performance - Learning and development - A non-discriminatory and safe work environment
How we responded in FY2025	- Held regular meetings and virtual gatherings to keep employees informed about news and initiatives. Utilised email, newsletters and intranet to share information effectively - Offered learning opportunities through part-time bursaries, tailored development programmes, online learning resources, internships and leadership initiatives - Launched the OneTelkom Challenge Series to increase engagement among employees through physical and online engagement session as a vehicle to drive shared values - Introduced reward and recognition programmes specific to business units and relaunched the Spotlight Awards to recognise exceptional effort by teams and individuals within business units
Overarching value created for employees	- Offered competitive market-related packages with various benefits. These include company cellphones, rebates on Telkom services, and flexible death and disability benefits through a bespoke retirement fund - 86% of employees are engaged and prepared to go the extra mile - The Telkom Retirement Fund assists employees with retirement planning and preparation - The Telkom Wellness Programme provides employees and their families with comprehensive wellness assistance, including psychological counselling and legal advice
In FY2026 we will prioritise	- Engaging with employees on the strategy to ensure alignment and accountability through the performance management process - Evolving the engagement framework through an employee listening platform - Implementing the outcomes of the employee engagement survey

Organised labour

Relationship quality

● ● ● ○ ○

Basis of assessment: Self-assessment

Telkom has a recognition agreement with the Alliance of the Communication Workers Union (CWU) and the South African Communications Union (SACU) for employees at job levels M/S6 and below. The Alliance serves as a strategic partner. It fosters shared value between Telkom and its employees, advances the Group's strategic plans, and ensures operational efficiencies and objectives are met.

Their interests, needs and expectations	- A relationship of trust and transparency - Proactive consultation on business changes that impact employees - A stable workforce and business stability - Continuous commitment to skills development, especially considering new technologies and employment equity regulations - Avoiding retrenchments and, where unavoidable, minimising the number of impacted employees - Considering the impact of retrenchments and outsourcing agreements on employment and the terms and conditions of employment
How we responded in FY2025	- Continued engagements between Telkom and unions
Overarching value created for organised labour	- Allowed employees to exercise their right to freedom of association - Gave unions access to the workforce and provided support for shop stewards - Facilitated fee deductions
In FY2026 we will	- Continue facilitating quarterly employee relations workshops between HR business partners, promoters and employees - Continue training pools of internal disciplinary inquiry chairpersons and initiators - Continue proactively engaging with the unions, including wage negotiations

Suppliers and business partners

Relationship quality

● ● ● ○ ○

Basis of assessment: Self-assessments and supplier surveys

Our strategic partnerships with suppliers and business partners enable us to timeously deliver high-quality products and services. As contributors to our value chain, suppliers influence the cost and availability of materials and other inputs. Suppliers and business partners are often seen as an extension of Telkom, directly shaping our customer experience. They impact our ability to meet evolving customer demands and expectations.

Also refer to the social and relationship chapter from page 68.

Their interests, needs and expectations	- Enhanced, effective and open two-way communication - Collaborative contract management - Performance visibility and feedback - Adherence to payment terms - Simplification of business transactions - Timely resolution of queries and disputes
How we responded in FY2025	- Conducted regular reviews with suppliers to ensure alignment and strengthen partnerships - Evaluated partnership performance to identify opportunities for improvement - Tracked adherence to payment terms on a monthly basis to ensure consistency and compliance with agreements - Implemented an assessment of ESG aspects for suppliers - Hosted supplier days focusing on aspects such as climate reporting, process enhancements, and digitalisation and automation
Overarching value created for suppliers and business partners	- Enabled them to generate revenue from their products and services under fair terms - Provided them with a platform to market their products and strengthen their brands through association with and/or accreditation by Telkom - Provided training and support to subcontractors where necessary - Our enterprise and supplier development (ESD) and transformation programmes (FutureMakers) support local procurement as much as possible. We also promote local employment by supporting and developing local contractors
In FY2026 we will prioritise	- Supporting local procurement, manufacturing, employment and the upliftment of SMMEs - Enhancing compliance with contractual payment terms, providing suppliers with options to improve their cash flow - Driving cost reduction through improved forecasting and planning - Implementing a procurement sustainability programme

Our communities are at the centre of our social licence to operate and host some of our infrastructure. It is imperative that we understand our communities' needs and perspectives and work collaboratively with them on sustainable solutions to their challenges. Refer to the social and relationship capital chapter from page 68 for more information.

The media, opinion makers and influencers drive reputation and brand perception. We provide information and context on technical matters, financial performance and operational developments, and thought leadership on matters affecting our industry. Refer to information on our brands in the intellectual capital chapter starting on page 59.

Managing risks and compliance

Telkom executes a solid, flexible and resilient risk and compliance strategy that supports our strategic objectives. Our operating environment is characterised by unprecedented opportunities and significant, ever-changing threats. This requires the Group to balance risks and rewards and constantly monitor strategic risks.

Telkom considers internal and external contexts and the adequacy of key controls and existing regulatory framework controls when reviewing the Group's risks and opportunities. We monitor the effectiveness of risk management and compliance programmes to identify improvement areas, and track risk metrics to ensure significant progress is made to mitigate risks.

We use control self-assessments and compliance control validation reviews to determine the effectiveness of our risk and compliance management processes. Annual risk and compliance reviews are conducted to ensure we meet our King IV requirements. Any undue or unexpected risks, and those risks outside of our tolerance level, are reported with the necessary mitigating actions.

Risk and compliance management governance

In our dynamic and competitive industry, ERM is a strategic imperative. Our ERM framework is designed to navigate the risks inherent to the business, from technological advancements and regulatory changes to cyberthreats and market volatility.

Our ERM strategy is underpinned by robust governance structures. This ensures that risk management is integrated into our strategy and operational processes. All business units, supporting functions, processes, projects and other controlled entities are subjected to the ERM framework.

End-to-end assurance

Board	Oversees risk and compliance across the Group. Provides an integrated approach to governance and management of risk and compliance, supported by a risk and compliance operating model aligned with Telkom's business model.
Audit, Risk, and Social and Ethics Committees	Monitor and advise the Board on risk and compliance, laws and regulations. Refer to pages 82, 83, 84 and 85 for these Committee reports.
Group Exco	Integrates risk and compliance management, systems, and people across the Group.
Integrated Governance, Risk, Compliance and IT Steering Committees	Assess risks and resulting opportunities within the agreed risk framework. Reduce the impact of regulatory risk by driving compliance awareness for all applicable laws, regulations and supervisory requirements.
Group risk, compliance, business continuity management	Set policies and standards and provide oversight and control.
ERM forum	Shares best practices and knowledge and monitors key risks and mitigation plans.
Business unit assurance forum	Applies effective risk and compliance management and combined assurance, aligned with the ERM framework, to optimise risk-taking.
Business unit risk and compliance management **Business unit management**	Implement the risk, compliance and business continuity management policies, standards and frameworks. Apply and maintain the compliance risk registers, identify mitigating controls, implement action plans and operationalise the business unit assurance forum. All business unit Excos are accountable for managing risk and compliance within the approved delegation of authority (DoA).

Oversight

Enablement

In managing and dealing with the Group's risks, Telkom ensures:

- There is effective risk management
- Risk and opportunity management is clearly and consistently integrated into Telkom's culture and managed according to best practice
- People, processes and technology support the strategy, underpinned by governance, risk and compliance requirements
- Group-wide interdependencies are recognised in enhancing business resilience by anticipating, observing and responding to the macro- and micro-environments
- Management's conscious effort to manage risks ensures the business fulfils its mandate and that internal structures collaborate
- The importance of an integrated, proactive and continuous approach is appreciated across all structures
- Key stakeholders' needs and expectations are comprehended and managed to identify and manage related risks

Improvements in FY2025

We continued to monitor the six Telkom strategic risks and their associated mitigating actions. We performed an annual strategic risk assessment, reviewed the risk appetite and tolerance levels, and obtained Risk Committee approval. We also conducted a Group Exco risk workshop.

We intensified engagements with management by including them in strategic discussions within the Group.

We implemented a risk aggregation process and reviewed risk reporting to ensure meaningful assessment and value-add.

We identified and will continue to monitor risks relating to the FY2026 to FY2030 business plan.

We promoted combined assurance and collaboration in support of the OneTelkom approach. We ensured that key internal assurance providers adopt the risk management framework in their risk assessment.

We continued to enhance our combined assurance model to create efficiencies in managing risks that involve different assurance providers within the Group.

In line with the combined assurance model, we conducted a third-party risk assessment to establish gaps and associated mitigating actions from a combined assurance perspective. We also implemented combined assurance initiatives related to business continuity awareness, whistle-blowing, fraud awareness, health and safety, and compliance. (Refer to the combined assurance section on page 87).

We focused on maturing the ESG risk assessments, and emphasised the energy initiatives as a critical component of the ESG strategy. The regional risk assessments on the climate risks were completed. The findings will help Telkom proactively respond to climate-related risks. (Refer to the TCFD chapter on page 99.)

There was no undue or unexpected risk outside of tolerance levels, despite the macro-economic environmental instability remaining very high throughout the year due to external factors beyond Telkom's control. There are mitigating actions internally to reduce the impact.

Business continuity management

Telkom focused on maintaining and improving business resilience. Our infrastructure, business processes and emergency management procedures are flexible enough to protect stakeholders' interests and our brand and reputation.

The Group Emergency Management Team successfully dealt with the potential risks related to the 2024 national elections. Loadshedding was minimal, though it continued in some areas of the country.

Telkom did not experience any significant business disruptions that required focused resources in FY2025.

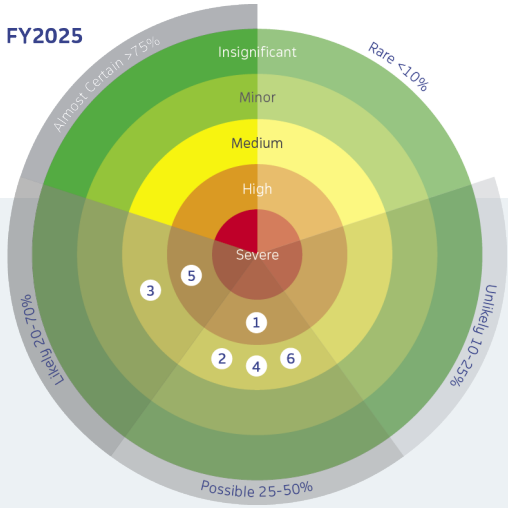
Our strategic risks

Telkom reviewed the Group's strategic risks based on three dimensions and in the context of its financial and non-financial strategic objectives:

1 Macro-environmental risks likely to impact Telkom's growth opportunities, such as economic conditions and ability to access funds.

2 Strategic risks with the potential to affect Telkom's business strategy/objectives. These are uncertainties or opportunities that could affect decision-making. They are crucial matters that the Board, shareholders and investors should be concerned about in relation to strategic intent.

3 Operational risks with the potential to impact critical operations, such as increased cyberattacks or supply chain disruptions.



The risk heatmap reflects the residual risk rating, which considers the mitigation controls in place.

The risk dashboard reflects the movement of strategic risks between FY2024 and FY2025.

	Description	Residual risk exposure FY2024	Residual risk exposure FY2025	Trend	Reason for risk movement
1	Market forces and disruption exacerbating competition pressures	High	High	↔	There is a pending introduction of policy direction that may introduce new entrants into the market, e.g. Starlink.
2	Inability to attract and retain a suitable and resilient workforce	High	Medium	↓	Telkom's employee turnover is within the risk appetite. Telkom continues to attract skilled talent from within and outside the industry.
3	Increased focus and scrutiny on ESG matters	High	High	↔	Telkom continues to implement its ESG strategy while addressing implementation challenges.
4	Financial sustainability	High	Medium	↓	Telkom demonstrated strong EBITDA growth and a strengthened balance sheet as a result of the Swiftnet disposal in FY2025.
5	Macro-environmental instability	Very high	Very high	↔	The macro-environment is negatively affected by geopolitical tensions and an uncertain economic outlook.
6	Inability to manage and meet material stakeholder expectations	Medium	Medium	↔	Significant progress was made in proactive stakeholder engagement and brand repositioning in FY2025.

Movement in our strategic risks compared to FY2024:
↔ Risk exposure remained constant ↑ Risk exposure deteriorated ↓ Risk exposure improved

	1 Market forces and disruption exacerbating competition pressures	2 Inability to attract and retain a suitable and resilient workforce	3 Increased focus and scrutiny on ESG matters
Risk definition	Telkom operates in a competitive and rapidly changing market. Increases in technological innovation, market deregulation, customer expectations, and new entrants in the connectivity space exacerbate this risk, putting pricing and product offerings under pressure. Failure to respond swiftly to competitive threats could negatively impact the Group's prospects, including its market share, relevance, revenue growth and profit margins.	How companies work, hybrid working models, customer behaviours and technology trends are changing. This requires talent that can provide a sustainable competitive advantage. Failure could result in loss of competitive advantage, increased employee costs and delays in achieving the Group's strategy.	There is increased focus on ESG matters due to the growing importance of sustainability matters in society, including increased awareness of climate change, social inequality and corporate misconduct. This could impact Telkom's financial sustainability and reputation and limit access to opportunities.
Mitigating activities and monitoring	- Continuously monitor the market and competitive landscape, using AI to gain further insights - Develop product offerings that appeal to customers and explore upselling opportunities - Develop and implement adaptive strategies focused on innovation - Investigate strategic partnerships to increase competitive advantage - Invest in technology that ensures agile and speedy solution delivery - Continuously identify and address operational inefficiencies	- Continuously implement the culture transformation journey - Implement the recruitment strategy to meet the demands of the business while allowing flexibility to align with market demand - Implement change management processes and enable a robust working environment - Continuously develop skills and career opportunities through the learning programme, succession planning and future skills programme - Continue with a hybrid work approach	- Continue to implement the ESG strategy - Continuously identify and monitor ESG risks and improve ESG maturity - Develop a sustainable procurement strategy - Completed a double materiality assessment incorporating input from external stakeholders - The ESG vision and strategy for 2030 will be revised
Assessment rationale and opportunities arising from managing risks	Telkom's ability to compete effectively is demonstrated through increased mobile subscribers, fibre homes passed and homes connected. There is still a challenge in the IT market segment due to competition. However, Telkom is implementing an improvement strategy. The risk remains high as competitors work hard to win over Telkom customers, as reflected in customer churn numbers. The pending introduction of policy direction on equity equivalent investment programmes in the sector may introduce new entrants in the market, e.g. Starlink, which may exacerbate this risk. Telkom strengthens its competitiveness through different strategies, based on the OneTelkom approach.	This risk declined to medium and within risk appetite. However, the risk of losing talent to competitors remains, as does the shortage of critical skills. The following contributes to retaining and attracting talent: - We were certified as a Top Employer in South Africa in 2025 - We have maintained a hybrid work approach since 2020 - Employees participate in innovation challenges - Our learning programmes, bursaries, learnerships and internships - Career growth prospects for talented employees through succession development See page 63 for more on our HR practices.	Telkom's ESG strategy is progressing well and will be revised in FY2026 (refer to page 37). We monitor ESG risks and report on them to various governance structures. Our external maturity assessment continues. We completed our first climate risk assessment. Although we have made significant progress, the risk remains high as some deliverables are in progress.
Strategic pillars	P V O T DS OE	O IWP	O IWP DP DS EC BS
Material matters	MM2 MM3 MM8	MM6	MM7

	4 Financial sustainability	5 Macro-environmental instability	6 Inability to manage and meet material stakeholder expectations
Risk definition	Maintaining financial capacity is crucial to sustain and grow operations while building financial resilience to manage unforeseen economic events. This risk is due to: - A depressed economic environment - Insufficient liquidity and/or cash flow deterioration - Inability to generate FCF - Customers not paying on time - Unsustainable leverage ratios	Socio-economic challenges impact consumers' quality of life and influence their attitudes, behaviours and preferences. Since consumers are critical to the Group's success, this instability could lead to levels of profitability and cash generation that are unsustainable. It could also impact shareholders' perspectives on future growth.	When Telkom fails to meet the material needs and expectations of its stakeholders, this can result in: - A diminished reputation - Loss of trust, investor confidence and access to capital - Customer dissatisfaction and loss of market share - Public backlash and potential boycotts of our products and services - Low employee morale, decreased productivity and increased employee turnover
Mitigating activities and monitoring	- Monitor cost-optimisation initiatives - Continue the data-led strategy to drive revenue - Maintain adequate debt headroom and disciplined capital allocation, with flexible capex investments and secured debt facilities - Use device financing to stimulate further growth in post-paid services while managing FCF - Efficiently manage bad debts - Maintain a sound governance framework that ensures transparent financial and operational frameworks and supportive credit ratios	- Monitor macro-economic indicators to guide financial decision-making and strategy execution - Monitor geopolitical developments and their effect on strategic execution and operations - Monitor trade receivables, bad debts and involuntary customer churn - Sustain a robust balance sheet to withstand fluctuations in the economy - Continuously engage with credit rating agencies and lenders - Increase collaborative efforts with social agents and foster private-public partnerships - Strengthen CSI	- Developed an integrated stakeholder engagement framework - Continue the brand refresh journey - Continuously monitor and track performance against stakeholder expectations, creating opportunities to revise plans, collect feedback and adapt to evolving needs to ensure alignment Read more in the stakeholder chapter on page 42.
Assessment rationale and opportunities arising from managing risks	This risk abated in FY2025 due to improved financial performance, as set out in the GCFO's report on page 17. We continually explore other revenue streams to reduce operational costs and improve profitability.	Macro-economic indicators showed some improvement in FY2025. Loadshedding was reduced, the GNU improved investor confidence, and inflation and interest rates decreased. However, unemployment remains high and customers remain under pressure to manage their debts and prioritise essential needs. Most of these factors are beyond Telkom's control. However, we can ensure that our products and services are competitive to reflect changing customer attitudes and behaviours. Telkom has introduced affordable mobile devices for low-income customers. Opportunities exist for products and services to improve the economy, and for community partnerships to address social issues such as the digital divide and grow SMMEs.	We made significant progress in proactively engaging strategic stakeholders, including government, regulators and investors. Our brand refresh to position Telkom as the brand of choice is ongoing. However, more work is required to include other stakeholder categories and improve our existing relationships.
Strategic pillars	P V O DP DS EC	P V O DP DS EC	P DP DS EC BS
Material matters	MM5	MM3 MM5	MM3

Compliance governance and oversight

Telkom is committed to comply with all applicable laws and regulations, and supports the application of non-binding codes and standards. This fosters stakeholder trust and safeguards the Group's long-term viability.

The Board, through the Group Risk Committee, oversees compliance risk management and internal controls to ensure compliance with legislation. We have a specialised team that oversees our compliance landscape, ensuring that we meet regulatory obligations and stay ahead of emerging legislation.

We confirm that no material or repeated regulatory penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations were reported in FY2025.

Our stringent compliance regime supports our combined assurance approach through three lines of defence and regular reporting. The compliance function also reports to the IT governance structures and the economic crimes forum on data privacy, cybersecurity and potential areas of non-compliance.

> **We have zero tolerance for regulatory non-compliance, fraud, bribery and corruption.**

The Group Exco annually reviews and approves the regulatory universe derived from our risk-based approach. This is an important part of our due diligence, strategic planning and risk management. It safeguards Telkom's compliance posture and allows us to drive innovation and growth within a sound regulatory framework. We also invest in comprehensive employee training to foster a culture of compliance and integrity.

The annual compliance plan supports the ERM strategy and objectives. It sets out plans to enhance the Group's compliance culture and monitor compliance risk management. We provide quarterly reports on the status of compliance deliverables to the ERM forum, integrated governance risk and compliance forum, Risk Committee and the Board.

We continuously monitor and report on the effectiveness of controls to ensure compliance with the Electronic Communications Act and applicable regulations. In response to growing data privacy concerns, we have strengthened our efforts to safeguard personal information.

We play a proactive and influential role in the regulatory space. This includes:

- Advocacy for regulatory balance between safeguarding consumer interests and flexibility to innovate and grow
- Participating in dialogues with regulators and policymakers and contributing our expertise to draft policies (e.g. RICA) that could impact the industry

We respect the personal information of our customers, employees and service providers. We are committed to safeguarding the personal information we handle.

Compliance with data privacy legal frameworks and information security standards is Telkom's priority. Two instances of unauthorised access to personal information (FY2024: 2) were reported to the Information Regulator, with limited exposure. Telkom immediately enhanced the control environment.

We received five customer complaints (FY2024: 5) from the Information Regulator regarding direct marketing. Telkom investigated all incidents, reported on the outcomes, and addressed the control environment.



Focus areas for FY2026

ERM

- Enable effective tracking of key risk indicators and mitigating actions
- Improve the ERM framework in line with risk management advancements
- Redefine organisational resilience by ensuring sustainable operations during disruptions
- Continue to support the ESG strategy by managing the associated risks
- Collaborate with the first line of defence in managing the Telkom business plan risks for 2026 to 2030
- Continue to embed the risk culture through training and awareness across the Group

COMPLIANCE

- Continue to monitor the top 10 regulations in line with the regulatory universe, with a focus on core legislation
- Continue to monitor any emerging regulations impacting Telkom

FY2025 performance

5

openserve

Telkom Consumer

BCX

Gyro

swiftnet

Productive capital	52
Openserve	52
Telkom Consumer	54
BCX	56
Gyro	58
Swiftnet	58
Intellectual capital	59
Human capital	63
Social and relationship capital	68
Natural capital	73



Productive capital

Performance

Openserve delivered on its strategic imperatives, underpinned by a sustainable revenue and channel mix, and achieved a 5.9% increase in its fibre data portfolio. Fibre-based services constitute 82% of total operating revenue (FY2024: 76%).

Openserve continued to enhance its operational efficiency, delivering cost savings through energy transformation and network simplification initiatives. It embraced digital innovation to streamline operations and establish itself as a frontrunner in the digital evolution landscape.

Key strategic focus areas

- Commercialise the network
- Scalable network
- Transform service delivery

Challenges

- Ongoing legacy voice decline
- Uncertain economic conditions
- Increased competition in the connectivity market



Strategic achievements

50.4% ↑ Market-leading connectivity rate in FTTH

Network simplification and implementing green energy solutions

5.9% ↑ Fibre-based data services revenue growth

Performance overview

Openserve's strategic channel diversification is yielding results. External revenue grew by 7.7% to R4 875 million, driven by a 9.2% (R333 million) increase in fibre-based products and services. However, overall revenue declined by 1.3% year on year to R12 349 million due to ongoing declines in fixed-voice services, interconnection services and legacy data revenue of 25.4% (R732 million). This reduction was largely offset by the growth of the fibre portfolio.

Openserve's strategic emphasis on cost optimisation enhanced its performance. EBITDA reached R4 005 million, a 1.8% increase from R3 934 million in FY2024, at an EBITDA margin of 32.4% (FY2024: 31.4%).

We made substantial progress in optimising costs through network simplification and energy transformation. Initiatives included consolidating sites to reduce power usage, decommissioning legacy network systems and installing solar power and lithium-ion batteries. A total of 1 244 sites are equipped with lithium-ion batteries and 326 with solar power, up from 800 and 50, respectively, in FY2024.

These efficiency measures, combined with minimal loadshedding, brought diesel costs down to R62 million, representing savings of R378 million.

Commercialise the network

Openserve increased the number of homes connected by 17.6% (104 103) to 694 630. This is an industry-leading connectivity rate of 50.4%. This rate reflects our efforts to drive our commercialisation strategy while leveraging infrastructure investments to meet the growing demand for high-speed connectivity.

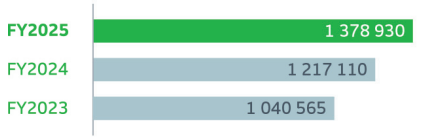
Openserve made further improvements across the broadband product portfolio to cater for its diverse customer base. We enhanced the Openserve WebStream offering by introducing a new entry-level speed and a free installation promotion for all Openserve Web Connect Prepaid and WebStream Prepaid customers.

We also enhanced our fibre-to-the-room solution with an affordable standalone offering that extends optical fibre to each room, achieving high-speed coverage throughout the home or business.

Homes passed with fibre

Number

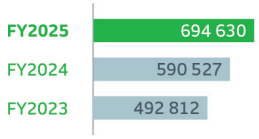
13.3%



Fibre homes connected

Number

17.6%



Scalable network

Balancing cost efficiencies while continuing to invest in infrastructure is critical to Openserve. We invested R2 535 million in modernising our network. This expanded our fibre footprint, resulting in a 13.3% (161 820) increase in the number of homes passed with fibre to 1 378 930.

Openserve continued to leverage its partnership with Google to extend its terrestrial routes further into South Africa. Work is underway to enable a fifth international point of presence via an undersea cable that will connect South Africa to Angola, and Angola to Brazil. This new route will further diversify South Africa's connectivity. It will provide resilience in case of breakage of other undersea cables, limiting the impact on customer connectivity.

Our proactive approach to network enhancement ensures we can accommodate the exponential increase in data usage while maintaining service quality and reliability.

Openserve's data consumption increased by 26.4% to 2 915 petabytes.

Transform service delivery

Openserve is committed to exceptional service delivery. We introduced new capabilities, such as the white label ISP platform. This platform provides an affordable, all-encompassing solution, enabling smaller ISPs to offer a seamless digital customer experience, from ordering to billing and assurance.

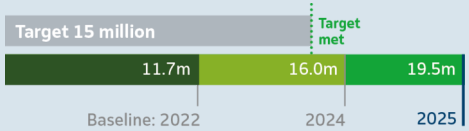
Through the ISP platform, Openserve can enable community-based ISPs and direct strong business-to-consumer brand positioning. This positions Openserve at the centre of the fixed home connectivity ecosystem.

Openserve delivered an outstanding network performance, with uptime reaching 99.92% for the access, 99.88% for the transport, and 99.99% for the core network layers. Our customer satisfaction metrics were strong, with iNPS increasing to 72.3 (FY2024: 69.7).

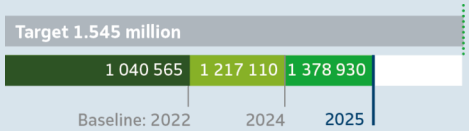
ESG: Empowered communities

EC

Customers connected to broadband and fixed wireless broadband by 2025



SA homes and businesses connected through our FTTx footprint by 2025 (homes passed)



Openserve is driving its open-access wholesale data connectivity to broaden access to affordable and inclusive digital connectivity, enabling a better life for all South Africans.

We continue to grow our product offering and fibre footprint in line with our connect-led strategy. This year, we connected 120 852 homes in underserved areas at a connectivity rate of 52%.

Outlook

Openserve will continue to accelerate fibre-based service adoption and increase its market reach through multiple channels while expanding its network. Our ongoing efforts to reduce costs through network simplification and energy transformation will continue to drive sustainable business value.

We will leverage digital transformation and leading-edge technologies to provide the best customer experience. Together with our resilient network, this positions Openserve for continued growth as it strives to become the leader in connected homes in South Africa.



Productive capital

Performance

Telkom Consumer's robust performance affirms the data-led growth strategy. We delivered market expansion, revenue diversification and strong customer loyalty, while strategic investments in digital innovation and network resilience drove sustained profitability.

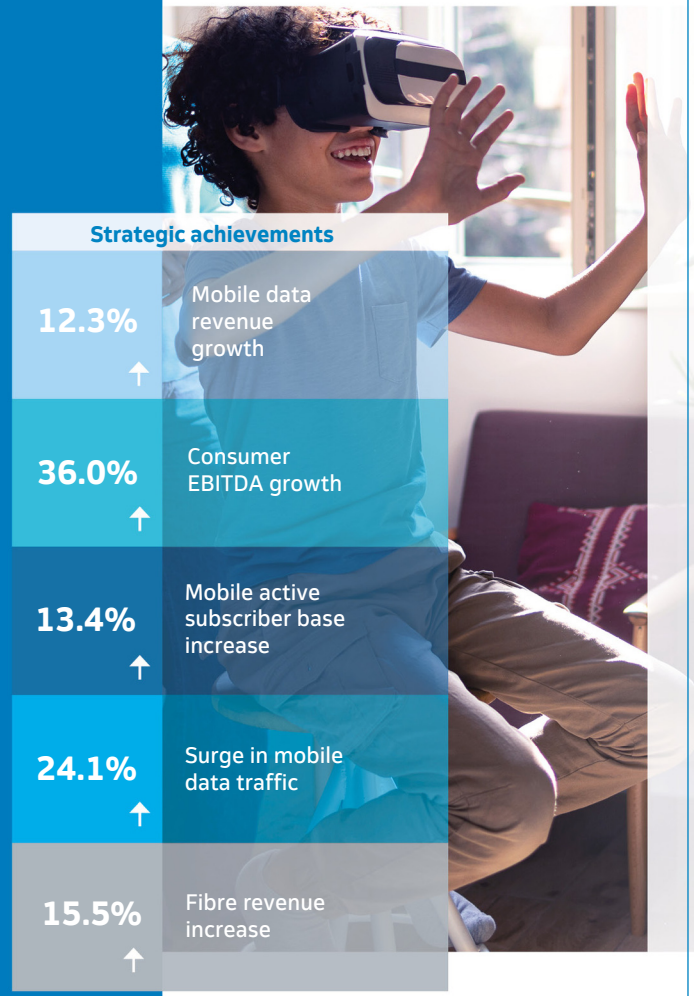
Key strategic focus areas

- Accelerate mobile growth
- Mobile network expansion and resilience
- Drive revenue through digital and financial services

Challenges

- High fuel costs exacerbating a constrained macro-economic environment
- Site vandalism and battery theft remain critical issues and continue to cause financial losses

Telkom Consumer



Strategic achievements

12.3% ↑	Mobile data revenue growth
36.0% ↑	Consumer EBITDA growth
13.4% ↑	Mobile active subscriber base increase
24.1% ↑	Surge in mobile data traffic
15.5% ↑	Fibre revenue increase

Performance overview

Telkom Consumer's operating revenue increased by 5.6% to R27 804 million, driven by advanced data analytics, optimisation of the product portfolio and the expansion of our distribution channels. External revenue from the mobile business rose by 8.3% to R24 448 million, largely due to a 10.2% growth in mobile service revenue to R20 965 million.

Our fibre portfolio continued to perform well, in line with the data-led strategy. Fibre revenue surged by 15.5%, driven by a 3.4% increase in subscribers and a 12.4% uplift in fibre ARPU (including internet).

Beyond Connectivity revenue grew by 1.4%, reflecting our efforts to improve customer stickiness and increase our share of the wallet.

Accelerate mobile growth

Our total mobile subscriber base grew by 13.4% to 23.2 million, yielding a blended ARPU of R78 (FY2024: R84). This was underpinned by strategic customer acquisition initiatives and sustained value extraction from our existing base.

In the post-paid segment, we maintained a stable subscriber base of 3.0 million with an ARPU of R186 (FY2024: R180), reflecting our ability to preserve high-value customers and enhance long-term revenue visibility.

In the pre-paid segment, subscribers increased by 15.4% to 20.2 million at an ARPU of R60 (FY2024: R65). The decrease in ARPU was attributable to non-metro regions that attract lower ARPU, but increased volumes. This underscores our effective market penetration, dynamic pricing and ability to maximise revenue per user while sustaining volume growth.

Despite a challenging operating environment, the mobile business delivered a robust 30.3% increase in EBITDA to R6 564 million, with an EBITDA margin of 26.7% (up 4.5 percentage points). This improvement was mainly due to increased service revenue and prudent cost management.

In FY2024, we implemented credit vetting measures of increasing credit scores and later re-vetting existing customers. Coupled with device management, this led to impairment of receivables declining by R205 million.

We continue to incur loadshedding-related costs, albeit to a lesser extent. The resumption of occasional loadshedding in the last quarter had a minimal impact on these costs.

Our ongoing commitment to cost discipline is underpinned by continuous refinement of operational efficiencies and strategic cost-optimisation initiatives.

At the broader Telkom Consumer level, EBITDA grew strongly by 36.0% to R5 567 million, with a 4.5 percentage point increase in the EBITDA margin to 20.0%.

Our mobile data subscriber base grew by 19.5% to 15.2 million and now comprises 65.7% of our total mobile subscriber base. This was fuelled by surging demand for seamless connectivity and value-optimised plans that resonate with our target market. Mobile data revenue increased by 12.3% to R16 065 million.

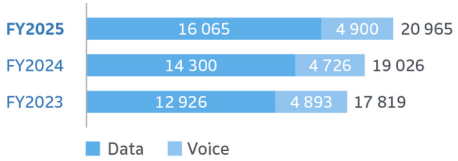
The year was transformative for our brand. We solidified our purpose-driven positioning and commitment to empowering customers through seamless connectivity. Our "Possible Begins Here" positioning strengthened brand equity and elevated customer loyalty. We were named Best Mobile Provider in South Africa by the 2024 Ask Afrika Orange Index®. Strategic collaborations drove a significant uplift in social media sentiment and reinforced our standing as the fastest-growing telecommunications provider.

We will continue this trajectory, redefining connectivity, fostering meaningful customer relationships and setting new benchmarks for service excellence.

Mobile service revenue

Rm

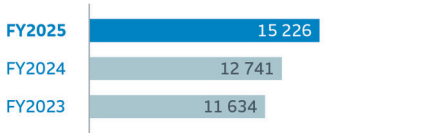
10.2 ↗



Broadband subscribers

'000

19.5% ↗



Mobile network expansion and resilience

Demand for data surged relentlessly, spurring a 24.1% increase in data traffic to 1 759 petabytes. We spent R2 792 million in capex on our mobile programme, primarily for capacity expansion given our subscriber growth. This investment facilitated an expansion of network coverage, which now encompasses 7 909 sites.

To alleviate pressure in high-demand areas, we advanced the deployment of multiple-input and multiple-output technology, scaling it to 722 sectors. A total of 1 757 sites are equipped with this technology.

We repurposed 122 sites from 3G to 4G through the reallocation of the 2 100 MHz spectrum. We also introduced 648 low-band sites to bridge coverage deficiencies, enhance indoor signal penetration and fortify 4G capacity.

We installed 2 481 lithium-ion batteries, mainly at high-revenue sites, to boost network resilience. We implemented "power and shelter solutions" at over 700 sites to enhance infrastructure security and mitigate risks of theft, vandalism and loadshedding.

Our voice over LTE traffic ratio increased from 57% to 65%, with independent evaluations confirming a marked improvement in voice quality. 5G device penetration surged by 22% to 1.3 million devices, underscoring the accelerating adoption of next-generation connectivity.

Drive revenue through digital and financial services

We reinforced our Beyond Connectivity strategy by expanding our value propositions, including:

- Airtime advance lending
- Insurance
- Advertising services

Revenue from Beyond Connectivity contributed R1 685 million to overall growth. The airtime lending segment remained a significant revenue driver, accounting for 31.1% of total pre-paid recharges. Approximately 11.8 million unique customers utilised this service.

Our insurance portfolio grew steadily by 3.9%, generating R292 million in revenue. This growth was primarily due to stronger device insurance sales and improved policy management and retention. It was aided by investments in more advanced digital services and a content platform to support these services.

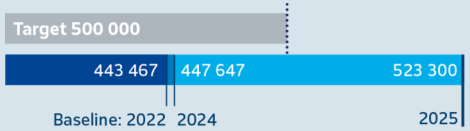
ESG: Digital services

DS

Customers with access to Telkom's diversified digital platforms by 2025



Businesses with access to digital platform solutions by 2025



Mo'Nice continues to be a key growth driver in our pre-paid segment, driven by increased adoption of personalised offers. More than 5 million subscribers access personalised offers though the Mo'Nice platform across our digital channels.

Over the past three years, we have experienced significant growth in customer adoption, validating the success of our strategic approach. These outcomes highlight the strong return on investment from our digital transformation efforts. Our objective to shift customers from staff-assisted to self-service channels is progressing as planned.

Outlook

We are confident in the robustness of our data-driven strategy and are well positioned to sustain growth and diversify revenue streams to Beyond Connectivity. Strategic investments in mobile and fibre technologies are set to accelerate the next phase of growth.

Our business is strategically positioned to enhance cash flows, support key initiatives and maintain a competitive edge. In line with our strategic goals, we will drive growth in the mobile broadband sector through leadership in fixed wireless access technology, while continuously optimising our product portfolio.

Productive capital

Performance

The strategic shifts of BCX are generating positive momentum. We focused on strengthening the business fundamentals, expanding our high-margin services portfolio and optimising the cost structure.

These initiatives reduced the cost to serve and enabled us to continue shifting our converged communications offerings to fibre-based platforms. As a result, we saw a marked improvement in performance during the second half of FY2025 and a stronger financial foundation overall.

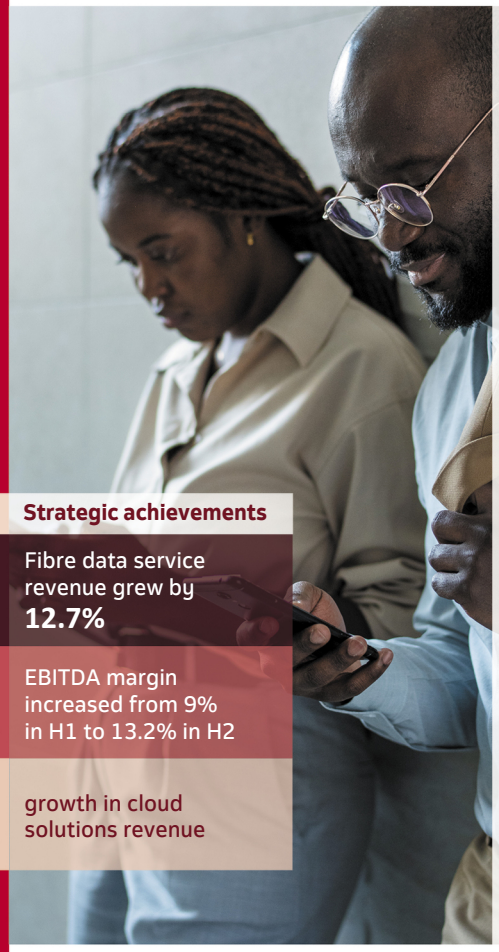
Key strategic focus areas

- Migrate clients to next-generation technologies
- Shift to higher-margin IT business
- Improve the service/product sales mix

Challenges

- Product mix impacting EBITDA performance
- Challenging macro-economic environment continues to constrain IT spend

BCX



Strategic achievements

Fibre data service revenue grew by **12.7%**

EBITDA margin increased from 9% in H1 to 13.2% in H2

5.8% growth in cloud solutions revenue

Performance overview

Our performance for the year reflects a transitional period, with encouraging signs of recovery towards the end of the year. The second half saw a positive shift in momentum, with BCX experiencing growth across its key metrics compared to the first half. Specifically, total revenue increased by 1.2%, and EBITDA rose by 48.8%. This helped moderate the overall revenue decline to 4.4%, resulting in total revenue of R12 346 million as we reshaped the revenue mix towards higher-margin IT services.

A key driver of the improved performance was the **IT Services** portfolio, which delivered 2.6% growth and reinforced BCX's shift toward higher-value offerings. This increase was mainly driven by strong demand for cloud and IoT solutions. Revenue from managed cloud services climbed by 5.8% and IoT services grew by 1.5% as clients expanded their adoption of connected, data-driven technologies. Application solutions saw a 2.0% increase, reflecting a tough market and muted growth compared to FY2024, which had benefited from one-off SAP implementation projects. However, cybersecurity services contracted by 27.6%, underperforming expectations in a market that remains a strategic focus for future growth.

The deliberate moderation of **IT hardware and software sales**, which was accelerated in the second half, along with an increase in sales classified as agent revenue, resulted in revenue from this portfolio declining by 23.7%. As a result, BCX reduced the working capital consumption that characterised prior years, with far less cash tied up in inventory and receivables. The strategic rebalance of this business improved overall financial efficiency and aligns with our initiative to improve working capital and profitability.

Revenue

Revenue total

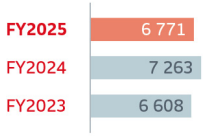
Rm

4.4



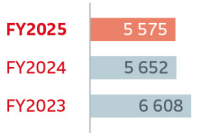
IT business

Rm



Converged Communications

Rm



International business revenue declined by 4.7% to R667 million as a result of a higher portion of revenue being classified as agent revenue. Additionally, the performance was impacted by economic turbulence in many of the African countries we operate in and the clean-up of ageing inventory and receivable balances. The clean-up positions the business for a healthy performance in the coming financial year.

The decline in **Converged Communications** revenue slowed down from the levels reported in the prior year and first half, decreasing by only 1.4%, reflecting the deliberate migration of clients from legacy services to fibre-based platforms. This proactive transition temporarily reduces revenue, but fundamentally enhances the business mix. Currently, 79% of data services (which grew by 12.7%) and 37% of voice services revenue are delivered over fibre platforms.

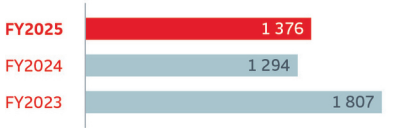
The growing prevalence of fibre in the network is already lowering the cost to serve and enhancing customer experience through more reliable, higher-bandwidth connectivity. The fibre-centric pivot is critical to the communications portfolio's long-term growth, even though it entails a short-term impact on revenue during the migration phase.

BCX generated EBITDA of R1 376 million before restructuring costs of R157 million, an increase of 6.3% from FY2024, representing an adjusted EBITDA margin of 11.1%. Notably, performance accelerated in the latter half as the EBITDA margin rose to 13.2%, reflecting early gains from the cost transformation programme.

EBITDA

Rm

6.3%

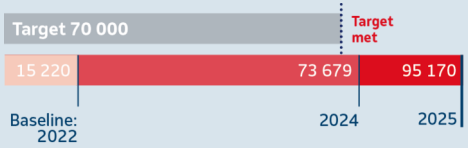


The proactive management of receivables resulted in the impairment of receivables declining by R24 million. BCX optimised its facilities footprint, reduced employee costs, and deployed generative AI-driven automation. Together, these actions streamlined operations and lowered the cost to serve, contributing to sustained gains in margin and cash flow.

ESG: Digital planet

DP

IoT devices deployed by 2025



We have successfully deployed 95 170 IoT devices, surpassing our goal and demonstrating our commitment to leveraging technology for sustainable development.

We also initiated several measures to enhance the monitoring of utilities, including electricity, gas, steam and water, as well as environmental conditions. By implementing advanced monitoring systems, we aim to achieve greater transparency and efficiency in our utility consumption. This initiative will help us identify and address inefficiencies, reduce our carbon footprint, and more effectively conserve natural resources.

Outlook

Looking ahead, BCX is poised to capitalise on the foundational improvements achieved during the year. With strategic initiatives aimed at expanding high-margin IT services, enhancing operational efficiency, and leveraging advanced technologies like generative AI, BCX is well positioned for sustained growth.

Investments in reskilling the workforce, embedding new ways of working, and deepening customer insights will drive seamless experiences and maximise life cycle value. BCX plans to further strengthen its go-to-market capabilities, broaden the scope of service offerings, and position XaaS opportunities effectively to meet evolving client needs.

By continuing to optimise cost structures, fostering innovation through own-IP platforms, and migrating to fibre-based communications, BCX is set to unlock greater profitability, growth and value creation in FY2026.

Productive capital

Gyro successfully disposed of non-core properties through three public auctions held during the year. These included properties previously earmarked for property development.

The conveyancing process was accelerated to ensure the transfer and registration of significant high-value properties in FY2025.

A total of 57 Gyro and Telkom-owned properties were transferred, yielding cash proceeds of R730 million.

As at 31 March 2025, 30 properties with sales proceeds of R280 million remain in the conveyancing process. These include 28 properties that were auctioned in December 2024 for proceeds of R125 million.

Gyro

Key strategic focus areas

- Commercialise the property portfolio and dispose of non-core properties
- Reduce building costs and enhance operational efficiencies

Challenges

- Increasing energy costs
- Vandalism and illegal occupation in view of dispersed property portfolio

ESG: Operational efficiencies

OE

We made significant strides in ESG, including the circular economy. We continued to enhance the resilience and energy efficiency of Telkom's network and operations while reducing carbon emissions.

We reduced diesel consumption by 78% due to limited loadshedding and successful diesel optimisation projects. This lowered emissions and reduced operational costs.

Outlook

All 30 properties that were under conveyancing at 31 March 2025 are expected to be transferred in FY2026.

The exit and disposal of non-core properties is expected to continue in FY2026. This will further streamline Telkom's property footprint, optimise property operating costs and enhance the Group's liquidity position.

Property sales in FY2026 are not expected to yield the same level of proceeds, as most of the high-value non-core properties were sold in FY2025.

Swiftnet continued to grow and commercialise the masts and towers portfolio and organically grow the co-location business while scaling up the PaaS offering.

Effective 31 January 2025, in line with the Group's Value Unlock Strategy, Telkom disposed of its 100% equity interest in Swiftnet. The buyer was an infrastructure fund managed by TowerCo BidCo (Pty) Ltd, a subsidiary of Actis LLP, with Royal Bafokeng Holdings (Pty) Ltd as its B-BBEE partner.

swiftnet

Key strategic focus areas

- Optimise and grow the masts and towers portfolio
- Build new towers to meet the demand of mobile network operators (MNOs)
- Expand the range of products and services offered

Challenges

- Ongoing loadshedding costs have impacted clients' profitability
- Clients (MNOs and non-MNOs) are prioritising capex for power security over network expansion
- Increasing theft and vandalism as high-value backup power systems are built

The effective date of the Swiftnet sale transaction was 31 January 2025. The operational and financial performance for the 10-month period ending 31 January 2025 was as follows:

- 15 new towers built and completed and eight towers under construction, resulting in 4 012 productive towers
- Continued focus on PaaS, with 501 PaaS solutions built
- Revenue increased by 11.7% year on year to R1 221 million. PaaS was a significant contributor. Growth was also augmented by inflationary increases, new tenancies, 5G expansion and antenna upgrades by Swiftnet clients
- EBITDA increased by 12.0% to R912 million at a strong EBITDA margin of 74.7%

Outlook

In view of the completed sale transaction, Swiftnet is being treated as a discontinued operation in Telkom's FY2025 financial results and will not form part of the Group's future reporting.

Intellectual capital

Markets around the world, including South Africa, showed clear signs of being reshaped by the disruptive technology of the fourth industrial revolution.

Telkom's technology and information strategy focuses on progressing our digitalisation efforts, initiating holistic, Group-wide digital business transformation, and exploring the opportunities presented by AI.

Performance snapshot

Highlights of FY2025

- **Streamlined revenue processes**, reducing order processing time to under two days and improving billing stability
- **Optimised order management**, billing cycles and customer experience through an integrated wholesale business support systems (BSS) application
- Finalised a **Group-wide digital strategy** aligned with the PIVOT and ESG strategies to strengthen Telkom's role in the digital transition
- **R46 million** invested in research, development and innovation

Key strategic focus areas

- Product and service transformation
- Operational efficiency and cost optimisation
- Technology governance and enterprise resilience
- Customer experience
- Digital business transformation
- Artificial intelligence
- Our investment in research, development and innovation
- Our brand equity

Digitalisation

Telkom has invested steadily in integrating technology and data in the front and back offices of our business. These digitalisation initiatives enable us to:

- Amplify or transform existing products and services
- Improve operational efficiency and optimise costs
- Enhance governance and enterprise resilience
- Enhance customer and user experience through innovative, differentiated experiences

Product and service transformation

Digital self-service

Openserve introduced several technology-enabled self-service capabilities, such as:

- The Unified Partner Platform – A digitally led omni-channel experience that enables wholesale customers (ISPs) to manage offers and users with easy-to-use streamlined processes
- Enhancements to the Openserve Connect App to improve self-service enabled customer interaction
- The Openserve Technician App – A secure digital platform that gives technicians essential self-service capabilities, driving major improvements in fulfilment and assurance metrics

Technology modernisation

Telkom Consumer continued its multi-year programme to upgrade critical elements of its core platform, including the e-business suite, enterprise data warehouse and BSS.

Development also started on the Telkom Super App and Digital Marketplace (YEP) with features designed to increase digital sales, reduce call centre volumes, and accelerate time-to-market for new products.

Operational efficiency and cost optimisation

Shared service enhancements

Telkom's shared services model and enterprise architecture were enhanced to improve the speed and efficiency of internal processes, reduce redundancies and ensure seamless system interoperability.

In addition, we reshaped our third-party application maintenance contracts for critical shared systems that yield a significant saving per year. This is part of our ongoing technology cost-optimisation initiative.



BSS and operational support systems (OSS) transformation

Openserve's OSS transformation programme continues to modernise its operational environment to improve efficiency, promote simplicity and standardisation, and automate processes.

In September 2023, the first phase of the OSS project delivered the fibre national private leased circuit products in our carrier links' next-generation network portfolio. Following rigorous planning, the second phase commenced in December 2024. It covers a broader range of products, services and technologies.

Planning for the third phase is underway, with a focus on gigabit passive optical network-based services fulfilment. It will also incorporate a unified inventory system, enabling simpler fulfilment processes.

In parallel, the Openserve BSS transformation project yielded significant benefits:

- Order capturing is seamless and significantly faster, with the product catalogue and product construct embedded. The order processing period was reduced to less than two days after customer sign-on, a marked improvement
- Billing operations remain stable and on schedule, ensuring timely invoice delivery and improving collections. The average debtor days remain on target due to realised efficiencies
- Customer queries decreased significantly post-implementation, indicating an improved customer experience
- Product launches became more efficient. For instance, the broadband speed update in December 2024 was completed within two weeks, a significant improvement

Data-driven insights

The use of actionable data insights, machine learning and predictive analytics was central to improving operational efficiency at Openserve. A cloud data platform provided insights for focused marketing campaigns that identified target areas. This contributed to an improved fixed-line active service and fixed-line connected home rate.

We established a model for proactive assurance management that optimised technician dispatch and enhanced service quality through predictive maintenance.

Cloud transformation

BCX completed its transition from traditional on-premises infrastructure to a modern, cloud-based architecture, integrating workforce analytics and Employee Central Payroll solutions. This transformation optimised internal operations and workforce management and enabled delivery of seamless, responsive and data-driven solutions to customers.

Order-to-cash transformation

Openserve continued to execute its order-to-cash transformation programme. This aims to streamline revenue processes and enhance financial performance by reducing cycle times and optimising the customer journey from order placement to invoicing.

The initiative enabled Openserve to optimise billing cycles, financial account management, and order-to-cash processes through an integrated wholesale BSS application. It improved operational efficiency and enhanced customer experiences through automation and seamless integration with digital channels and client systems via APIs.

Technology governance and enterprise resilience

Our focus on technology governance and enterprise resilience ensured we had no major technology-related disruptions. This contributed to Telkom's reputation as a highly resilient and reliable ICT service provider.

Technology oversight and leadership

The Board strengthened its oversight of technology by establishing a focused Technology Committee (page 85). Telkom appointed a Group Chief Digital Officer, Sello Mmakau, in April 2024 to lead and accelerate our technology playbook transformation.

Information security risk and governance

We continued to implement our proven risk-based approach to information security, staying agile in the evolving technology landscape amid potential emerging risks. We strengthened our information security governance and management system by reviewing and aligning our information security strategy with regulatory changes and leading industry practices and benchmarks.

Improvements in FY2025 included:

- Enhancing our data loss prevention capabilities in both on-premises systems and cloud services
- Progressing towards replacing outdated technology by migrating to zero trust network access
- Advancing our information security operations centre's monitoring capabilities to ensure 24/7 aggressive threat monitoring and detection
- Implementing robust due diligence processes to ensure third parties comply with our security, compliance and performance standards

Customer experience

We continued to provide customers with innovative, differentiated experiences through data-driven insights.

Data-driven customer experience

Telkom developed and launched Bafo, an AI-powered platform designed to improve the efficiency of our contact centres and the end-user experience. Bafo was built on the foundation of our earlier investment in speech analytics and large language models that can operate effectively within the African context.

We developed an AI-powered Voice of the Customer platform that provides comprehensive insights into our customer experience. The platform leverages behavioural economics and consumer analysis, together with our custom AI models, to generate insights that will shape future products and consumer engagement strategies.

We also launched a new Policy Chatbot, an AI-powered, internal HR solution that improves the employee experience when interacting with Telkom's policies and procedures.

Data-driven enterprise customer experience

The Microsoft Fabric transformation at BCX has translated into faster, more accurate and actionable insights into the experience of enterprise customers. This enables BCX to deliver personalised services, improve response times, and develop solutions tailored to customers' evolving needs.

Digital business transformation

Holistic digital business transformation is a strategic imperative to enable our growth and long-term sustainability. It will enable us to use our digitalised front- and back-office capabilities to reimagine our business and operating models. This will create new customer and business value through innovative digital products, services, platforms and ecosystems.

Group digital business strategy

Telkom initiated a Group-wide technology diagnostic and strategic review during FY2025. The aim was to reimagine Telkom's potential and value to customers and other stakeholders when seen through "digital-eyes". The review considered how best to respond to current business challenges and technology needs. It also sought to anticipate what the future business will need to be sustainable in a digitally transformed world.

A Group digital business strategy was developed through this process. It includes a digital business vision and blueprint, and designs for a fit-for-purpose technology operating model and enabling enterprise architecture that align with Telkom's long-term objectives.

Alignment with the PIVOT Strategy

The Group digital business strategy aligns with and accelerates Telkom's PIVOT Strategy, as it:

P Provides enabling technology and data capabilities to realise the full potential of our partner ecosystem

I Enables Telkom to reimagine customer value propositions to ensure they are relevant in the digital era

O Uses technology-centric thinking to optimise our operating model and lower cost to serve

V T The strategy also considers Telkom's core telecommunication platform, our affordable broadband solutions and state-of-the-art network assets that provide us with:

- A strong customer base to which we can market new digital offerings
- A country-wide distribution network
- Significant data assets (structured and unstructured) to fuel next-generation data-led, AI-enabled digital offerings

We will start implementing the Group digital business strategy in FY2026. This will be our key priority going forward.

Artificial intelligence

AI has immense potential to help Telkom optimise our value chain and unlock new growth opportunities. However, it comes with new societal and business risks that need to be carefully considered and managed. These risks are counter-balanced by the growth of network traffic and changing customer requirements that make traditional systems inadequate for an AI future.

We began to define the nature of Telkom's future business relationship with AI through the Group digital business strategy.

We have three strategic AI considerations – for Telkom to be a consumer, a contributor and a producer.

Telkom as an AI consumer

We have begun and will continue to explore opportunities to integrate AI-powered applications in our front- and back-office processes. The aim is to amplify and transform our existing products and processes, improve efficiency and deliver differentiated customer and colleague experiences.

We are developing an AI policy to establish the framework for responsible use, good governance and internal control. This will create an enabling environment for AI to proliferate safely and sustainably across the Group.

In parallel, the business units have adopted an exploratory approach. They are experimenting with and learning from focused AI use cases before scaling their use.

Telkom as an AI contributor

Our research in FY2025 found opportunities for Telkom to develop, operate and market a new breed of cloud-based, data-intense, AI-powered digital solutions for our enterprise customers. The solutions can utilise available third-party AI platforms that can be linked to and leverage the scale of our core data and distribution assets.

We are exploring options for enabling algorithmic access to Telkom's vast data assets while preserving privacy. This would further cement our position as a key South African AI contributor.

Telkom as an AI producer

We see an opportunity for Telkom to operate as a downstream AI infrastructure player. We believe Telkom has a role to play in enabling "AI last mile". Through our advanced connectivity infrastructure and modern local data centres, we believe we can support the distributed processing of AI-related workloads by global players operating in our market.

We will explore this opportunity further in FY2026, taking care to balance prudence and innovation.

Our investment in research, development and innovation

Telkom invested R46 million in innovation, industry research and development, and academic research to enhance customer experience and develop cutting-edge innovations by leveraging AI.

Driving customer-centric innovations

Through the Telkom Innovation office, we are seeing green shoots from our investments. These include the Bafo and Voice of the Customer platforms discussed on page 60.

We conducted an in-depth diagnostic study on the operational efficiency and customer experience of our customer acquisition technologies and processes. This extensive research supports technology, automation and process redesigns to enable evidence-based solutions to streamline sales, accelerate onboarding, and reduce the cost of customer acquisition.

Developing intellectual capital in South Africa

Telkom's investment in academic research at South African universities continues to drive cutting-edge ICT research that is shaping the future of industry and solving pertinent societal challenges.

Our inaugural Telkom/National Research Foundation (NRF) FutureTech flagship grants covered:

- Large language models for South African languages
- 5G technologies in remote and rural areas for essential services
- IoT and virtualisation solutions for network-integrated smart agriculture

Our Centres of Excellence (CoEs) are researching and developing high-impact solutions, including:

- IoT and AI tools for visual and hearing-impaired individuals
- Network technologies for biodiversity conservation
- Sensors and geotechnical monitoring of infrastructure to prevent catastrophic damage or failure

Refer to the chapter on social and relationship capital on page 68 for details on these programmes.

The Telkom Innovation Challenge

The Innovation Challenge reflects Telkom's commitment to investing in employees and cultivating a culture of innovation.

There was a significant increase in employee participation (100 ideas submitted versus 57 in FY2024) in the second season of the Innovation Challenge.

Season one winners continue to progress, with several ideas, including Bafo, being implemented.

Our brand equity

Telkom leverages several tools, services and policies to ensure the purposeful impact of our brand and reputation in the market. These include:

- Policies and evaluation metrics to align brand activity with the business purpose and vision
- Tools to stay "on the pulse", ensuring intentional steps for brand impact, shared value and reputational resonance
- Tools and services that ensure an "outside-in" approach to business operations guided by the voice of our customers, driving continuous improvement in customer satisfaction



Our brands

Openserve is at the heart of connectivity and has successfully built and run high-speed broadband networks that link banking systems, hospitals, schools and every part of society.

Telkom Consumer focuses on consumer and SMME solutions such as fixed and mobile broadband services, voice technology and related value-added services.

BCX is Africa's premier end-to-end digital solutions partner, enabling enterprises to future-proof their business.

Gyro provides two business services – property management services and property development.

Our awards and recognition in FY2025

Telkom and BCX were both certified as a Top Employer in South Africa.

Telkom was ranked as the leader in high-scoring value plans by Tarifica, an independent global pricing and research firm.

Telkom was named Best Mobile Provider in South Africa by the 2024 Ask Afrika Orange Index®.

Telkom and Levergy won a Gold Award for effectiveness at the WARC Awards.

BCX won the Emerging Market SASE Partner of the Year Award.

Analytico's Brand Health survey recognised Openserve for the best service delivery.

Openserve's efforts in sustainability and carbon emissions reduction were recognised by IDATE Digiworld. This work done through our Smart Central Office Initiative was widely praised as setting an example for the global industry.

Telkom ranked "Excellent" for the eighth consecutive year at the EY Integrated Reporting Awards in September 2024, recognising progressively higher adherence to the spirit of integrated reporting.



Human capital

Telkom cultivates an engaged, high-performing workforce by continuously enhancing employee experience, skills development and workplace culture.

Through strategic workforce planning, recognition programmes and targeted learning initiatives, we equip our people to drive business growth and strengthen our position as an employer of choice.

Performance snapshot

KPIs and key measures for FY2025

- Employee voluntary turnover: **5%**
- Training and development spend: **R166 million** Ⓐ
- Number of unemployed graduates, interns and learners supported: **532**
- Number of employed learnerships and internships: **810**
- Employee diversity statistics: **72% Black** and **33% female**
- Women in leadership positions: **35.5%** Ⓐ
- Total recordable injury frequency rate[1]: **0.57** Ⓐ
- Lost-time injury frequency rate[2]: **0.46** Ⓐ

Key strategic focus areas

- Workforce planning
- Performance and growth
- Employee experience
- Sustainability
- Culture transformation

[1] *Calculated as the number of recordable injuries over the number of person hours worked, multiplied by 200 000.*

[2] *Calculated as the number of lost time injuries over the number of person hours worked, multiplied by 200 000.*

Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report available online.*

Telkom's human capital strategy

Our human capital strategy enables a positive business experience by aligning employee and customer strategies across business units. It is grounded in an agile, business-led, HR-enabled approach. We refreshed the strategy to better align with evolving business needs.

The revised strategy has four key pillars. These are underpinned by Telkom's ongoing culture transformation journey, Group shared values, and integration of HR technology and analytics to enhance decision-making and efficiency.

Our strategic ambition	Developments
1. Workforce planning	
We conduct strategic workforce planning to ensure the right skills are in place for current and future business needs. We continually optimise workforce structures and processes for efficiency. We aim to attract and retain top talent aligned with our capability requirements and culture.	Telkom initiated a strategic workforce planning project to ensure that we have people with the right skills in the right places at the right times to achieve our current objectives and future growth and transformation ambitions. The project was launched in November 2024 and runs until September 2025 in three phases: **Phase 1** was completed in March 2025 and focused on aligning senior leadership with the project's vision and objectives. One-on-one and group sessions covered strategic goals and workforce needs. A leadership review identified critical capabilities, scarce skills and key roles required for future priorities. The outcome outlined current leadership capabilities, future requirements, gaps, and a leadership risk mitigation plan. **Phase 2** will focus on piloting and rollout to key areas of the business. **Phase 3** will concentrate on extending the rollout to other areas of the business. Both these phases, along with project close-out, will be completed in FY2026.

Our strategic ambition	Developments
2. Performance and growth	
Total reward programmes ensure employees are fairly rewarded. Talent and succession planning builds a strong leadership pipeline. Ongoing learning and development supports continuous skills enhancement. Performance management aligns individual contributions with business goals. Recognition initiatives celebrate high performance and desired behaviours.	In March 2024, Telkom launched a series of recognition programmes led by individual business units to celebrate employees who consistently demonstrate the Group's shared values. Each business unit tailored its programme to its unique culture while reinforcing the collective OneTelkom vision. In May 2024, we relaunched our Spotlight Awards, which give on-the-spot recognition to individuals and teams for their exceptional contributions to Telkom's success and the OneTelkom vision. Since the launch of the OneTelkom Group Recognition and Reward Programme, we have received over 250 nominations from various business units. A total of 39 winners were voted for by their colleagues. We awarded 552 Spotlight Awards to individuals and teams for their exceptional contributions aligned with our shared values and business objectives. Telkom spent R166 million on training, with a focus on leadership and future skills. We continued to build a Learning4Growth culture through online learning, mentoring, coaching and training, such as Back2Basics for leaders. In total, 799 employees benefited from structured learning programmes. In FY2026, we will upskill and reskill employees in line with our strategic workforce plans. Highlights of our initiatives include the following: - 220 women, from junior to executive leadership levels, are on our unique Female Leadership Development programme and Women in Operations programme - The launch of X-celer8, a 12-month programme designed to fast-track the growth of internal talent and succession pipelines - Our graduate internship programme, Elevate, had a second intake of 79 interns





Our strategic ambition	Developments
3. Employee experience	
We foster leadership and employee engagement to enhance the employee experience. We focus strongly on diversity, equity and inclusion. We prioritise employee wellbeing through holistic support. We position Telkom as a desirable workplace through employer branding initiatives aimed at improving our Top Employer status.	We held three engagement sessions with the top 150 leaders. This enabled leaders to connect around the Group strategy, embrace the OneTelkom vision, and discuss transformational leadership. The FY2025 employee engagement survey measured various aspects of Telkom's organisational culture to provide insights into the overall employee experience. The survey assessed employees' perceptions of diversity, equity and inclusion and the extent to which these principles are integrated into policies and practices. It evaluated employee engagement, wellbeing, perceptions of the work environment and organisational culture, remuneration, reward and development opportunities, and Telkom's overall reputation. Employee participation in the survey was 65%, an 8% increase from FY2024. The employee NPS improved across all key areas, including perceptions of Telkom as a great place to work, confidence in the Group's products and services, and satisfaction with the work environment. The employee engagement score measures employee mindsets. It found that 86% of employees were prepared to "walk the extra mile" or go beyond the scope of their roles, 12% were "fulfilling what is required", and 2% were "quietly quitting". The improved results demonstrate stronger commitment and a greater sense of unity across the Group. The employee wellbeing section indicated that 68% of employees are satisfied with our approach to employee wellbeing; 74% of employees feel safe in their work environment; and 70% indicated that Telkom provides resources or programmes to manage work-related stress. Telkom was certified as a Top Employer in South Africa by the Top Employers Institute for the third year in a row, and BCX for the fourth year in a row.

Our strategic ambition	Developments
4. Sustainability	
We are actively driving B-BBEE transformation and have strengthened our female leadership pipeline to advance gender equity. We engage stakeholders to foster strong internal and external partnerships. We also take a proactive approach to identifying and addressing people-related risks through systemic risk management.	Telkom continued to foster a more inclusive and representative leadership team, advancing overall transformation across the Group. We retained our Level 1 B-BBEE rating and increased female representation in leadership to 35.5% (FY2024: 34.1%). These efforts align with our values and are critical for our long-term sustainability and resilience. We are intentional about creating opportunities for female leaders while ensuring operational efficiency and business sustainability.

Workforce overview

Telkom continued to optimise its workforce in FY2025, with the number of permanent employees decreasing to 9 509 following the S189 process concluded at BCX. Despite this, we achieved steady improvements in our diversity profile.

Female representation increased slightly, while representation of Black South Africans grew 1% year on year over the last three years. We continue to foster an environment that mirrors the country's demographic makeup, with South African female representation at 33% and Black representation at 72%.

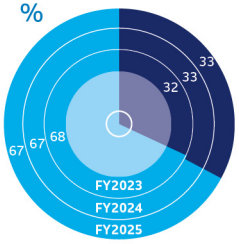
Voluntary turnover remained stable at 5%.[1] We will continue to build a more representative and future-ready workforce through strategic workforce planning.

[1] *Voluntary turnover includes voluntary exits such as resignations and retirements, and excludes Company-initiated losses such as retrenchments and inter-company transfers.*

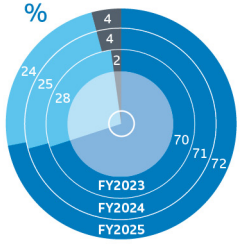
Permanent employees (number)

FY2023	FY2024	FY2025
11 624	9 877	9 509

Gender diversity of permanent employees



Race diversity of permanent employees



Employee voluntary turnover (%)

FY2023	FY2024	FY2025
5	6	5

Number of differently abled employees (number)

FY2023	FY2024	FY2025
104	118	120

Females in leadership roles increased to

35.5%

CASE STUDY
Uniting teams, living our values

The OneTelkom Challenge Series serves as a dynamic platform to embed Telkom's shared values – collaboration, customer centricity, accountability, agility, and simplicity – while bringing the Group together. Collaboration anchors the series, reinforcing the need for synergy across business units and the shift towards a unified OneTelkom mindset.

This six-part series features two teams made up of employees from various business units, competing in challenges that bring these values to life. The format intentionally breaks down silos, encourages teamwork, and generates momentum through healthy competition.

- **6 612 employees** engaged with the Challenge Series

The journey as OneTelkom has only just begun, but already the results are outstanding in terms of how employees are experiencing the workplace and contributing to overall achievements. Results from the 2024 Employee Voice survey show year-on-year increases in customer centricity, accountability and collaboration – ranging from 3% to 9% – signalling growing traction in how these values are lived. Supported by regional in-person and online engagement sessions, the Challenge Series is deepening cultural alignment across the Group.

Post-series feedback indicated strong alignment among ratings from employees, leaders and participants. This underscores the role of the series as a cultural activation tool that strengthens cohesion and supports performance across the Group.

Managing talent

Talent acquisition

In FY2025, we strengthened our diversity, equity and inclusion, addressed the risks associated with an ageing workforce, improved our succession bench strength for some key roles, and filled some gaps in our leadership structure.

In the last quarter, we began a strategic shift from traditional, reactive vacancy-based recruitment to more forward-thinking, targeted and strategic talent acquisition. This transition is grounded in comprehensive workforce planning and the alignment of our talent strategies with evolving business needs. It allows us to fill vacant roles while cultivating the right mix of skills and capabilities. In doing so, we are building a workforce that is aligned with our future goals, agile in capability and composition, and equipped to thrive in a digital-first environment.

Our future acquisition will use a variety of tools and strategies to attract technologically savvy, digitally enabled professionals who can drive innovation and support our long-term growth objectives.

Succession planning

We have a robust talent management and succession planning framework to mitigate vacancy risk. When leadership exits occur, our succession plans ensure business continuity, enabling us to seamlessly move internal talent into the relevant roles, either as full replacements or in an acting capacity as emergency replacements.

Our talent mapping process ensures we have 100% succession maps in place for executive leadership roles. While our succession bench strength at senior executive level needs more focus, 83% of successors are African and 42% are female.

Our talent framework feeds directly into our learning plans. This ensures we proactively invest in and develop future successors for key roles in the business.

Our leadership investments aim to fast-track the development of these successors to increase our bench strength.

Learning and development

Telkom continued to invest in learning and development, guided by a strategy built on three pillars:

1. Developing future-fit leaders and an internal pipeline of solid leaders
2. Equipping employees with future-focused skills through upskilling, reskilling and multi-skilling initiatives
3. Fostering a culture of continuous learning through our Learning4Growth programme

We launched the Back2Basics People Leadership programme to strengthen core leadership capabilities in Telkom Consumer and the Corporate Centre. The programme was developed in response to low employee engagement scores, particularly in manager-employee relationships. It aims to equip leaders with skills to build high-performing, engaged teams.

The initial rollout was well received, with 91% of participants indicating increased confidence in applying leadership fundamentals. Early feedback highlights:

- Improved engagement levels in participating teams
- Enhanced ability of managers to handle difficult conversations and provide constructive feedback
- Stronger collaboration across teams, fostering a more inclusive leadership culture

Further rollouts of the programme are planned for FY2026.

Telkom awarded 162 new bursaries for the 2025 academic year, investing R7.8 million in part-time bursaries. Further to the Telkom Foundation bursaries, we expanded our full-time bursary offering to 46 students in line with our business needs. These students will feed into our Elevate graduate internship programme, which is in its second year with 159 interns.

The OneTelkom learning programmes saw positive uptake, with 406 employees participating in FY2025. These programmes include a leadership programme, the Female Leadership Development programme across three levels, as well as training in digital skills, innovation and design thinking.

Training and development spend (Rm)

	FY2023	FY2024	FY2025
Telkom[1]	44[1]		
BCX	45	65	66
Gyro	2[2]	2	
Openserve	54	46	54
Telkom Consumer		46	33
Corporate Centre		10	12
Group	145	168	166 Ⓐ

[1] *Telkom includes Telkom Consumer, Corporate Centre and Openserve in FY2023.*
[2] *Gyro includes learnership stipends.*

Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report available online.*

Collaborating with organised labour

We continued to maintain cordial relations with organised labour by sharing information on matters affecting and/or impacting Alliance members.

Section 189 process

BCX embarked on a S189 process due to financial and operational challenges faced by the business unit. The S189A notice was issued on 1 August 2024, inviting unions with members likely to be affected by retrenchments to participate in the consultation process. BCX had 3 683 employees, of whom 475 were likely to be retrenched. Of these, 175 employees took voluntary severance packages and voluntary early retirement packages, 84 employees were retrenched and 216 jobs were saved.

Inter-company transfers

As a result of the Swiftnet disposal talks and related divisionalisation of Gyro, employees were duly consulted in terms of the transfer process.

Sale of Swiftnet

Employees who were dedicated to supporting the Swiftnet business will continue their employment with Swiftnet under the new ownership of Actis from 1 April 2025. Employees were consulted and have successfully transitioned to Actis.

Permanent employees belonging to a union (%)

	FY2024	FY2025
Telkom Company[1]	25	25
Openserve	57	55
BCX	—	—
Gyro	28	—

[1] *Telkom Company includes Telkom Consumer and Corporate Centre.*

Creating a safe working environment

Telkom fosters a safe working environment where employees, contractors and suppliers embrace a zero-incident culture. Occupational health and safety (OHS) is integral to our operations. We ensure compliance with statutory requirements while safeguarding employee wellbeing.

In FY2025, we revised the Group OHS strategy to align with evolving operational realities, regulatory requirements and stakeholder expectations. This updated strategy emphasises visible felt leadership, employee engagement, hazard identification and risk assessment, and continuous improvement.

We conducted an OHS pulse survey to support data-driven health and safety decision-making and planning, with participation from 4 102 employees. The survey covered employee engagement, health and safety leadership, hazard identification and risk management, and employee awareness of policies and procedures. We were rated at 90% and above in all these areas.

To test the relevance and efficacy of existing controls, we conducted a health risk assessment of high-risk operations, in line with regulatory requirements. Key recommendations included improving motor vehicle safety and reviewing controls for employees p repetitive manual tasks. These recommendations have been adopted and will be implemented in FY2026.

We are pleased with our zero employee and third-party fatalities in FY2025, a milestone that underscores our unwavering commitment to safety excellence. This accomplishment stems from targeted safety interventions designed to transform our safety culture and operational performance.

Our flagship Safety Starts With Me campaign has been instrumental in cultivating personal ownership of safety practices across all organisational levels.

Complementing this initiative, we conducted a comprehensive human factor analysis to identify and address behavioural and systemic elements that potentially predispose employees to injuries. This evidence-based approach has enabled us to implement targeted preventative measures that address root causes rather than symptoms, creating more resilient safety systems.

The integration of cultural transformation with data-driven human factor insights has strengthened our safety foundation. This holistic approach reflects our philosophy that safety is not merely a compliance requirement, but a core value embedded in everything we do.

	2023	2024	2025
Telkom[1, 2]			
Total recordable injury frequency rate	0.61	0.50	0.57 Ⓐ
Lost-time injury frequency rate	0.51	0.39	0.46 Ⓐ
Fatal injury frequency rate	–	–	–
BCX[1,3]			
Total recordable injury frequency rate	0.29	N/A	N/A
Lost-time injury frequency rate	0.27	N/A	N/A
Fatal injury frequency rate	—	N/A	N/A

1 *Permanent employees only.*
2 *FY2024 and FY2025 figures include BCX.*
3 *FY2024 and FY2025 included in Telkom Group number above.*

Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.*

Employee wellness

Telkom aims to foster a diverse, inclusive and thriving culture where the holistic wellness of employees takes precedence. Ten wellbeing goals are outlined for the next three years, covering mental health, physical fitness, cultivating a healthy culture, and enhancing financial literacy.

We hosted the annual wellness month in August 2024 and expanded the wellness days to eight regional sites. The main risk areas identified in wellness days were physical inactivity and unhealthy diets.

We hosted 10 online wellness sessions covering motivation, positive thinking, workplace bullying and victimisation, mental health, stress and burnout, financial wellness, nutrition, and skeletal health. We offered three online exercise classes and a session to help line managers identify wellness challenges among employees. On average, 10% of employees joined each of the sessions. Employees were asked to evaluate the webinar offerings and gave them an overall rating of 4.6 out of 5, indicating a high level of satisfaction.

Key focus areas in FY2026

We will support our culture transformation, engage and enable our employees and develop our capabilities. This will include:

- Creating a two-way listening platform for employees to share challenges and ideas and provide feedback
- Formalising the employee value proposition and reward statement to outline employee benefits and recognition
- Embedding the OneTelkom mindset to ensure employees actively practise the values, fostering a unified and collaborative culture
- Piloting and rolling out the strategic workforce planning process in six critical areas of the business, including upskilling of internal resources
- Reviewing the outcomes of the diversity, equity and inclusion survey and focus groups and implementing interventions and activities as needed
- Implementing the OHS strategy and improvements identified from the health risk assessment, employee engagements and the pulse survey
- Strengthening our succession pipelines and talent bench strength for leadership, key and critical roles, and intentionally bolstering the Group's female leadership pipelines

Social and relationship capital

Telkom strives to create shared value for its business and society through strategic interventions that meaningfully impact the South African economy, creating social and commercial value.

We made significant strides in supporting SMMEs through the FutureMakers programme over the last decade. We have anchored our position as a leading corporate partner in developing SMMEs in the ICT sector.

Performance snapshot

KPIs and key measures for FY2025

- Number of SMMEs impacted or supported: **459**
- Number of jobs created (direct and indirect): **73 890**
- Lives impacted through SMME development: **251 203**
- Investment in developing advanced digital skills (Telkom Centre of Excellence (CoE) Programme and Telkom/NRF postgraduate programmes): **R9.6 million**
- Total ESD (FutureMakers): **R166 million** Ⓐ
- Investment in the Telkom Foundation: **R68 million** Ⓐ
- Number of learners and teachers impacted: **36 254**
- B-BBEE rating: **Level 1**
- Diversification of procurement spend: **R859 million** worth of procurement opportunities for suppliers on FutureMakers programmes

Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.*

Key strategic focus areas

- Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs (FutureMakers). This mitigates supply chain risks
- Digital skills development
- Holistic school development and integrating ICT into schools (Telkom Foundation)

Supporting ESD: FutureMakers

FutureMakers marked **10 years** of unwavering support for SMMEs since its launch in 2015, with an initial R250 million investment in the IDF Future Fund.

Over 2 600 black-owned SMMEs have been supported through incubation, investment, connectivity, and business development support services.

FutureMakers supports SMMEs through financial and non-financial programmes. Our ESD programmes aim to unearth innovation through SMMEs that can improve Telkom's business and offerings. This is achieved through:

- Telkom Consumer Dealers Programme
- Hackathons and innovation programmes
- I'M IN Women Pre-Accelerated Programme
- Aion's R58 million ICT Venture Builder for seed and development to early-stage phases
- Absa's R39 million Supplier Development Fund for SMMEs within Telkom's supply chain

The FutureMakers Programme focuses on two areas: diverse supply chain programmes and innovation programmes. In FY2025, Telkom supported 459 enterprises (FY2024: 428) through procurement opportunities worth R859 million (FY2024: R339 million) and innovation programmes. Some suppliers who had grown too large exited the programme and the Independent Field Technicians (IFT) Programme ended. BCX increased its support for SMMEs from 300 to 357.

FutureMakers businesses collectively created and sustained 73 890 job opportunities (FY2024: 69 500), a 6% improvement, as the adoption rate of the platform businesses we supported increased. We have impacted over 250 000 lives through our support for SMMEs.

We work with youth- and female-owned businesses and promote inclusive innovation and localisation. The second cohort of the Township Innovation Incubator Programme graduated in February 2025. Since its launch in April 2023, the programme has supported 13 entrepreneurs from North West, KwaZulu-Natal, Gauteng and the Western Cape – providing each with R50 000 in seed capital along with business development support and training.

FutureMakers continued to support the I'M IN Women Pre-Accelerated Programme. This followed a successful ideation phase in partnership with JP Morgan and the Embassy of Ireland in South Africa. The programme supports investment readiness among 15 African women-owned technology start-ups from underserved communities and universities.

ESG strategy alignment

IWP

FutureMakers contributes to the investing with purpose pillar of the ESG strategy. It does this by developing and investing in a new generation of black-owned, high-growth enterprises that create the most jobs and economic outcomes in society.

CASE STUDY
Empowering township tech entrepreneurs

In 2023, the Telkom FutureMakers programme recruited 13 township entrepreneurs in the ICT sector for its Township Innovation Incubator Programme.

This followed a successful 18-month virtual programme that was piloted in Soweto a year earlier. Here, the final cohort included 11 technology social entrepreneurs chosen from over 100 applicants.

The 18-month programme included training in taking solutions from ideation to solution stage, digital skills, and support to develop solutions into minimum viable products (MVPs).

The programme provided the following support to the 13 entrepreneurs:

- A business enablement pack that included mobile data, laptops and Wi-Fi devices
- An "MVP" product developed by BCX that turned their ideas into ready-to-deploy web service platforms or downloadable applications. The few that had existing applications received enhancements from BCX
- The Mapaseka Academy provided them with digital skills and project management training to equip them with a better understanding of how to launch and sustain a technology-based product in the South African market



The second cohort of the Township Innovation Incubator Programme at their graduation ceremony in Bryanston on 28 February 2025.



The table below maps our programmes according to the start-up life cycle and classifies programmes according to our two focus areas.

Start-up life cycle stage:	Seed and development (ideation)	Early stage (start-up)	Later stage (growth, establishment and expansion)
Focus areas:	Enterprise development Innovation	Enterprise development Innovation	Supplier development Diverse supply chains Localisation
Programme:	**1** Telkom Township Innovation Incubator	**1** ICT Venture Builder with Aions	**1** Mentorship programme and business development support services
	An 18-month structured innovation and digital skills training programme with software development support.	A scale-up programme fusing equity investment and business development support. The aim is to scale up tech start-ups by unlocking blockages in their development path and making them venture capital ready.	An annual structured programme customised for Telkom's suppliers to increase their business growth and provide business development support.
	2 Hackathons and incubation	**2** Women in ICT Pre-Accelerator	**2** Direct support services per business unit
	Hackathons to solve Telkom innovation challenges in partnership with start-ups. These are followed by 12 to 18 months of incubation covering business and technology readiness.	The I'M IN Women Pre-Accelerated Programme develops female ICT entrepreneurs using a progressive elaboration process. The programme graduated 15 young women from previously disadvantaged backgrounds and aims to progress them to an accelerator in FY2026.	Ad hoc material, marketing, and grant support to SMME suppliers per business unit (Gyro, Telkom Consumer and Openserve).
			3 Early payment days
			Payment of invoices within seven to 14 days for all FutureMakers-approved SMMEs.
			4 BCX SMME Subcontractor Programme
			Partnering of BCX and SMMEs when responding to clients through subcontracting.

The table below maps the three investment vehicles across the start-up life cycle.

Programme:	**1** Telkom Future Fund managed by IDF Capital	
	Established in 2015 with a R150 million investment from Telkom (R250 million including BCX) to fund the stages of the start-up life cycle. The fund is in divestment phase and expires in September 2026. The fund manager is charged with optimising returns while meeting the set expiry date.	
	2 Aions: ICT Venture Builder	**3** Supplier Development Funder
	Established in FY2023 with a commitment of R150 million over five years depending on business performance. It builds other technology companies from seed and development to early-stage phases and facilitates investments in those companies.	Established in FY2023 with R100 million over five years depending on business performance. Provides capital to SMMEs in Telkom's supply chain who are part of FutureMakers.

Ensuring the long-term sustainability of our SMMEs through a wider pool of procurement, funding and technical mentorship opportunities remains a key challenge.

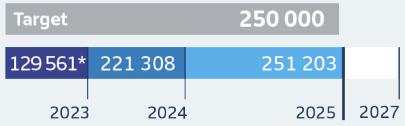
In FY2025, FutureMakers leveraged a shared pool of opportunities through improved collaboration and partnerships. Employees serve as transformation ambassadors in a shared commitment to nurture FutureMakers' SMMEs and incorporate them into our supply chain. Market access remains a key focus as we seek sustainable opportunities for the SMMEs.

Our investments in SMMEs and development programmes resulted in positive social and commercial outcomes:

	Telkom	Society
Commercial	Telkom Consumer distribution channels: R186.6 million in sales revenue (FY2024: R104 million)	SMMEs in our programmes generated revenue of R538 million (FY2024: R388 million)
Social	A contribution to Telkom's ESG strategy to impact 100 000 lives through SMME development by FY2025 resulted in the target being met in FY2023. The target has been revised to 250 000 lives impacted by FY2027.	73 890 new jobs created and sustained (FY2024: 67 063), resulting in 251 203 lives impacted.*

Target by 2027*
Impact 250 000 lives through SMME development

IWP



The 251 203 lives impacted by FY2025 shows the resilience and sustainability of the underlying businesses. We have achieved the target of 250 000 lives impacted by 2027* two years in advance.

However, the IDF Future Fund is in divestment stage (ending in September 2026), which poses a risk as Telkom exits investments. The attainment of this target has largely been due to Telkom's investments in digital platform companies in the IDF Future Fund that created jobs.

The jobs created at exit will continue to be included in the report, but any additional jobs after the exit date will not be included.

** Target date was revised to 2027.*

** According to Statistics South Africa, every income supports on average 3.3 people.*

INNOVATION CASE STUDY
AdvannoTech

ADVANNOTECH
INTEGRATED TECH SOLUTIONS

AdvannoTech has shown resilience since graduating from the Tech Accelerator Programme in FY2024. The IoT solution and platform provider made significant strides after being onboarded as a solutions partner for Telkom Consumer.

Solution partner status effectively graduates AdvannoTech from enterprise development to supplier development. The partnership is forecast to unlock IoT opportunities in various industries.

Description

AdvannoTech is a 100% black-owned IoT solution and platform provider servicing the property, agriculture, utilities, asset management industries, and more.

VantageX is an advanced data fusion platform that integrates seamlessly with existing business applications. It provides comprehensive business intelligence, data automation and machine learning capabilities. This empowers organisations to transform raw data into actionable insights, driving efficiency and innovation.

Business needs

AdvannoTech needed additional investment to develop and productise its VantageX platform and to source additional software tools, cloud infrastructure, and specialised talent. In addition, it required:

- Operational support and market access opportunities to onboard more customers and scale
- A strategic alliance with Telkom to expose its solutions to a wider client base

Results

A partnership with Telkom Consumer came through FutureMakers, allowing AdvannoTech to go to market with Telkom on its IoT offering.

AdvannoTech received R620 000 in grant support (inclusive of awards prize money) and further funding from the Absa Supplier Development Fund of R6.3 million to fulfil current orders and its pipeline of orders at that time.

Marketing and business development support, including access to market exhibitions and awards:

- Vastly Sage Women Empowerment Luncheon 2022
- Telkom Tech Trailblazer of the Year Award 2023
- Vastly Sage Women Empowerment Luncheon 2023
- Telkom AI Innovation of the Year Award 2024
- Smart Procurement Enterprise and Supplier Development Expo 2024
- Dynamic ICT Women Luncheon 2024
- UK Tech Hub x Telkom Tech Summit Showcase 2024
- IEEE Global Communications Conference 2024
- Proudly South African Buy Local Summit 2024 and 2025

Key partnerships and clients:

- Telkom SA SOC Ltd
- Intelsat SA Ltd
- UK Solar Power Ltd
- Italtile Retail (Pty) Ltd

Driving impactful research and innovation

The Telkom CoE Programme supports cutting-edge developments that address critical societal and industrial challenges together with its 15 CoEs. This programme delivers impactful solutions through strategic partnerships and multi-disciplinary research.

In FY2025, the Telkom CoE Programme supported 250 students across various disciplines, including two postdoctoral, 81 doctoral, 146 master's, and 21 honours students.

Telkom and the NRF launched the Future Technologies (FutureTech) Programme as a pilot, with an initial co-investment of R18 million over three years. It supports ICT research and development in areas such as network and fibre-optic solutions, multi-modal sensing, IoT, virtualisation, and AI, with a focus on local language and speech technologies.

The programme will drive innovation, enhance South Africa's ICT sector and support historically disadvantaged institutions through partnerships. It also aims to develop a skilled workforce through research funding, mentorship and internship opportunities. As part of the programme, student beneficiaries will have the opportunity to complete an internship at Openserve.



Supporting communities: Telkom Foundation

The Telkom Foundation contributes to the transformation of disadvantaged communities. It achieves this by investing in education, youth and skills development, working in collaboration with government, the private sector and civil society.

In FY2025, the Telkom Foundation invested R68.3 million (including administration costs) (FY2024: R71.2 million). Of this, R36.3 million Ⓐ was invested in education, R22.4 million Ⓐ in digital skills, and R1.6 million Ⓐ in social development programmes.

The Foundation provides ICT resources, connectivity and digital literacy training to bridge the digital divide.

It supports the zero-rated Telkom Lightbulb Platform, which delivers content aligned with the Curriculum and Assessment Policy Statement (CAPS) to learners in Grades 7 to 12. Its targeted digital skills development initiatives equip young people with skills in coding, robotics and other emerging technologies.

The Foundation's academic support programme reached 2 206 learners face-to-face and 33 798 learners online. This contributed to a Grade 12 pass rate of 99%, with an average 1.6 distinctions per learner. In addition, 92% of learners passed with university entrance.

The Foundation's psychosocial support programme assisted 314 002 individuals (FY2024: 346 707) with counselling and awareness programmes. Increased call volumes at the national toll-free lines (Childline and Lifeline) highlighted a growing need for these services.

A total of 250 learners completed the Foundation's multi-year future-fit skills programme. They received certifications in IC3 digital literacy, web, game and app development, Microbit, entrepreneurship, and Scratch.

The Foundation awarded 40 bursaries to university students from its post-school academic support programme. The students achieved a 90% pass rate with 29 distinctions. In addition, 1 207 youth received accredited ICT skills training, with 488 certified, 400 undergoing moderation, and 207 at the work experience stage.

Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.*



CASE STUDY
Teacher Development Programme

The integration of ICT in education has long been hindered by limited teacher training, outdated methodologies, and misalignment with rapid technological advances. This has particularly affected science, technology, engineering and mathematics (STEM) education.

In response, the Telkom Foundation established the Teacher Development Programme to equip educators with digital competencies and modern teaching skills.

The programme trains teachers in digital tools like Google Suite and Office 365, fosters the creation of digital content, and uses hands-on workshops to close gaps in digital literacy. This has strengthened STEM instruction and enhanced learner outcomes.

Under the programme, 697 teachers have received ICT integration training and 848 educators have benefited from targeted pedagogical support.

An independent impact assessment conducted in November 2024 estimated that the programme has generated R192 million in value through improved teaching quality, from a total investment of R6 million. This translates to a social return on investment of R32 for every rand invested.

The programme also aligns SDG 4, SDG 8 and SDG 9, reinforcing Telkom's innovative approach to community support and sustainable development.

R192m

Value added by the Teacher Development Programme based on the TGIA impact assessment

982

Number of training hours

290

Teachers trained

131%

Retention rate – Total number of teachers at the start (210) and at the end of the project (276)

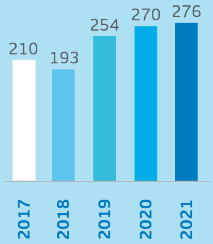
Impact flow

Teacher capacity building > Empowered educators > Higher quality of education delivery

Digital skills development > Equipping teachers and students with future-ready skills

Blended learning > Promoting sustainable, innovative and inclusive education models

Teachers trained per year



Longer-term reflection

Over the past decade, the Telkom Foundation has become a cornerstone of Telkom's commitment to transform education in South Africa. By integrating supplementary tuition, resilience-building initiatives, digital skills training and targeted teacher development, it has consistently elevated the quality of education.

Evaluations indicate that more than 15 000 learners have benefited from supplementary tuition, resulting in an average matric pass rate of 90%, with 36% achieving university entrance.

Over 46 000 learners have participated in face-to-face resilience-building sessions. In parallel, more than 7 000 teachers have been equipped with skills for traditional and virtual learning environments, ensuring that educational support reaches every corner of the community.

This comprehensive initiative reflects a long-term financial commitment. The Foundation has invested approximately R158 million in education transformation over the past five years.

More than

7 000

teachers have been equipped with skills for traditional and virtual learning environments

Key focus areas in FY2026

Telkom FutureMakers

- Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs
- Foster partnerships to enhance Telkom's product offering in areas where we do not have a strong presence, such as IoT
- Enhance the sustainability of our SMMEs by growing customers and strategic partnerships

Telkom CoE Programme

- Strengthen ongoing ESG research, including the development of low-carbon technologies and smart solutions for water security
- Accelerate the translation of high-impact research into practical solutions with societal and industry impact
- Increase engagements between the Group, Telkom/NRF FutureTech hubs, and CoEs to inject industry expertise and shape flagship projects in AI, 5G and smart agriculture

Telkom Foundation

- Continue investing in education to increase uptake and performance in STEM subjects
- Expand digital skills programme to reposition youth towards opportunities in ICT

Natural capital

Telkom continued to decarbonise. We optimised our diesel and energy usage, built our renewable energy portfolio and managed resource efficiencies.

Telkom Group's science-based targets were validated and approved by the Science Based Targets initiative (SBTi). This reflects our commitment to combat climate change in line with global goals.

We have reduced 32% of our Scope 1 and 2 emissions against the FY2022 baseline.

Performance snapshot

KPIs and key measures for FY2025

- Scope 1 emissions: **35 127 tCO_2e** (A)
- Scope 2 emissions: **541 268 tCO_2e** (A)
- Scope 3 emissions: **1 713 336 tCO_2e** (A)
- Water consumption: **775 103 kL** (A)
- E-waste recycled: **8 276 tonnes** (A)

Key strategic focus areas

- Driving energy efficiency and alternative energy
- Reducing Telkom's carbon footprint
- Managing Telkom's water consumption
- Responsibly managing hazardous waste

Compliance

We ensure compliance with environmental regulations through site inspections, audits and regular reviews of our procedures and operations. No environmental incidents were reported to the authorities for FY2025.

The Department of Environmental Affairs promulgated the phasing out of ozone-depleting substances in 2014. The regulation outlines 2020, 2025 and 2030 requirements for phasing out and managing these substances. From the 2016 baseline, we have reduced R22 refrigerant gases from 97 tonnes to 30.7 tonnes, exceeding the December 2025 target.

We are decommissioning various Telkom sites and replacing heating, ventilation and air conditioning units that exceed the expected commercial life cycle by 30%.

Driving energy efficiency and alternative energy

Telkom's energy strategy has three key objectives: improving resilience, reducing cost, and lowering emissions.

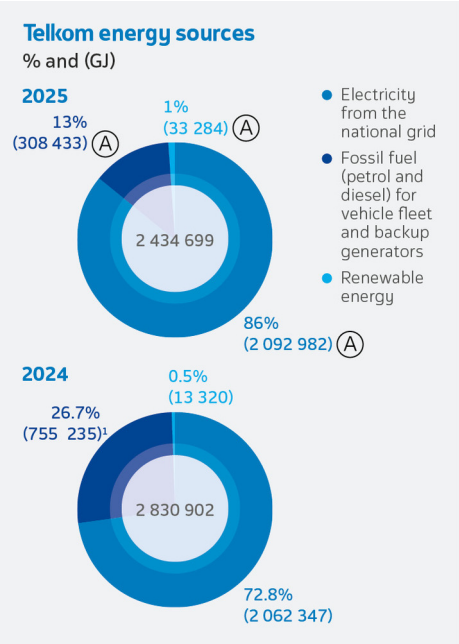
The strategy focuses on crucial asset classes where business interruption (including loadshedding) would impact contractual obligations and customer experience. We are reducing diesel usage, thereby lowering costs and Scope 1 emissions, while providing energy security.

We have already achieved a number of milestones:

- Telkom Park 1 MW solar PV construction completed and operational since July 2024. It generated 749 664 kWh of green energy. Telkom Park 3 MW and Bellville 168 kWp solar PV plants are also operational
- 613 smart energy meters installed, with 552 installed at the top 500 sites
- Bulk diesel monitoring meters are being installed at 478 sites. This includes meters on an IoT platform for 325 sites. A further 153 sites will be completed on the IoT platform by FY2028
- Diesel consumption declined by 59% due to diesel optimisation and reduced loadshedding
- Power factor correction project completed at 12 sites
- Continued deployment of lithium-ion batteries and solar panels, with batteries installed at 1 240 sites



(A) *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.*



Telkom's day-to-day operations are powered by a combination of grid power and renewable energy. We have been aggressively installing solar panels and lithium-ion batteries in key sites to improve resilience and lower costs and emissions.

We have decommissioned legacy technologies and replaced inefficient equipment, significantly reducing diesel usage.

These initiatives are ongoing. Despite limited roof space for solar installation, capex constraints, theft and vandalism, the completed installations are successfully reducing costs and emissions.

[1] *The FY2024 Fossil fuel energy (petrol and diesel) was understated by approximately 22% (162 GWh) due to the omission of fuel used for fleet and petrol for one generator. We will conduct ESG training to improve awareness of evolving ESG requirements and reporting frameworks.*

Reducing Telkom's carbon footprint

KEY DEFINITIONS

Scope 1 emissions relate to fossil fuel consumed by vehicles, backup diesel generators and replacement of air conditioning gases. Scope 1 represents approximately 2% of Telkom's total carbon footprint.

Scope 2 emissions relate to energy consumed from the national grid. In South Africa, the national utility has a high grid emissions factor due to its reliance on coal-fired power generation. Scope 2 represents 23% of Telkom's carbon footprint.

Scope 3 emissions relate to indirect upstream and downstream emissions of Telkom's value chain that are not accounted for in Scope 1 and 2. They comprise 15 categories, of which 12 are relevant to Telkom's operations and are reported on accordingly. including purchased goods and services, fuel- and energy-related activities, and use of sold products. Scope 3 represents 75% of Telkom's carbon footprint.

In FY2025, we reduced our Scope 1 emissions by 47%, mainly due to a decrease in diesel consumption. This was due to both improved loadshedding conditions and internal efforts such as rolling out lithium-ion batteries and optimising generator use across our network. This reduced emissions, improved network uptime and lowered fuel costs.

Our Scope 2 emissions decreased by 6%, mainly due to legacy equipment decommissioning, terminations and proactive management of anomalies.

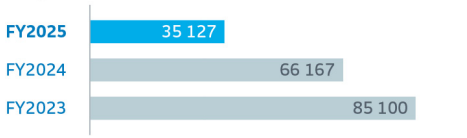
Ⓐ *External moderate assurance on selected sustainability indicators. Please refer to the FY2025 Independent Assurance Report, available online.*

In previous years, Telkom used the Eskom Grid Factor 1 for Scope 2 emissions. In FY2025, we adopted South Africa's National Generation Grid Emission Factor to align our GHG reporting with the South African Greenhouse Gas Emission Reporting System and the compliance requirements of the Carbon Tax Act.

Contribution to total carbon footprint per scope for Group — **Scope 1**

47%

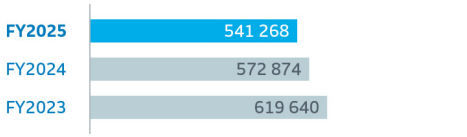
tCO_2e



Contribution to total carbon footprint per scope for Group — **Scope 2**

6%

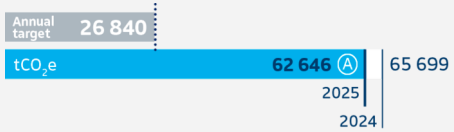
tCO_2e



Target by 2035 and 2040

OE

Reduce carbon emissions:
Carbon neutral by 2035 and net zero by 2040.



Aligned with the science-based targets' near-term and net zero goals, Telkom reduced its annual carbon dioxide emissions at a 4.2% (26 840 tCO_2e) linear annual reduction rate (LARR).

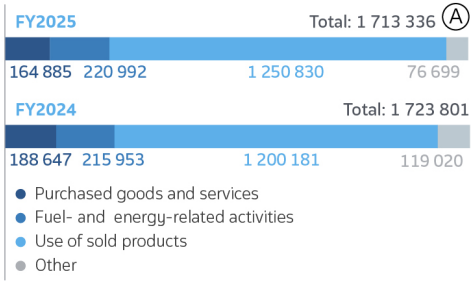
Telkom applies rigour in its internal processes and governance. We incorporate various approaches for the calculations, such as:

- Using actual consumption data. We retrieve a large part of our consumption data directly from source invoices using AI programmes, such as optical character recognition
- Installing smart meters at high-consuming sites

Telkom Scope 3 emissions

Contribution to total carbon footprint per scope for Group — **Scope 3**

tCO_2e



We continuously refine our approach to managing and reporting on Scope 3 emissions.

Our category 1 emissions for purchased goods and services make up 9.6% of our Scope 3 emissions. Therefore, we seek to collaborate with suppliers to reduce emissions across our value chain. We hosted a supplier day where we communicated the Group's emissions reduction targets to foster collaboration.

Looking ahead, we will finalise Telkom's sustainable procurement strategy to address our Scope 3 emissions. We will onboard high-impact suppliers onto our reporting platforms in FY2026. This will enable us to track their ESG performance and ensure alignment with the Group's sustainability objectives. Also refer to the TCFD disclosure on page 99.

Managing Telkom's water consumption

Telkom is not a material water user. However, we recognise the increasing risks associated with water shortages, particularly their impact on our employees, operations and the broader economy. Our water consumption is primarily for cooling, drinking, catering, hygiene and landscaping. Municipal supply is our main source.

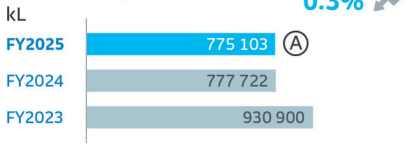
Telkom's water consumption decreased by 0.3% to 775 103 kL Ⓐ driven by site terminations and ongoing site monitoring. Our focus on leak detection and repairs yielded further efficiency gains.

Our ESG strategy commits us to a 50% reduction in water usage by 2030. The following water-saving initiatives will enable us to reduce consumption:

- Borehole installation completed at two sites in the Eastern Cape (Linton Grange and Sidwell)
- Sites earmarked for rainwater harvesting in the Nelson Mandela Region are being revised as some will be sold or terminated
- The Telkom Park rainwater harvesting project was postponed to FY2026 due to budget constraints

Total water consumption for the Group

0.3%



Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.*

Responsibly managing hazardous waste

Telkom's largest source of hazardous waste is used electronic equipment (e-waste). We reduce e-waste by implementing practices to reuse, resell or recycle network and other waste generated by our operations.
We increased our e-waste recycling to 8 276 tonnes (FY2024: 6 458 tonnes), mainly through the ongoing decommissioning of legacy equipment.

E-waste is a source of income for waste collectors and handlers. We sell our cabling to a leading e-waste recycling organisation. They process the cabling using environmentally and socially responsible techniques. This sensitive, labour-intensive process provides employment and empowerment for an Eastern Cape rural community.

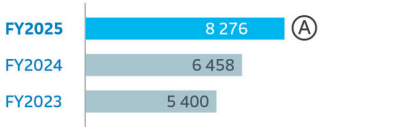
We sell copper recovered from the recycling process on local and international markets.

In FY2025, Telkom Consumer launched packages that allow for trade-ins. By year-end 42 devices had been traded-in.

We also focused on reuse, which involved educating customers about repair warranties and extended warranties on certain devices from original equipment manufacturers.

E-waste recycled

8%



CASE STUDY
Investing in a greener future powered by the sun

To avoid operational disruptions due to power outages and loadshedding, Telkom installed 4.2 MWp of solar PV capacity at its Telkom Park and Bellville sites. Approximately 2 000 solar panels were strategically installed on rooftops and in parking areas to power telecommunications equipment, improve network resilience and reduce reliance on costly diesel generators.

The impact of this initiative is already evident, including a substantial reduction in operational costs. By transitioning to solar power, we are reducing our carbon footprint and advancing our sustainability goals.

In the coming years, we plan to deploy an additional 3 MWp of solar capacity nationwide across more than 1 000 electronic telecommunication exchanges.

Telkom believes that environmental responsibility and operational efficiency can go hand-in-hand, building a resilient and sustainable future.

Key focus areas in FY2026

In FY2026, we will continue with our energy efficiency project, renewable energy projects and lithium-ion battery installations. We will also complete our water conservation initiatives at Telkom Park and sites in the Nelson Mandela Region in the Eastern Cape.



Ensuring transparency and accountability 6

Our governance report

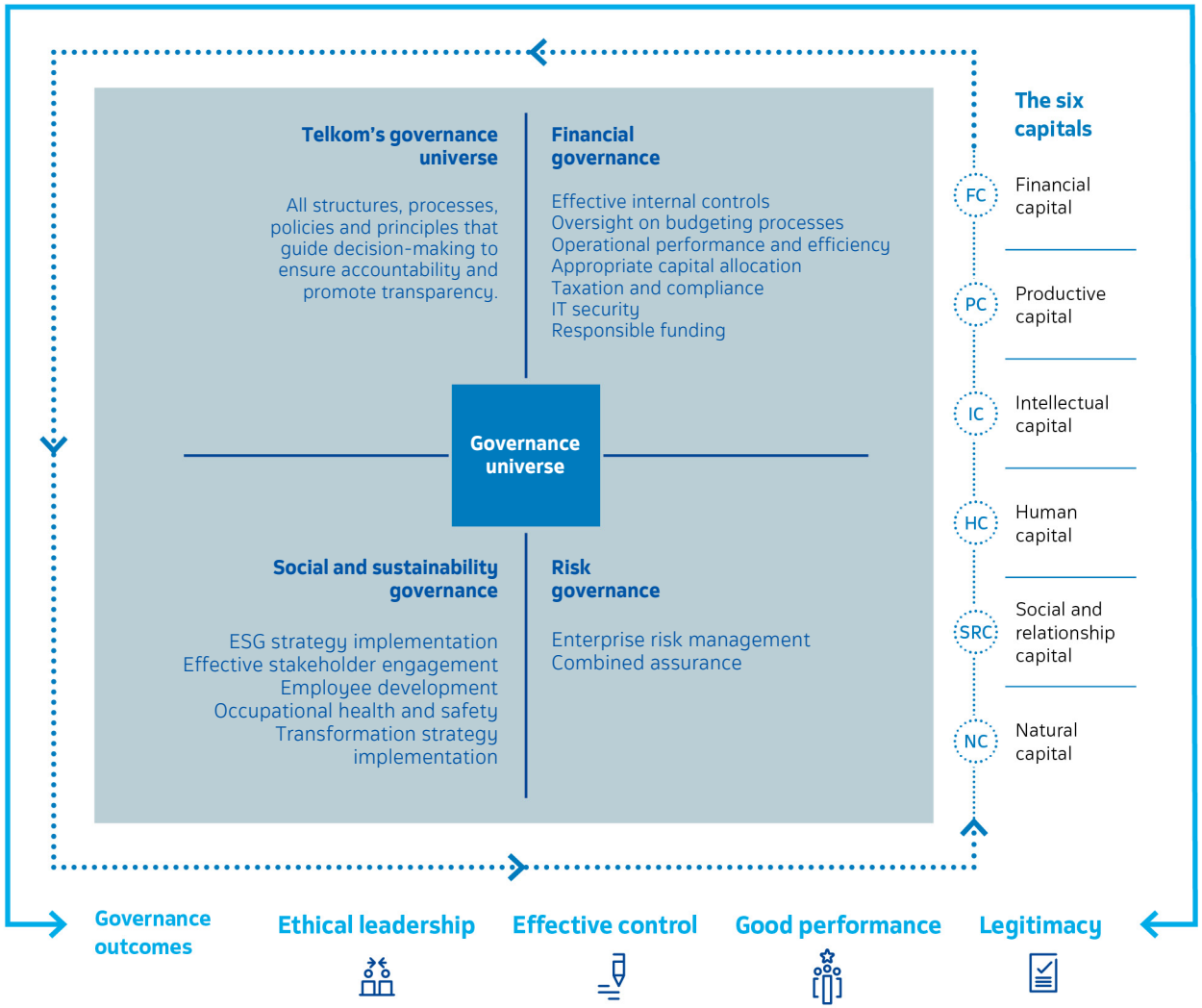
Our approach to governance is anchored in the principles of transparency, accountability, efficiency and effectiveness. We align our governance structures and processes with our strategic objectives, enabling us to remain sustainable over the short, medium and long term.

We ensure that our decision-making is transparent and that we are accountable for our actions through clear communication and open dialogue with stakeholders.

Through effective governance we strive to foster trust, drive innovation, and enhance our overall impact in the communities we serve.

We believe that a robust governance framework is essential for navigating challenges, seizing opportunities and achieving our overarching purpose.

Our governance report	76
Social and Ethics Committee report	90
Remuneration report summary	93



An effective Group governance framework

Our Group governance framework ensures effective decision-making, co-ordination and accountability. It delineates clear roles and responsibilities and establishes decision-making processes. This fosters alignment with strategic objectives and core values across the Group.

The framework is adaptable to remain compliant with the statutory and regulatory prescripts that govern our operations. Key regulatory considerations are the JSE Listings Requirements, the Companies Act, our memorandum of incorporation (MoI) and the principles of King IV. These are all tied to the six capitals. By adhering to these regulations, we uphold governance excellence and enhance stakeholder trust and confidence in our operations.

The revised governance framework was approved in June 2025 and will be implemented throughout the Group. It is reviewed every three years or as and when required.

Key matters addressed in the framework:

- The Group governance approach
- Ethical and effective leadership
- Governance processes and structures
- Authority and delegation
- Key governance policies
- Reporting and communication
- Inter-company transactions

The practices and processes within the framework enable the Group to:

- Give effect to the direction set by the Board on relationships and the exercise of authority across the Group
- Acknowledge the existence of each subsidiary as a separate and independent juristic person to which the directors of the subsidiary owe fiduciary duties
- Adapt appropriate practices to the Group

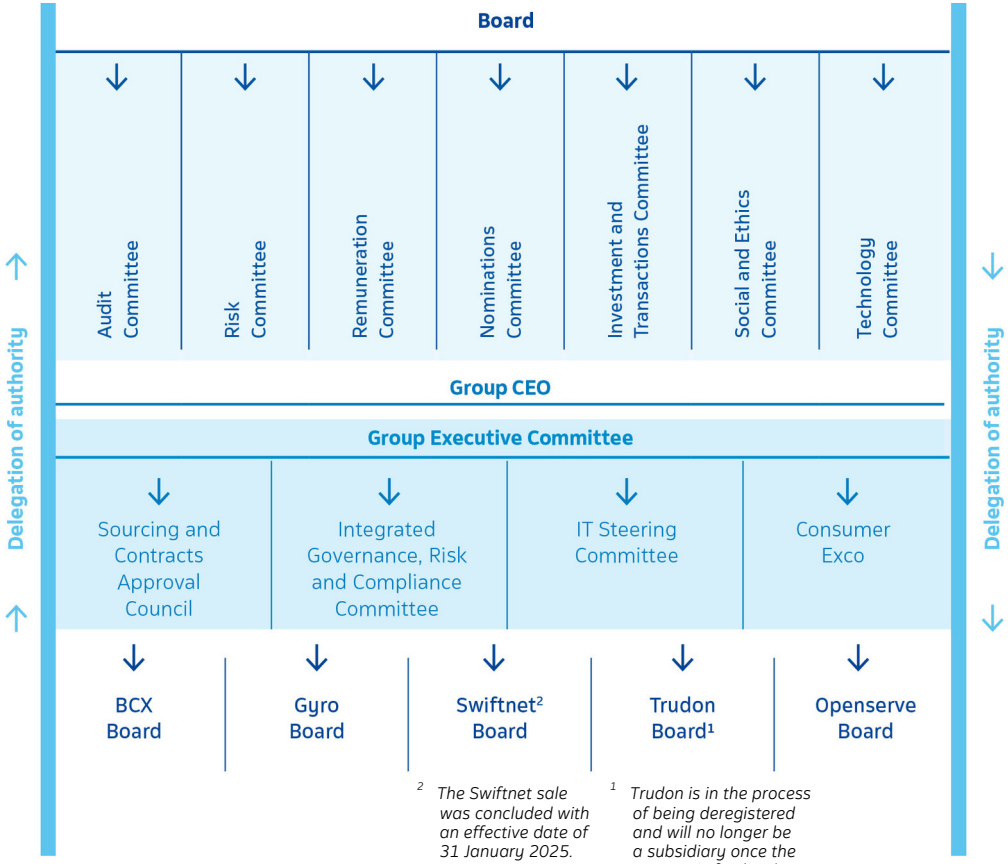
Delegation of authority

The DoA ensures smooth and effective day-to-day operations. It is embedded as a key driver of productivity and agility within the risk framework.

In FY2025, we extensively reviewed the DoA to align it with existing and amended legislation, regulations and applicable codes.

Through policies and operational plans, the Board delegates the implementation of approved strategy to the GCEO, who in turn delegates to management as necessary.

Group Exco comprises the Executive Directors, CEOs of all business units, Chief HR Officer, Group Chief Digital Officer, Chief Capital Projects Officer and Chief of Corporate Affairs as Members. The Group Executive of Internal Audit, Group Company Secretary, Chief of Strategy, and Head of Strategy and Project Management Office are permanent attendees of Group Exco meetings.



² *The Swiftnet sale was concluded with an effective date of 31 January 2025.*

¹ *Trudon is in the process of being deregistered and will no longer be a subsidiary once the process is finalised.*

Diverse and competent leadership

The Board guides and oversees our strategic direction and operations. It comprises individuals with diverse expertise, experience and backgrounds. This enables it to take a broad perspective in decision-making, engage effectively in strategic planning, risk management and performance evaluation, and provide valuable insights and oversight to management.

The Board is the cornerstone of governance excellence, guiding Telkom towards sustainable growth and success.

Independent Non-executive Directors

as at 31 March 2025

Committees

- (A) Audit Committee
- (Ri) Risk Committee
- (Re) Remuneration Committee
- (N) Nominations Committee
- (I) Investment and Transactions Committee
- (S) Social and Ethics Committee
- (T) Technology Committee
- (o) Chairperson

Board changes in FY2025, effective 20 August 2024:

- **Mr LL Von Zeuner** retired by rotation from the Board and Committees
- **Ms O Ighodaro** was appointed as Chairperson of the Risk Committee and Member of the Audit Committee
- **Mr M Booi** was appointed as a Member of the Technology Committee
- **Ms MLB Msimang** was appointed as a Member of the Social and Ethics Committee
- **Ms KP Lebina** was appointed as a Member of the Remuneration Committee

* *Directorships listed do not include all directorships and dormant entities. We have disclosed public and JSE-listed entities where substantive commitment will be required. Curricula vitae of the Board Members are available at www.telkom.co.za/ir/Governance/Governance.shtml.*



MG Qhena (59)
Chairperson

Appointed:
27/03/2023

Principal skills:
Accounting, auditing, business leadership, corporate finance, governance and mergers and acquisitions

Other directorships*:
Exxaro Resources Ltd, Investec Bank Ltd



O Ighodaro (62)

01/07/2021

Accounting, auditing, business leadership, finance, strategy, governance, mergers and acquisitions, risk management and commercial expertise

Old Mutual Ltd, Old Mutual Life Assurance Company SA Ltd, Sabvest Capital Ltd, Spar Group Ltd



B Kennedy (65)

15/07/2022

Business leadership, corporate banking, debt and equity capital markets, e-commerce, governance, private equity, commercial property finance, and mergers and acquisitions (M&A)

AfriSam Holdings (Pty) Ltd, African Rainbow Minerals Ltd, Ecobank Transnational Inc.



KP Lebina (44)

15/07/2022

Accounting, auditing, business development, business leadership, corporate finance, governance, investor relations and risk management

DRDGold Ltd, Growthpoint Properties Ltd, TriAlpha Investment Management (Pty) Ltd and others



PCS Luthuli (52)

25/05/2018

Accounting, auditing, business leadership investments, corporate finance, M&A, and risk management

Mpact Ltd, Mpande Property Fund Manager (Pty) Ltd, Edison Hill (Pty) Ltd and others



EG Matenge-Sebesho (70)

01/07/2021

Financial markets and investments, international business, marketing, risk management and governance

FinMark Trust



KA Rayner (68)

15/07/2019

Accounting, auditing, business leadership, corporate finance, ESG, governance, human resources, policy, regulatory, risk management, strategy, and M&A

Appropriate Process Technologies (Pty) Ltd, Nexus Intertrade (Pty) Ltd, Sibanye Stillwater Ltd and others



SP Sibisi (70)

Appointed:
01/04/2019

Principal skills:
Business leadership, e-commerce, finance, start-up ventures, business-to-business intelligence skills, and technology

Other directorships*:
FirstRand Bank Ltd



H Singh (64)

25/09/2020

Accounting, auditing, business development, business leadership, e-commerce, governance, large-scale IT developments and IT innovation, marketing, risk management, and technology

Adcorp Holdings Ltd, Payments Association of South Africa, African Bank Ltd and others



IO Selele (48)

15/07/2022

Business leadership, business strategy, ESG, governance, renewable energy, digital technology, marketing, supply chain management, AI and innovation

Brand SA Trust, RRS Investment Holdings (Pty) Ltd and others



SH Yoon (62)

01/05/2022

Business leadership, corporate finance, digital transformation, e-commerce, global strategy, international telecommunications, marketing, and turning around difficult businesses

None



M Booi (61)

01/07/2024

Business strategy, innovation, engineering, policy, regulatory and general management, ICT

Peco Power (Pty) Ltd



MLB Msimang (48)

01/07/2024

Regulatory, public policy, competition policy, broadband policy and funding

Exxaro Resources Ltd, South 32 Ltd and others



LL Von Zeuner (64)

10/12/2012

Accounting, auditing, business leadership, ESG, finance, governance, M&A, policy, regulatory, commercial, risk management

FirstRand Ltd, FirstRand Bank Ltd, Sappi Ltd

Group Exco team

Exco changes in FY2025: In April and July 2024 respectively, we welcomed Sello Mmakau as Group Chief Digital Officer and Mpho McNamee as Chief of Corporate Affairs.

Althon Beukes, was the CEO of Openserve (Pty) Ltd for nine months of the year and resigned on 31 March 2025.



S Taukobong (55) I S

GCEO and Executive Director

Appointed: 01/01/2022

Principal skills: Marketing, customer operations, M&A, and business leadership

Directorships of Group companies: Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Swiftnet SOC Ltd[1], Trudon[2] (Pty) Ltd



NS Dlamini (51) S

GCFO and Executive Director

Appointed: 01/12/2023

Principal skills: Finance, business strategy and execution, business leadership and corporate governance

Directorships of Group companies: Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Rossal No65 (Pty) Ltd, Swiftnet SOC Ltd[1]



S Khuzwayo (55)

Acting CEO: Openserve (Pty) Ltd

Appointed: 21/12/2024

Principal skills: Business strategy and leadership, build and maintenance operations of infrastructure management

Directorships of Group companies: Openserve (Pty) Ltd



PJ Bogoshi (59)

CEO: Business Connexion Group Ltd (BCX)

Appointed: 01/06/2018

Principal skills: ICT specialist, strategy, sales, and business leadership

Directorships of Group companies: Business Connexion Group Ltd



NM Lekota (54)

Chief HR Officer

Appointed: 01/03/2017

Principal skills: HR strategy architecture and business leadership

Directorships of Group companies: Business Connexion Group Ltd, Rossal No65 (Pty) Ltd,



M McNamee (43)

Chief of Corporate Affairs

Appointed: 15/07/2024

Principal skills: Stakeholder relations, corporate social responsibility, sustainability, ESG

Directorships of Group companies: Openserve (Pty) Ltd



LM Siyo (47)

CEO: Telkom Consumer

Appointed: 01/10/2021

Principal skills: Business leadership, sales and marketing, strategy, financial management, digital transformation, and e-commerce

Directorships of Group Companies: Trudon[2] (Pty) Ltd



DJ Reyneke (63)

Chief Capital Projects Officer

Appointed: 01/12/2023

Principal skills: Business strategy and execution, telecommunications, business leadership, regulatory and policy, and corporate governance

Directorships of Group Companies: Gyro Properties (Pty) Ltd



SE Mmakau (51)

Group Chief Digital Officer

Appointed: 01/04/2024

Principal skills: ICT strategy, business leadership, digital business transformation, technology operating model, data analytics, cyber, risk and governance

Directorships of Group Companies: Openserve (Pty) Ltd, Business Connexion Group Ltd, Auditor-General South Africa

[1] *Director until 31 January 2025.*

[2] *Trudon is in the process of being deregistered and will no longer be a subsidiary once the process is finalised.*

Telkom's approach to governance

Role of the Board

The role of the Board is to:

Provide strategic direction to the Group

Approve policies and plans to give effect to the approved strategy and direction

Oversee and monitor implementation and execution by management

Ensure accountability for performance

The Board delegates power to the GCEO to execute Telkom's strategy with the assistance of Exco, and approves the DoA through which the delegation is formalised.

The Board has constituted governance structures to help it discharge its duties, and these structures are reviewed annually for adequacy.

The Board charter is reviewed annually and guides the Board on its mandate, responsibilities and power. The charter aligns with the Companies Act, JSE Listings Requirements and King IV.

The Board is led by an independent Chairperson. He facilitates effective communication, collaboration and decision-making among Board Members, ensuring that discussions focus on key issues and objectives.

There is a clear balance of power and no one individual has unfettered powers.



B Apleni (46)

CEO: Openserve (Pty) Ltd (effective 1 July 2025)

Beauty has over 25 years of experience in the ICT sector, with 15 years in executive roles spanning mobile, fixed-line, and IT systems. She is a strategic leader with expertise in digital transformation, M&A, stakeholder engagement, and operations. Her previous roles include Chief of Direct Sales and Technology, Chief Technology and Information Officer for Telkom Consumer, and Chief of Staff, Strategy, and M&A for Telkom Group

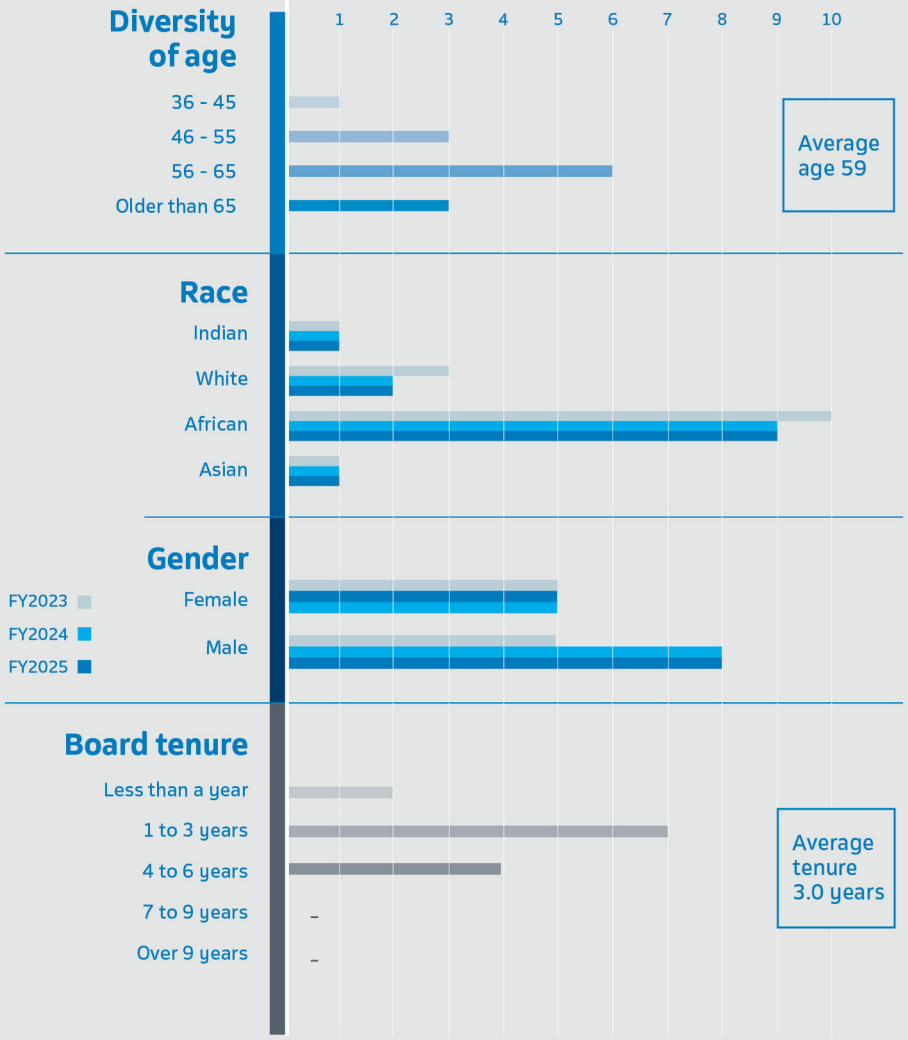
Independence

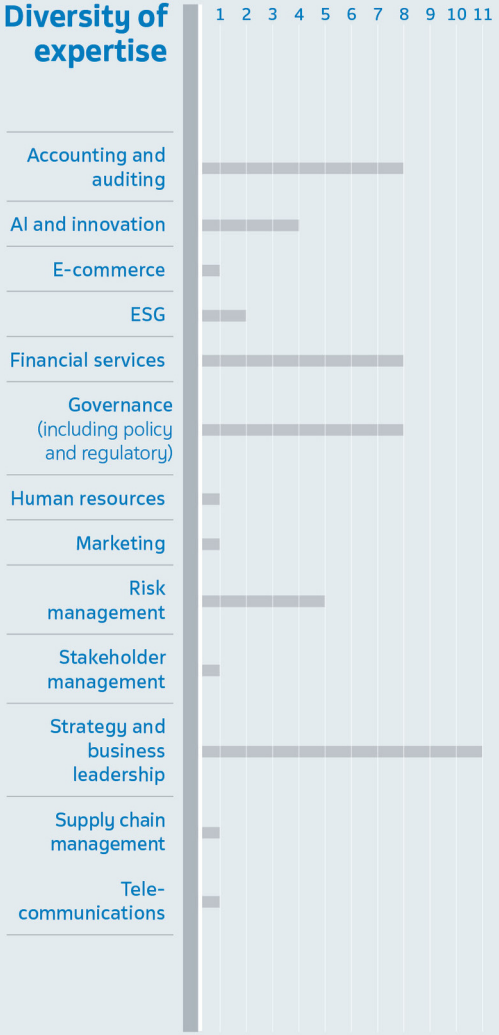
Non-executive Directors

13

Key Board diversity statistics

as at 31 March 2025 are set out below, excluding Executive Directors:





Board appointments and diversity

The Nominations Committee reviews Board appointments and makes recommendations aligned with the nominations policy and Board diversity policy. The nomination process for Directors is outlined in the Board charter and nominations policy, which incorporates the diversity targets and criteria of the Board.

The Nominations Committee reviews the Board structure and diversity annually and makes recommendations to the Board. The Committee uses a skills matrix to define the skills that Telkom will need in the future and assess the current skills within the Board (see matrix alongside). In making recommendations, the Committee identifies candidates who can bring the required skills to the Board.

The Board is satisfied that it has an appropriate and effective balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities.

Tenure, rotation and retirement

A third of the Directors retire by rotation at every AGM. Retiring Directors are selected from among the longest-serving Directors since the last appointment or election. These Directors may offer themselves for re-election, if available, and are recommended to shareholders for appointment or reappointment at the AGM.

The following Non-executive Directors will retire by rotation at the upcoming AGM and have offered themselves for re-election:

- Mr PCS Luthuli
- Ms IO Selele
- Mr SP Sibisi
- Mr SH Yoon

Any Non-executive Director who has held office for an aggregate period of more than nine years since their first election or appointment must retire by rotation at every AGM thereafter.

Director development

The office of the Group Company Secretary inducts new Directors on Telkom's operations, the legal and regulatory framework within which we operate, and the policies that Directors are required to follow.

The Board approved a development plan for FY2025 to address both its existing and emerging needs. The Board received presentations on the following topics:

- Developments and dynamics post the national elections
- Amendments to the Companies Act (facilitated by an external service provider)
- Mastering risk maturity (as recommended by the Risk Committee)
- Deterring fraud, corruption and unethical behaviour, with a focus on conflicts of interest (as recommended by the Social and Ethics Committee)

The Telkom Foundation also presented to the Board to expose Directors to other facets of the business. The presentation was facilitated by beneficiaries and highlighted how the Foundation influences and motivates change in people's lives.

Board and Exco succession planning

The Board reviews its succession planning as and when required to ensure continuity and sustainability and to increase its resilience and adaptability to evolving challenges and opportunities. Refer to page 13 for more information.

> **Robust succession plans mitigate the risks of sudden departures or disruptions in leadership.**

Chairperson's roadshow

The Chairperson's roadshow was held in August 2024.

Key topics raised by stakeholders included:

- Lack of past performance
- Clarity and consistency in the strategy and the Board's position on the Telkom of the future's strategy
- The size of the Board
- The need for consistent disclosure and information sharing

An action plan has been developed. The Board will ensure that the concerns raised by stakeholders are addressed.

Also refer to the Chairperson's and GCEO's interviews on pages 11 and 14, respectively.

Conflicts of interest management

The Group Company Secretariat manages the conflicts of interest process at the start of each financial year. Our governance and ethics prescripts define the conditions and process for declarations of interest. All Directors and Group Prescribed Officers update mandatory annual declarations. These are recorded by the Group Company Secretary and tabled for noting by Exco and the Board.

The conflicts of interest process also extends to employees beyond executive management level and to suppliers. Suppliers must agree to comply with the Supplier Code of Conduct upon engagement.

We require Executive and Non-executive Directors, Group Prescribed Officers, Prescribed Executives and executive management to make new declarations of interest if their circumstances change during the year.

The business units apply the Group's governance and ethics prescripts.

- The conflicts of interest register for the Board is available at https://group.telkom.co.za/ir/Governance/Conflict-Declarations.shtml
- The Group Code of Ethics is available at www.telkom.co.za/about_us/humancapital/values/group-ethics-handbook.shtml

Group Company Secretary

The Group Company Secretary is responsible for the duties set out in section 88 of the Companies Act. Specific responsibilities include guiding Directors on discharging their duties and informing them of new laws affecting the Group.

The Group Company Secretary engages and supports the Board and its Committees and advises on their fiduciary duties, JSE Listings Requirements, disclosure obligations, good governance practices and ethical conduct.

There are processes for Board Members to access independent professional advice where needed. The Board is satisfied that these are adequate and effective.

The Group Company Secretary maintains an arm's-length relationship with Directors and oversees governance in all subsidiaries in line with the Group governance framework and the operating model.

The Nominations Committee evaluated the Group Company Secretary and Secretariat during its meeting in July 2025.

The Board is satisfied with the performance of the Group Company Secretary and the effectiveness of the Group Company Secretariat function.



An overview of key governance actions

The Board's focus areas

The Board and its Committees are satisfied that they fulfilled their fiduciary duties and responsibilities, as recorded in the charter and respective terms of reference.

The Board confirms that it is operating in conformity with its annual work plans, the applicable provisions of the Companies Act and its MoI.

The Board's key priorities for the year are discussed in the Chairperson's report, starting on page 11.

Special Investigating Unit

On 19 July 2023, the Pretoria High Court handed down judgment on Presidential Proclamation 49 of 2022. The Proclamation authorised the Special Investigating Unit (SIU) to investigate various historical matters, including Telkom's contracting for network and advisory services and the disposal of former Telkom subsidiaries. The High Court declared the Proclamation unconstitutional, invalid and of no force or effect and awarded costs to Telkom.

On 11 December 2023, the High Court granted the President and the SIU leave to appeal to the Supreme Court of Appeal. The appeal is pending before the Supreme Court of Appeal, with a hearing date expected for the latter part of 2025 or early 2026.

Board Committees and their focus

The Board has seven Committees. Each is guided by its respective terms of reference. The Board and Committees may invite external advisors and any executive management members to their meetings, should the need arise. The Committee Members collectively are adequately and appropriately skilled and experienced to effectively discharge their duties.

The Chairperson and Members of each Committee are set out on the pages that follow.

The number of meetings and their attendance are set out on page 86.

We review the Board charter and Committees' terms of reference annually or as and when required. We align them to best practice principles in terms of King IV, the JSE Listings Requirements and other applicable laws and regulations. The Board approved the revised charter and terms of reference for FY2026 in March 2025.

- The Board charter and Committee terms of reference are available at https://group.telkom.co.za/ir/Governance/ToR-Committees.shtml
- The summary of the King IV disclosures is available at https://group.telkom.co.za/ir/overview.html

Nominations Committee

The Nominations Committee reviews and makes recommendations to the Board on most governance-related matters, particularly the nomination and composition of the Board and Committees, including all aspects of diversity.

The Committee works closely with the Remuneration Committee on succession planning for Executive Directors and critical roles.



Mr MG Qhena







Composition

The Committee is led by the Board Chairperson, **Mr MG Qhena**, and comprises Independent Non-executive Directors.

Members:
EG Matenge-Sebesho, IO Selele, B Kennedy

Permanent Invitees: GCEO. The GCFO and Chief HR Officer attend by invitation, as and when required.

Over and above its standard activities, the Committee considered the following:

- Following the appointment of two new Non-executive Directors, the Committee reviewed the Board and Committee composition. It assessed whether the Committees and Board Members have the appropriate mix of skills, knowledge and experience to ensure the effectiveness of the Board and that Members are able to fully discharge their fiduciary duties. As a result, recommendations regarding Committee composition were made to the Board for approval
- Reviewed and recommended the conflict of interest register to the Board for approval. The register was subsequently uploaded on Telkom's website
- Reviewed and approved the JSE Compliance Certificate, King IV disclosure report and Notice of AGM for FY2025, in line with applicable legal and regulatory prescripts
- Evaluated the performance of the GCEO for FY2025, which was found to be satisfactory

Audit Committee

The Audit Committee ensures the Group has effective corporate governance mechanisms and frameworks in place, aligned with applicable corporate governance requirements and benchmarks.

It assists the Board in overseeing the quality and integrity of the Group's integrated reporting (including ESG elements), all financial statements (Group and Company at interim and year-end), and public announcements in respect of the financial results.

Further, it assesses the integrity and effectiveness of the accounting, financial, compliance and other control systems.

[1] *Mr LL Von Zeuner, previously a Member of the Committee, retired from the Board and its Committees on 20 August 2024.*



Mr KA Rayner











Composition

The Committee is led by **Mr KA Rayner** and comprises Independent Non-executive Directors who all satisfied the requirements of section 94(1) of the Companies Act and King IV. The Chairperson of the Risk Committee is a cross-member on the Audit Committee.

The Committee Members collectively were adequately skilled and possessed the appropriate financial skills, expertise and experience required to discharge their duties in FY2025.

Members: O Ighodaro, KP Lebina, PCS Luthuli, H Singh, LL Von Zeuner[1]

Permanent Invitees: GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, external auditors

Over and above its standard activities, the Committee considered the following:

- Recommended the dividend policy reinstatement, following a four-year suspension, to the Board for approval. This is indicative of the Group's improved financial position and outlook
- Reviewed and approved the integrated report and annual financial statements for FY2025, as per the legal and regulatory requirements
- Reviewed and recommended the revised external audit policy for Board approval. The review was to ensure the policy remains in line with best practice
- The JSE disclosure policy was recommended to the Board for approval. The policy was reviewed to ensure it remains in line with best practice and complies with the applicable legislative and regulatory prescripts
- As a result of a rule change in the Telkom Retirement Fund, the Committee recommended the change from a "defined benefit" to a "defined contribution" scheme

For more details on the Committee's activities, refer to its report in the annual financial statements, available online.

Also refer to the financial capital report on page 17.

Investment and Transactions Committee

The Investment and Transactions Committee deals with any significant investment or transaction relating to the acquisition or disposal of any assets. This includes any equity injection or possible merger or acquisition approved by the Board.

The Committee ensures that post-merger integration plans for approved transactions are adequate. It monitors the performance of investments against the original investment criteria and pre-investment assumptions through formal post-acquisition reviews.



Mr PCS Luthuli











Composition

The Committee is led by **Mr PCS Luthuli** and comprises Independent Non-executive Directors and Executive Directors.

Members: O Ighodaro, KP Lebina, KA Rayner, S Taukobong, B Kennedy, SH Yoon

Permanent Invitees: GCFO, Group Executive: Mergers and Acquisitions

Over and above its standard activities, the Committee considered the following:

- Oversight of the finalisation of the Swiftnet disposal (refer to page 15)
- Received an update on the sale of non-core assets for Gyro (refer to page 58)
- As a result of the growth in mobile subscribers, the Committee recommended an increase in FY2025 capital allocation to support full funding of the Mobile business case
- Reviewed major Group investment programmes to ensure that capex supported optimal revenue growth, enabling the Committee to monitor capex investment and corresponding revenue performance to track that spend is aligned with the business strategy
- Reviewed and noted the Group's liquidity and foreign exchange treatment

Remuneration Committee

The Remuneration Committee's primary objective is to set the Group's remuneration policy and ensure it aligns with the Group's strategy, shareholder interests, and regulatory requirements on behalf of the Board.

The Committee sets and reviews total remuneration and other incentives for senior executives and all employees. It ensures that pay decisions are ethical, fair, competitive, and linked to Company short- and long-term performance.

The remuneration policy aims to ensure that competitive reward strategies and programmes are in place to attract and retain talent at all levels that will enable the Group to achieve its strategic goals.

The Committee oversees remuneration for Executive Directors.



Mr B Kennedy









Composition

The Committee is led by **Mr B Kennedy** and comprises Independent Non-executive Directors.

Members: O Ighodaro, KP Lebina, MG Qhena, LL Von Zeuner[1]

Permanent Invitees: GCFO, GCEO, Chief HR Officer, Group Executive: Remuneration and Performance Management

[1] *Mr LL Von Zeuner, previously a Member of the Committee, retired from the Board and its Committees on 20 August 2024.*

Over and above its standard activities, the Committee considered the following:

- Reviewed the remuneration policy and philosophy as well as the FY2025 remuneration for Executive Directors, Prescribed Officers and all employees, to ensure that Telkom's remuneration remains competitive and fair within the market
- Reviewed the Group's management of headcount costs to ensure these are aligned to the Group's sustainability principles
- Recommended the following key items for Board approval:
  - FY2025 long-term incentive (LTI) annual share awards and performance conditions
  - Fair and responsible pay policy
  - Human capital strategy
  - Strategic Group performance scorecard
- The Committee considered the outcome of the benchmarking exercise conducted to align the annual fees for Non-executive Directors, ensuring that they remain aligned to the market

Refer to the standalone remuneration report online and the summary on page 93 for more details on the Committee's focus areas.

Risk Committee

The Risk Committee assists the Board in providing independent and objective oversight of risk management in the Group. This ensures the quality, integrity and reliability of the Group's risk management.

Telkom has a risk management framework that monitors the management of key and transversal risks.



Ms O Ighodaro







Mr LL Von Zeuner[1]





[1] *Mr LL Von Zeuner, previously a Chairperson of the Committee, retired from the Board and its Committees on 20 August 2024.*

Composition

The Committee is led by **Ms O Ighodaro** and comprises Independent Non-executive Directors. The Chairperson of the Audit Committee is a cross-member on the Risk Committee.

Members: EG Matenge-Sebesho, KA Rayner, SP Sibisi, H Singh, SH Yoon,

Permanent Invitees: GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, Group Executive: ERM, Security and Forensics, external auditors

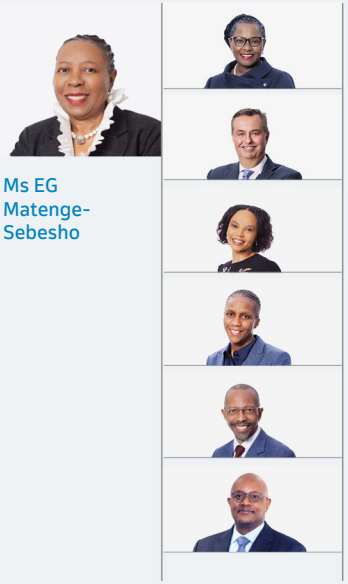
Over and above its standard activities, the Committee considered the following:

- Reviewed and recommended the risk appetite statement and risk tolerances to the Board for annual approval. These were reviewed to ensure that the thresholds remain relevant in the context of various prevailing socio-economic factors, promoting effective risk management and protecting the Group's sustainability
- Reviewed the strategic, emerging and operational risks and mitigation actions to ensure effective risk management and appropriate internal controls
- Reviewed the combined assurance plan to ensure it enables an effective control environment
- Received an update on the impairment of receivables and was comfortable with the procedures in place
- Was apprised of the impact of the mobile network outage and corrective action taken
- Reviewed the information security risks, specifically cyberattacks, and the Group's mitigation measures
- Reset the Group's risk management approach to be more strategic in nature

Refer to page 46 for ERM and compliance.

Social and Ethics Committee

The Social and Ethics Committee is a statutory Board Committee per the provisions of the Companies Act.
Its activities cover environment, social, governance and ethics-related matters.



Ms EG Matenge-Sebesho

Composition

The Committee is led by **Ms EG Matenge-Sebesho** and comprises Independent Non-executive Directors and Executive Directors, in line with King IV.

Members: NS Dlamini, B Kennedy, IO Selele, MLB Msimang, SP Sibisi, S Taukobong

Permanent Invitees: Chief HR Officer and Chief of Corporate Affairs

Over and above its standard activities, the Committee considered the following:

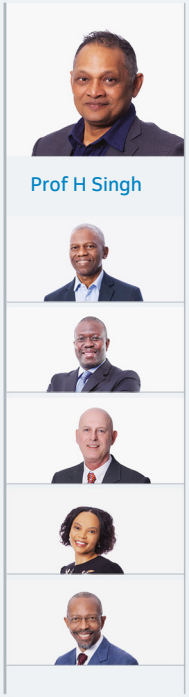
- Monitored the target of at least 36% female representation by 31 March 2025 as part of the diversity, equity and inclusion report, given Telkom's continued commitment to this area
- Received an update on International Fraud Awareness Week in November 2024. This highlighted an improved participation, illustrative of heightened awareness within the Group
- Considered the report on social responsibility, which includes the activities of the Telkom Foundation and FutureMakers, to ensure Telkom continues to be a responsible corporate citizen and play a pivotal role in contributing to broader society
- Monitored the management of ethics, corporate security reports, forensics reports including whistle-blowing matters, and health and safety reports, to ensure Telkom continues to have a good ethical culture
- Considered the impact of the BCX section 189 process on employees and operations and ways in which the business unit can improve its financial performance
- Monitored the ESG strategy implementation to ensure the Group aligns with best practice
- The Committee received training on the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA), covering prevention of corruption, fraud and fiduciary duties regarding conflicts of interest

For more details on the Committee's activities, refer to its report on page 90.

Technology Committee

The Technology Committee was constituted by the Board and became operational in August 2024.

The Committee's primary purpose is to assist the Board with oversight of technology and innovation strategies, plans and operations related to information security, cybersecurity, data privacy and third-party technology strategies.



Prof H Singh

Composition

The Committee is led by **Prof H Singh** and comprises Independent Non-executive Directors.

Members: M Booi, PCS Luthuli, KA Rayner, IO Selele, SP Sibisi, LL Von Zeuner[1]

Permanent Invitees: **Group** Chief Digital Officer, GCEO, GCFO

[1] *Mr LL Von Zeuner, previously a Chairperson of the Committee, retired from the Board and its Committees on 20 August 2024.*

Over and above its standard activities, the Committee considered the following:

- Training related to the Committee's technology governance responsibilities in terms of King IV
- Reviewed the digital business strategy and latest industry trends within satellite technology, interrogating possible opportunities for Telkom to expand services in this area
- Considered cost optimisation of maintenance services provided by third parties to support Telkom's overall financial sustainability

Board and Committee meeting attendance

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee	Investment and Transactions Committee	Social and Ethics Committee	Technology Committee	Joint Audit and Social and Ethics Committees	Joint Audit and Investment and Transactions Committees
Independent Non-executive Directors										
MG Qhena	7/7			6/6	3/3					
EG Matenge-Sebesho	7/7		3/4[1]		3/3		5/5		1/1	
B Kennedy	7/7			6/6	3/3	6/6	5/5		1/1	1/1
H Singh	7/7	6/6	4/4					2/2	1/1	1/1
KP Lebina	7/7	6/6		3/3[7]		6/6			1/1	1/1
PCS Luthuli	7/7	6/6				6/6		2/2	1/1	1/1
IO Selele	7/7				3/3		5/5	2/2	1/1	
KA Rayner	7/7	6/6	4/4			6/6		2/2	1/1	1/1
LL Von Zeuner	5/5[2]	3/3	1/1[2]	3/3[2]						
O Ighodaro	7/7	3/3[3]	2/2[3]	6/6		6/6			0/0[8]	1/1
SP Sibisi	7/7		3/4[1]				3/3	2/2	1/1	
SH Yoon	7/7		4/4			6/6				1/1
M Booi	5/5[4]							2/2[6]		
MLB Msimang	5/5[4]						4/4[5]		0/0[5]	
Executive Directors										
S Taukobong	7/7	6/6	4/4	6/6	3/3	6/6	5/5	2/2	1/1	1/1
NS Dlamini	7/7	6/6	4/4	6/6		6/6	5/5	2/2	1/1	1/1
Total	100%	100%	78.3%	100%	100%	100%	100%	100%	90.9%	100%

Joint meetings are sometimes scheduled between various Committees to deliberate on common interests, such as the draft integrated report and draft business plans.

Special meetings are convened if matters arise outside of the annual work plan that warrant urgent consideration.

[1] *Apology (includes unscheduled meetings).*
[2] *LL Von Zeuner retired as a Director and Chairperson of the Risk Committee and Member of the Remuneration Committee at the AGM on 20 August 2024.*
[3] *O Ighodaro was appointed as Chairperson of the Risk Committee and Member of the Audit Committee with effect from 20 August 2024.*
[4] *MLB Msimang and M Booi were appointed as Non-executive Directors with effect from 1 July 2024.*
[5] *MLB Msimang was appointed as a Member of the Social and Ethics Committee with effect from 20 August 2024.*
[6] *M Booi was appointed as a Member of the Technology Committee with effect from 20 August 2024.*
[7] *KP Lebina was appointed as a Member of the Remuneration Committee with effect from 20 August 2024.*
[8] *O Ighodaro was appointed as a Member of the Audit Committee with effect from 20 August 2024.*

Combined assurance

Telkom adopts a dynamic and integrated combined assurance approach to enhance and streamline assurance-related activities across the Group.

The combined assurance framework ensures co-ordinated, accountable and guided execution of all assurance activities, aligning them with evolving business challenges and opportunities.

Enhancing assurance through integration

The combined assurance model aims to align and integrate all assurance services and functions so that these can work in unison. This enables an effective control environment, maintains the integrity of information for decision-making, and supports the integrity of Telkom's external reports and underlying statements.

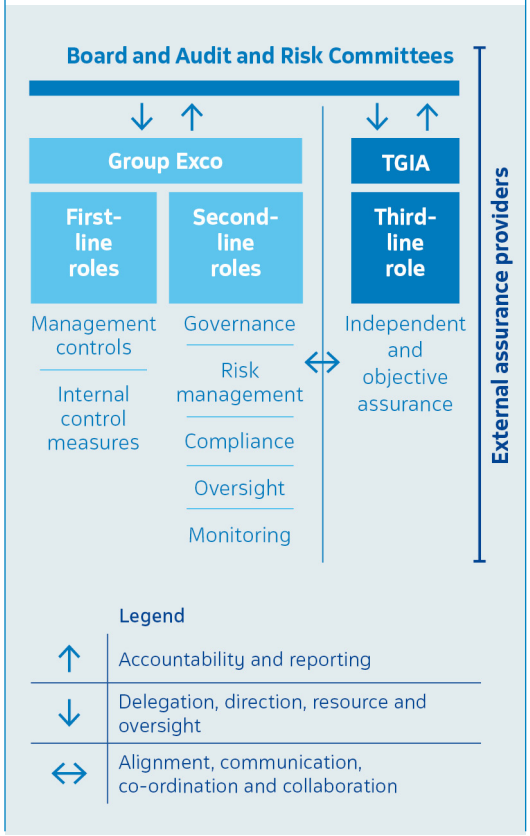
The Board, through the Audit Committee (supported by the Risk Committee), oversees the effectiveness of the combined assurance model. It ensures that the scope of combined assurance is informed by the principal risks and opportunities that materially affect the Group's ability to create value.

Telkom's assurance framework encompasses its business units, functional areas and internal and external assurance providers, and is supported by assurance forums. This collective effort guarantees that our combined assurance mandate is effective and adaptable. Our regulators (e.g. ICASA and the Competition Commission) may institute reviews to gain assurance that Telkom complies with applicable laws and regulations.

Telkom Group Internal Audit (TGIA or internal audit), in collaboration with Telkom ERM, leads the co-ordination and facilitation of the Group's combined assurance efforts across the lines of assurance. It aligns its activities with the other assurance providers, including the external auditors, so that Telkom's significant risks are adequately covered and managed.

The Audit Committee is satisfied with the effectiveness of the combined assurance arrangements.

The combined assurance framework is outlined in the diagram below.



Internal audit

TGIA is a Group-wide function that provides independent and objective assurance and advisory services to add value and enhance Telkom's operations. TGIA is guided by the Telkom Group Internal Audit charter, which sets out the terms of reference for internal audit activity. It serves as a basis for governance of the internal audit activity necessary for TGIA to fulfil its role and to meet the performance criteria set by the Board and the Audit Committee. The charter was updated and approved at the Audit Committee meeting in November 2024.

The Chief Audit Executive reports functionally to the Audit Committee Chairperson and administratively to the GCFO. The Chief Audit Executive attends meetings of the Audit and Risk Committees and is a standard invitee to Group Exco meetings and other Committee meetings comprising mostly senior executives. This promotes the independence of internal audit and the accomplishment of its responsibilities.

TGIA applies a risk-based audit methodology in developing its annual audit plan. It aligns the plan with the Group's strategic risks, considering any opportunities and challenges in the respective operating environments. TGIA supports all business units in achieving their strategic objectives. It collaborates with other assurance providers to continually enhance its combined assurance efforts.

The Audit Committee approves the audit plan annually. TGIA reviews and revises the plan quarterly, as relevant, to align with key business priorities and changes in the business and risk environment. All changes to the plan are tabled with the Audit Committee for approval.

In FY2025, TGIA executed its internal audit plan and prepared the plan for FY2026. TGIA followed a systematic approach to evaluate and enhance the effectiveness of governance, risk management and internal control processes within the Group. It provided assurance to the Group's stakeholders by:

- Evaluating and recommending improvements to Telkom's governance processes
- Assessing the effectiveness of and recommending improvements to Telkom's risk management processes
- Evaluating the adequacy and effectiveness of Telkom's internal controls

TGIA conducts ongoing internal quality assessments and is subject to an external quality assurance review at least once every five years. In FY2022, an external review was performed by the Institute of Internal Auditors South Africa. The review found that TGIA conforms with the International Standards for the Professional Practice of Internal Auditing and performs its services effectively. TGIA achieved the highest ratings of "Generally Conforms" and "Generally Effective".

Embedding combined assurance through structured collaboration

To continue strengthening combined assurance, we ensured that collaboration across assurance lines was solidified through the establishment of the following key structures:

1 **Combined assurance awareness forum:** This forum serves as a platform to embed a robust risk and ethics culture across the Group. It ensures that engagement and communication by second-line assurance functions and management are co-ordinated and aligned.

2 **Economic crimes forum:** This forum consists of functions that have a direct and indirect role in fighting economic crimes within the Group. It co-ordinates strategies and shares expertise, tools and resources to prevent and mitigate economic crime losses across the business.

3 **First-party insurance working forum:** This forum co-ordinates activities and provides operational governance on first-party insurance. It brings together policy leads, insurance subject matter experts and assurance providers to optimise insurance practices within Telkom.

By establishing these forums, we have reinforced a structured and proactive approach to combined assurance, enhancing Telkom's resilience and governance.

Managing our business with integrity

Embedding an ethical culture

The Board approved the annual ethics leadership and employee commitment statement for FY2025, inclusive of the new Telkom shared values.

The Board Chairperson and the GCEO signed the statement on behalf of the Board and management to demonstrate ethical leadership. This annual ethics leadership pledge is cascaded down to business unit level and adopted by the respective subsidiary boards. Refer to the annual ethics pledges available at https://group.telkom.co.za/ir/Governance/Ethics-Pledges/

The Group Ethics Office conducted regular awareness initiatives to embed a Group-wide ethical culture and promote ethical behaviour by employees and suppliers. These were supported by business unit Ethics Champions, the Group Ethics Office and Group Forensics.

The Group Ethics Office provides advisory and information-based activities to the Group, enabling Telkom to provide sound resolutions to ethical dilemmas.

1 Whistle-blowing	We developed a procedure to enhance protection of whistle-blowers and parties who participate in investigations.
2 Group Code of Ethics	This document guides, promotes and encourages ethical behaviour and decision-making, enabling Telkom to live its values and standards. We reviewed the Code to ensure: - Its purpose, language, tone and format are clear and understandable - Employees can easily navigate and find what they are looking for - Its different parts form a logical whole This review considered which parts of the Code relate to ethics and which could be contained in other documents more suitable as part of employment conditions. We evaluated whether the Code addresses ethical principles adequately, and benchmarked it. The revised Code is in its final stages and is scheduled for approval in FY2026.
3 Annual ethics compliance	The annual ethics compliance statistics demonstrated commitment to ethical conduct and doing what is right, especially when no one is watching. We achieved 99% compliance for FY2025 (FY2024: 99%), with declaration of interest compliance at 89% (FY2024: 92%).
4 International Fraud Awareness Week	The Group Ethics Office participated in the annual International Fraud Awareness Week under the theme "Be a whistleblower. Bua, Vuvuzela, Report Fraud! We Have Your Back". A summit event was held on 20 November 2024, with a panel discussion by internal parties and presentations by external experts. Topics covered included the new PRECCA offence of "failure to prevent corrupt activities", protection of whistle-blowers, setting the tone from the top, and conflicts of interest.
5 Ethics and Fraud Survey	The three-yearly Ethics and Fraud Survey was conducted in October 2024 to: - Measure the effectiveness of the Group's ethics and fraud risk management programmes - Enhance the control environment and ethical culture within the Group The outcomes were: - An improved 44% participation rate (FY2021: 30%) - The responses to individual questions were above 90%, indicating a mature ethics awareness level. This was similar to the 2021 results, indicating that our fraud and ethics awareness is on track and yielding the desired results

Share dealing policy

Telkom's share dealing policy promotes transparency when dealing in the Company's shares. The policy is informed mainly by the Financial Markets Act, 19 of 2012 and the JSE Listings Requirements.

All Directors, Group Prescribed Officers and Affected Persons must obtain clearance from the Dealing Committee before trading. A SENS announcement must be released thereafter for Directors and Prescribed Officers and their associates, according to the provisions of the JSE Listings Requirements.

We also have a Subsidiary Dealing Committee to manage the clearance process for trading by subsidiary prescribed executive members, which is under the auspices of the Group Company Secretariat.

Directors and employees must adhere to the policy's provisions. We do not permit trading in the Company's securities during prohibited periods, which comprise price-sensitive periods and closed periods (financial and cautionary closed periods). The respective closed periods are communicated to affected Directors, persons and employees under the share dealing policy.

A collaborative approach to address fraud, corruption and other forms of economic crime

The FY2025 fraud risk management plan consisted of 80% of proactive forensic activities, i.e. fraud prevention (including fraud awareness and training) and fraud detection. Execution of the plan was supported by management and second- and third-line assurance providers as part of combined assurance.

Fraud and other economic crime risks were also managed through the economic crimes forum. The forum was established to look holistically at economic crime beyond conventional fraud. It draws on Group functions including forensics, revenue assurance and fraud management, physical security, cybersecurity, and credit management.

The economic crimes forum exploits synergies and expertise across different functions. This contributed to a 35% year-on-year decline in economic crime losses. We are also improving our processes for recovering the proceeds of economic crime.

This combined approach has helped reduce the impact of fraud, corruption, theft and other economic crime on Telkom's operations.

Proactive awareness and monitoring to combat economic crime

This year's activities to combat economic crime were aimed at enhancing ethical culture and leadership, continuous monitoring and improvement. They included:

- A gap analysis on the amended Prevention and Combating of Corrupt Activities Act
- Ethics and fraud leadership pledges
- An ethics and fraud culture survey
- Monthly fraud and whistle-blowing awareness campaigns
- Hijacking and mugging master drive awareness (for Openserve and BCX technicians)
- A roundtable discussion during the International Fraud Awareness Week
- Increasing and enhancing fraud data analytics exception reports
- Supplier due diligence and other fraud detection reviews

The Ethics and Fraud Survey indicated that 97% of respondents had confidence in the anonymity of the whistle-blowing hotline and were committed to report incidents of economic crime and irregular conduct. In addition, the hotline incidents analysis showed that 92% of those who reported did not claim anonymity and 5% claimed partial anonymity.

This indicates confidence and trust in Telkom's whistle-blowing processes. It is supported by the FY2025 numbers, with 1 239 incidents reported to the hotline, a 16% increase year on year.

To make it easy to report, Telkom has six hotline reporting touch points. The hotline is independently managed and operates 24/7.

We are grateful to internal and external stakeholders who report incidents. They affirm Telkom's stance of zero tolerance towards fraud, corruption and irregular conduct.

Telkom is committed to the protection of whistle-blowers as per the approved Whistle-blowers and Investigation Participating Parties Protection Procedure.

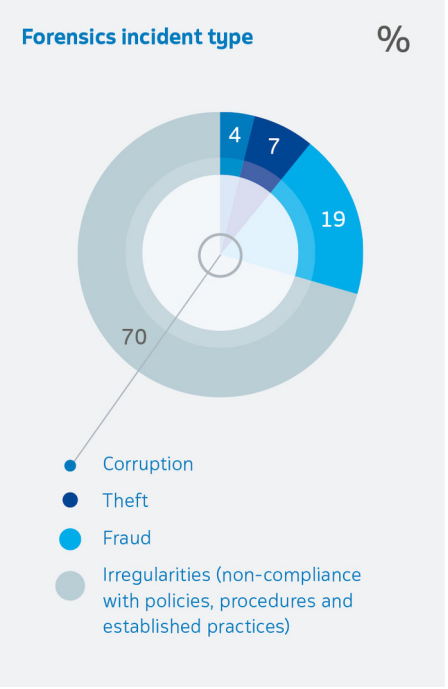
Response to economic crimes

To improve our economic crime prevention measures, we participate in external forums like the Communication Risk Information Centre, South African Fraud Prevention Services, and Non-Ferrous Metals Crime Combating Committee.

Telkom Group Forensics (TGF) and Telkom Physical Security (TPS) work closely with the police to ensure traction on criminal cases opened on behalf of Telkom.

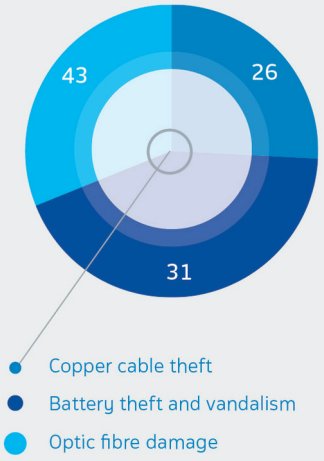
TGF substantiated or confirmed 60% of the allegations that were reported. As a result of the work done by TGF and TPS, multiple consequence actions were taken against those implicated.

The graph below shows the percentage split of incident types dealt with by TGF.



The top three physical security incident types are set out below. These declined by 39% year on year.

Top three physical security incidents %



The economic crime strategy focuses on prevention, detection and improvement of internal controls. As a result of our economic crime prevention activities:

- 19 employees or third-party employees were dismissed
- 12 employees or third-party employees received various types of warnings
- 11 employees or third-party employees resigned after being placed under investigation
- 20 employees received various types of coaching to align their conduct with Telkom's values
- Four employees were on suspension as at 31 March 2025 due to allegations or findings of forensic investigations
- Six service providers' contracts were terminated and one received a warning
- 668 people were arrested relating to security incidents
- 289 matters relating to security incidents were taken to court and 207 people were convicted

In FY2026, we will focus on:

- Adopting a new fraud risk management strategy in line with the new ERM strategy
- Fraud awareness initiatives geared towards external stakeholders, particularly customers
- Enhancing fraud exception reports as part of strengthening fraud detection
- Improving our combined assurance in dealing with economic crimes
- Enhancing the Group's ethical culture



Social and Ethics Committee report

Q&A with the Committee Chairperson

Q

What did the Committee focus on this year, and what were the related actions, decisions and impacts?

A

We remained committed to our oversight role in promoting fair and ethical practices within the Group and in how Telkom engages with customers.

The Committee oversaw the Ethics and Fraud Survey, which is conducted every three years. The survey measures the effectiveness of our ethics and fraud risk management programmes and helps to enhance the control environment and ethical culture within the Group. Participation increased to 44% (2021: 30%), and employees gave encouraging feedback.

We finalised the revised Group Code of Ethics and will take it through the governance structures for approval in FY2026. The Group introduced a procedure to enhance protection for whistle-blowers and parties who participate in investigations. The Committee also received training on PRECCA to refresh us on our duties to monitor ethical conduct and eradicate corruption. Read more about our ethical culture on page 88.



”

In FY2025, the Committee prioritised oversight of Telkom's ethical culture. We also considered how we can refine stakeholder engagement to create value for all our stakeholder groups.

Ethel Matenge-Sebesho
Chairperson, Social and Ethics Committee

We monitored the Group's progress in strengthening customer fairness and experience. We considered various reports related to customer treatment, particularly initiatives aimed at:

- Reducing billing-related complaints
- Enhancing digital capabilities
- Improving customer centricity with a focus on SMMEs

The impact of these efforts was reflected in various external benchmarks. Telkom placed second in the customer relationship management category and first in NPS in the Orange Index for the telecommunications industry. Telkom Mobile achieved second place for customer relationship management and first place for NPS.

The Group achieved 100% compliance with ICASA's service level agreements. The top escalation categories were disputes, debit orders and suspensions. These are all being addressed through targeted service improvements.

In FY2026, we will implement the revised Group Code of Ethics and further enhance Telkom's ethical practices, with a focus on ethics in the digital era. This will include understanding ethical practices related to AI adoption, data privacy and cybersecurity.

Q

Stakeholder engagement was a key focus for the Committee in FY2025. What stakeholder matters did the Committee oversee?

A

We monitored how stakeholder issues, particularly from customers, employees, regulators and communities, were identified, addressed and integrated into business decisions.

The Board approved the revised stakeholder engagement policy in March 2025 following extensive input from management. The policy outlines Telkom's principles and long-term approach to engagement. It reflects our evolving landscape and the need for consistent, structured and responsive engagement across the Group.

The Committee also guided the development of the stakeholder engagement framework. This is a dynamic and practical tool for tailored engagement. It will evolve alongside Telkom and its stakeholders, enabling more targeted and meaningful interaction.

We reviewed stakeholder-related reports to ensure that key concerns were adequately addressed, from customer service issues to employee wellbeing and regulatory compliance. We elaborate on stakeholder relationships from page 42.

Telkom's values are crucial to how we engage with all stakeholders. Our new values promote a culture where teams truly collaborate across functions to get things done in the best interests of OneTelkom. The values will guide us on how to break silos, act with purpose, and focus on what matters most for our customers and stakeholders. Read more about Telkom's values on page 6.

Employee wellness was a priority as BCX concluded the section 189 process with employees. We tracked culture health indicators and the ethical climate in the Group to ensure that leadership models the values introduced in the recent values shift.

In FY2026, the Committee will oversee the implementation of the stakeholder engagement framework across the Group. We will oversee how Telkom extends its reach in driving stakeholder inclusion in digital transformation. We will advocate for increased partnerships with public and private entities that have similar objectives for digital inclusion.

Q

This year, Telkom conducted a double materiality assessment. What was the Committee's role in this process, and how will the outcomes impact the sustainability strategy?

A

The Committee played an oversight role in reviewing the outcomes of the double materiality assessment, which provided Telkom with a robust understanding of matters material to both our external stakeholders and our business. It highlighted a strong alignment between stakeholder concerns and Telkom's focus on energy supply, digital inclusion and ethical leadership.

The outcomes will enable us to refine our sustainability strategy and reporting, ensuring they reflect the financial and non-financial risks that matter most to Telkom's long-term success. They will also help enhance our sustainability governance framework.

Q

Why is the Group revising its ESG strategy and what is the Committee's role in this?

A

The Group will revise its ESG vision for 2030, given that we have met almost all the medium-term goals we set for 2025. We are taking a robust approach to sustainability, given its importance as a driver of resilience and impact amid local and global challenges.

The Committee will guide, advise and monitor execution of the strategy. We will also keep a close eye on the energy transition in the business, as this is key to our decarbonisation and cost management journey.



Q

Telkom conducted its first climate risk scenario analysis. How will this impact its future sustainability strategy?

A

The climate risk scenario analysis provided granular insights into the physical and transition risks facing our infrastructure assets. It used RCP 4.5 and 8.5 climate scenarios to help us understand the climate-related hazards that could affect our business continuity.

The findings will guide the development of strong mitigation strategies and business continuity plans, ensuring Telkom is prepared to navigate future climate challenges.

Q

Investing with purpose and empowering communities are key ESG strategic pillars. Is the Committee comfortable with progress in these areas?

A

We monitored Telkom's efforts to advance digital inclusion, particularly in underserved communities. Expanding fibre networks in townships, informal settlements and rural areas is a top priority. Telkom more than doubled the number of township homes connected via fibre, from 47 619 in FY2022 to 120 852 in FY2025.

In FY2025, we achieved our target of 35% women in leadership roles. We will continue to monitor diversity and inclusion overall, particularly the target of reaching 50% female leadership representation between 2027 and 2029.

We are pleased with the impactful work of the Telkom Foundation amid leadership changes. Beyond bridging the digital divide through infrastructure, the Foundation is committed to closing the usage gap, i.e. ensuring that access is matched with the skills and support needed for meaningful participation in the digital economy.

Read more on the Telkom Foundation on page 71 and our commitment to diversity and inclusion on page 65.

Q

As you reflect on the year, do you have any acknowledgements to make?

A

I am thankful to my fellow Committee Members for their invaluable support and contribution during the year. I am also grateful to management and the Group's employees for their commitment to Telkom's success.

We are excited about the opportunities to do more and increase our impact as the backbone of South Africa's digital future.

Ethel Matenge-Sebesho
Chairperson, Social and Ethics Committee

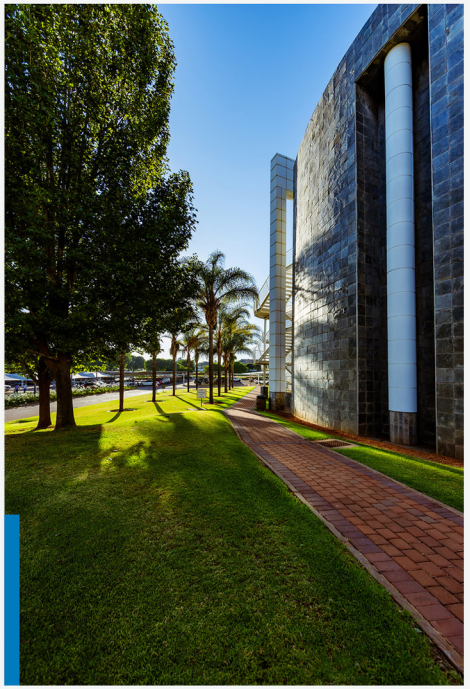
About the Committee

The Social and Ethics Committee is a statutory committee in terms of section 72(4) of the Companies Act, read together with Regulation 43 of the Companies Regulations, 2011.

The Committee has an annual work plan aligned with its terms of reference. The work plan sets out the activities to be executed each year. In FY2025, we completed all 40 planned activities and fulfilled our duties in line with our approved terms of reference.

The Committee's collective expertise enables it to oversee a range of critical issues. In FY2025, the Committee's composition was reviewed, with the addition of a Member with extensive experience in ESG projects. The Committee's meeting attendance is on page 86 and its summary on page 85.





Remuneration report summary

In line with Telkom's PIVOT Strategy, the Remuneration Committee (Remco) focused on achieving sustainable business performance and strong financial results to create value for both shareholders and employees.

Our remuneration approach

Our Group total remuneration offering aims to:

- Drive a high-performance culture by monitoring the implementation of the retention strategy and scheme
- Influence remuneration decisions, with ESG metrics/performance conditions included in the short-term incentive (STI) and long-term incentive (LTI) scheme rules
- Be responsive to legislative changes to ensure that the remuneration policy is fit for purpose to attract and retain talent
- Balance the remuneration mix for Executive Directors and Group Prescribed Officers to continuously align their interests with those of shareholders

We applied best practice, fit-for-purpose governance principles in developing the remuneration strategy and framework. The framework enables us to attract and retain diverse talent to drive the Group strategy through the OneTelkom shared values. This cultivates a high-performance culture and enables effective succession planning and leadership development.

To ensure long-term sustainability for all our stakeholders, all remuneration elements are linked to the PIVOT Strategy.

Aligned to the Group's PIVOT Strategy

Guaranteed Pay (GP) enables the Group to attract, motivate and retain diverse talent with the right mix of skills through competitive pay that reflects the right size, scope and complexity of the roles required to deliver on the business strategy.

STIs
Encourage discretionary effort by rewarding the achievement of exceptional performance outcomes relative to annual performance targets set to drive strategy execution. Three scorecards are used for STI: Group, business unit and individual scorecards.

LTIs
Enable the achievement of exceptional and sustainable long-term results by creating value-sharing opportunities for all employees. There are separate Group performance conditions for the LTI.

	Group scorecard		Business unit scorecard		Individual scorecard		Group performance conditions – LTI		
Strategy priorities	**KPIs**	**Weighting**	**KPIs**	**Weighting**	**KPIs**	**Weighting**	**Strategy priorities**	**KPIs**	**Weighting**
Financial	- Group profit after tax (PAT) before STI - Group revenue - Group FCF	**65%**	- External revenue (Rm) - EBITDA before STI (Rm) - Free cash flow (Rm)	**50% - 55%**	Financial performance	**100%**	**Profit**	HEPS growth	**30%**
Strategic execution	- Business transformation	**10%**	- To execute in line with the FY2026 approved business plan and scorecard	**15% - 20%**	Execution - Business unit and function specific		**Share value**	Total shareholder return	**30%**
Customers	- Mobile subscriber growth - Fibre subscriber growth - FTTH connected premises - Revenue growth in the eight priority high-touch client accounts	**15%**	- Improve customer experience - Increase pre-paid performance - Achieve customer satisfaction through digital channels and iNPS - Revenue growth in the eight priority high-touch client accounts	**15%**	Leadership - People strategy - Culture transformation - B-BBEE			ROIC	**25%**
ESG	- Annual CO_2 emissions reduction - Culture transformation: Improve employee engagement - Women in leadership (M5 and above)	**10%**	- Improve employee engagement - Compliance with assurance providers' findings - Annual CO_2 emissions reduction	**15% - 20%**	- Systemic risk management - Energy interventions		**ESG**	Business strategy	**15%**

Executive Directors' and Prescribed Officers' individual scorecards are 20%, adding up to the Group and business unit weighted score of 100%.

FY2025 summary of remuneration policy changes

The remuneration policy is a critical part of our employee value proposition, enabling the Group to mitigate people risks while embedding a high-performance culture.

The shareholder engagements, along with our annual assessment, resulted in the following changes to the policy:

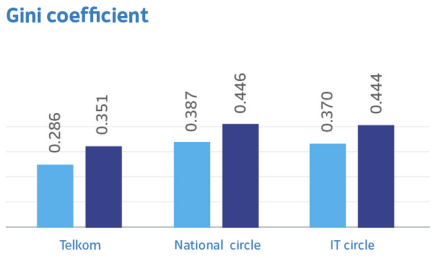
- Benchmarked Executive Directors' remuneration and Group Prescribed Officers' pay mix on-target performance relative to the market
- Increased alignment with Group strategy through the Group, business unit and individual scorecards
- Reviewed and tested the STI and LTI schemes to ensure they drive sustainable growth and strategic performance achievement over the short and long term
- Continued to ensure that ESG metrics are integrated into the performance conditions of the STI and LTI schemes
- Conducted a fair pay analysis and introduced the fair pay policy as a guide to remuneration decisions that are ethical, fair and responsible

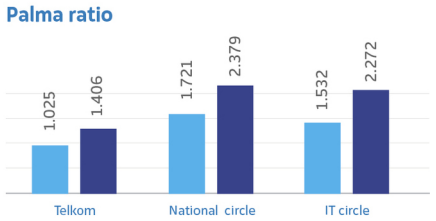
Fair pay policy

Remco approved the fair pay policy, which captures Telkom's fair pay philosophy. The policy will serve as the basis of the remuneration policy, ensuring it:

- Establishes a structure for fair and responsible pay practices that align with our Group values
- Supports our business objectives
- Meets the expectations of stakeholders in a sustainable manner







The Group's actual achievements against the targets are reflected below:

Performance measures	Group scorecard weighting	Threshold (25%)	On target (100%)	Stretch (150%)	Actual achievement	Actual achievement %
Group financial	50%					
PAT before STI	20%	2 579	3 185	4 302	3 630	119.9%
Group revenue	10%	46 585	47 612	49 080	44 572	—%
FCF	20%	1 918	2 525	3 642	2 778	111.3%
Strategic project execution	20%	Key initiatives approved by the Board	100% Key initiatives executed	100% Key initiatives exceeded and incremental revenue upliftment	3 (100% Key initiatives executed)	75%
Customer	15%	Customer metrics scorecards driven by Consumer, Openserve and BCX	Customer metrics scorecards driven by Consumer, Openserve and BCX	Customer metrics scorecards driven by Consumer, Openserve and BCX	2 (Customer metrics scorecards driven by Consumer, Openserve and BCX)	127.8%
ESG	15%					
Environment: Annual CO_2 emissions reduction	5%	3.5%	4.2%	5.0%	5.5%	115.0%
Social: Improve in terms of: 1. Business unit as a good place to work 2. Products and services 3. Current work environment	5%	6 point overall average score improvement	7-12 point overall average score improvement	13 points and above overall average score improvement	Good place to work for - achieved 17 basis points, Products and services achieved - 61 basis points, Work environment achieved - 10 basis points	150.0%
Increased women in leadership (M5 and above)		35.0%	36.0%	37.0%	35.5%	59.5%
Governance, Compliance and Assurance	5%	85%	90%	100%	100.0%	150.0%
Total	**100%**					**100.9%**

Overview of Group financial performance outcomes

- The Group's short-term incentive scorecards cover various aspects of financial and non-financial performance. These performance conditions are aligned with market practice and weighted accordingly
- Financial performance considerations include achieving significant revenue growth beyond budget, optimising PAT and increasing FCF. Telkom is also committed to strategic project execution, customer satisfaction, and its ESG strategy
- Overall Group, business unit and individual performance directly impact the bonus pool that is approved for distribution
- Based on our FY2025 audited financial results, we exceeded PAT on-target performance by 27% against the approved STI scheme plan. The Board approved a profit sharing of 14.3%, resulting in a bonus pool of R711 million that will be distributed to all eligible employees.

Single-figure remuneration

Executive Directors

The following table outlines the aggregate remuneration, benefits paid and STIs for FY2025:

GCEO: S Taukobong

	FY2025	FY2024
GP	R9 922 500	R9 450 000
Motor car insurance	R11 997	R11 997
Funeral benefit	R296	R296
STI	R10 000 000	R2 972 575
LTI (vested shares)	R13 357 447	R0
Total remuneration paid	**R33 292 240**	**R12 434 868**
Telkom Retirement Fund (TRF)*	**R902 948**	**R859 950**

GCFO: NS Dlamini

Appointed 1 December 2023

	FY2025	FY2024
GP	R6 825 000	R2 166 666
Motor car insurance	R0	R0
Funeral benefit	R296	R99
STI	R6 142 461	R545 234
LTI (vested shares)	R0	R0
Total actual remuneration paid	**R12 967 757**	**R2 711 999**
TRF*	**R514 605**	**R163 367**

* *Company contributions included in GP. However, employees have the flexibility to determine contributions.*

Group Prescribed Officers

The following table outlines the aggregate remuneration, benefits paid and STIs for FY2025:

	Group Prescribed Officers								
	DJ Reyneke	NM Lekota	AC Beukes	LM Siyo	PJ Bogoshi	SE Mmakau	M McNamee*	FY2025 Total	FY2024 Total
GP	R6 420 960	R4 656 161	R5 985 000	R6 001 338	R5 956 856	R4 250 000	R2 855 244	R36 125 559	R27 601 534
Motor car insurance	R11 997	R0	R11 997	R11 997	R0	R0	R2 999	R38 990	R37 990
Funeral benefit	R296	R296	R296	R296	R296	R296	R0	R1 776	R1 554
STI	R4 367 627	R4 190 767	R0	R5 679 695	R2 251 937	R3 940 910	R2 740 642	R23 171 578	R7 090 358
LTI (vested shares)	R6 533 339	R7 012 235	R9 229 178	R7 964 960	R10 685 255	R0	R0	R41 424 967	R10 732 525
Separation	R0	R0	R6 901 595	R0	R0	R0	R0	R6 901 595	R2 214 864
Leave payment	R0	R0	R552 462	R0	R0	R0	R0	R552 462	R112 350
Sign-on	R0	R0	R0	R0	R0	R908 333	R0	R908 333	
Total remuneration paid	**R17 334 219**	**R15 859 459**	**R22 680 527**	**R19 658 286**	**R18 894 344**	**R9 099 539**	**R5 598 885**	**R109 125 260**	**R47 791 174**
TRF**	R726 211	R488 897	R544 635	R348 078	R580 794	R331 500	R225 165	R3 245 279	R2 443 437

* *M McNamee joined on 15 July 2024.*
** *Company contributions included in GP. However, employees have the flexibility to determine contributions.*

Executives' and Group Prescribed Officers' emoluments are set out in the annual financial statements, which are available online.

Refer to the Remuneration Committee report on page 84 for its focus areas.

The separate remuneration report online includes:

- The report from the Remco Chairperson
- Our detailed remuneration policies
- The implementation report for FY2025

Appendices 7

Our approach to ESG disclosures

Sustainability reporting covers economic performance, social responsibility and environmental care. Telkom subscribes to several ESG-related frameworks and aligns its ESG strategy with our obligations under these frameworks.

The Group has an impact on the creation, protection and enabling of socio-economic value throughout the business. Refer to the ESG strategy on page 37 for more information.

Our ESG-related policies show our commitment to environmental management, employees, social matters, human rights and anti-corruption, and are available online.

The Group adopted the various sustainability frameworks and participated in the indices as set out here.

Our approach to ESG disclosures	96
Telkom's contribution to the SDGs	97
Task Force on Climate-related Financial Disclosures	99
Share and debt holding information	102
Abbreviations	103
Administration	104

The SDGs
Telkom supports four primary SDGs with selected targets. We demonstrate our contribution throughout this report, with a detailed summary on page 97.

Task Force on Climate-related Financial Disclosures
We formally support the TCFD. Refer to the summary on page 99.

CDP
Telkom continues to participate in CDP climate reporting. We achieved a B score in 2024. The 2025 score will be concluded after December 2025. Refer to the CDP report online.

MSCI
At the date of approval of this report, we were rated A in the MSCI ESG Index, consistent with our score in 2024.

S&P Global – Corporate Sustainability Assessment
Telkom took part for the third time this year and scored 48/100 (2024: 45/100). We aim to improve this score going forward.

Sustainalytics
Telkom's overall ESG score was 26.8 (medium risk) for 2024 (2023: medium risk at 25.8).

The DTI
We are a Level 1 B-BBEE contributor for BCX and Telkom.

B-BBEE Codes of Good Practice
We are a Level 1 B-BBEE contributor for the third year in a row.

JSE Sustainability Disclosure Guidance
We conducted a gap analysis to assess our alignment with the JSE Sustainability Disclosure Guidance and JSE Climate Change Disclosure Guidance. This process identified gaps in our reporting, which we are actively addressing. These enhancements will be largely reflected in our first sustainability report, scheduled for publication in FY2026.

Telkom's contribution to the SDGs

The four SDGs and selected underlying targets present the most material opportunities for Telkom to enhance its positive impacts (SDG 4, SDG 8 and SDG 9) and decrease its negative impacts (SDG 12) in support of the SDGs. The table below provides an overview of our contribution to the SDGs. Cross-references indicate further information to be found in this report.

While developing the ESG strategy, Telkom adopted an additional four SDGs (SDG 1, SDG 6, SDG 10 and SDG 16) that it can support and influence. The ESG strategy is discussed on page 37.

Quality education

Subtargets	Our contribution	Telkom KPIs
4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	We contribute materially to improving proficiency in mathematics and science at secondary school level and supporting teacher development in pedagogical methods and subject content (specifically in science, technology, English and mathematics). Telkom Foundation invested R68 million Ⓐ in education, digital skills and social development.	**Social and relationship capital** (page 68) - Learners who complete the National Senior Certificate - Proficiency in mathematics and science - Investment in digital skills - Teachers empowered through improved teaching practice in science, technology, English and mathematics
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	By providing integrated ICT solutions for teachers and learners, we bridge the digital divide and enhance the quality of teaching and learning outcomes.	**Social and relationship capital** (page 68) - Zero-rated education sites - Corporate social investment in school infrastructure - Investment in digital skills

Decent work and economic growth

Subtargets	Our contribution	Telkom KPIs
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labour-intensive sectors.	We enable economic growth through our technology-driven products and services. We enhance our contribution by continuously investing in our network and infrastructure. We invest in innovation and launch new value propositions that support economic growth and long-term sustainability.	**Productive capital** (page 51) - Capital expenditure - Network coverage - Openserve's network reliability indicators
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of SMMEs, including through access to financial services.	Our procurement policy supports inclusive growth through B-BBEE, ESD and targeted investment. We support entrepreneurs and small businesses through tailored e-commerce and digital solutions.	**Social and relationship capital** (page 68) - Total ESD spend - Number of SMMEs impacted and/or supported - Number of entrepreneurs supported through the Township Innovation Incubator Programme - Rand value invested in development programmes - Rand value of financing provided to SMMEs - Direct and indirect jobs created - Number of lives impacted - Revenue generated by SMMEs - Number of SMMEs onboarded into Telkom's supply chain
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	We are an equal opportunity employer regardless of gender, race or physical ability. We contribute materially through quality education, skills development programmes, our remuneration policies, workforce diversity and investment in ESD.	**Social and relationship capital** (page 68) - Number of jobs created (direct or indirect, including new hires) **Human capital** (page 63) - Employee voluntary turnover - Employee diversity statistics (including differently abled employees) - Number of learnerships and internships **Remuneration report** (online) - Remuneration and benefit disclosure - Income differentials (gender and race wage gap)

Ⓐ *External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.*

Subtargets	Our contribution	Telkom KPIs
8.6 By 2030, substantially reduce the proportion of youth not in employment, education or training.	We directly employ a significant number of people and support a greater number of indirect jobs by providing business to local organisations and through our ESD programmes (see SDG 8.5). We develop young people through internships, learnerships and training opportunities.	**Human capital** (page 63) - New employee hires - Employee turnover - Employee diversity statistics (including differently abled employees) - Training spend - Internship programmes **Remuneration report summary** (page 93) **and standalone remuneration report** - Remuneration and benefit disclosure
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	We provide network access and maintenance to banks, ATMs and point-of-sale platforms. We provide insurance and funeral cover through our mobile products. Telkom Digital Wallet enables payment and receipt of money for customers. We enable access to financial services through provision of connectivity and infrastructure.	**Productive capital** (page 52) - Verified users accessing Digital Wallet

Industry, innovation and infrastructure

Subtargets	Our contribution	Telkom KPIs
9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.	We contribute materially by: - Extending and upgrading our infrastructure - Connecting remote, less-included communities - Stimulating economic participation - Supporting IoT-related innovation We provide affordable products and services, supporting equitable access to connectivity for all.	**Productive capital** (page 52) - Active 5G sites - FTTH homes passed - FTTH homes connected - FTTH homes connected (underserved areas) - Network uptime performance (access, transport and core)
9.3 Increase the access of small-scale industrial and other enterprises in developing countries to financial services, including affordable credit, and their integration into value chains and markets.	We contribute to this target through our ESD programmes (refer to SDG 8.3). We provide other industries with a platform for technological advances through our products and services.	**Social and relationship capital** (page 68) - Number of SMMEs impacted and/or supported - Total ESD spend
9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities.	We contribute by leveraging Gyro and its infrastructure upgrades to increase resource-use efficiency and adopt clean and environmentally sound technologies. This includes: - Solar PV expansion - Energy efficiency initiatives - Moving from copper to fibre cables - Water and energy smart meters at high-consuming sites to optimise consumption	**Natural capital** (page 73) - Carbon footprint - Water consumption - Electricity usage from renewable resources - E-waste recycled
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private R&D spending.	We enhance ICT research and innovation through our partnerships and platforms. In FY2025, we invested R46 million in innovation, industry and academic research. Our COEs drive research on impactful technologies, including IoT and AI tools for people with visual and hearing impairments, biodiversity-supporting network technologies, and infrastructure sensors for geotechnical monitoring. Our connectivity infrastructure and modern data centres position us to support distributed AI workloads by global players operating in South Africa.	**Social and relationship capital** (page 68) - Total invested in innovation and industry research and development - Number of students supported through the Telkom CoE Programme

Responsible consumption and production

Subtargets	Our contribution	Telkom KPIs
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Our business activities, products and services lead to high volumes of e-waste, such as batteries, copper cabling, phones and electronic equipment. We increased our e-waste recycling to 8 276 tonnes. We sell recovered cabling to a leading recycler. We expanded our reuse initiatives by launching trade-in packages and promoting repair and extended warranty options for devices.	**Natural capital** (page 73) - Volumes of e-waste disposed of - Number of devices eligible for trade-in - Reduction in waste to landfill
12.7 Promote public procurement practices that are sustainable in accordance with national policies and priorities.	We contribute materially through our procurement practices and terms and conditions. In FY2025, we engaged suppliers on our emissions reduction targets and initiated steps to embed sustainability into sourcing. We will finalise our sustainable procurement strategy and onboard high-impact suppliers onto our ESG reporting platforms in FY2026.	**Social and relationship capital** (page 68) - Number of SMMEs impacted and/or supported **Natural capital** (page 73) - Scope 3 GHG emissions

Task Force on Climate-related Financial Disclosures

Climate change affects our operations in various ways. Our infrastructure is vulnerable to extreme weather events, and the availability of resources such as water is essential for our network operations.

We are working to reduce our emissions, increase energy efficiency, and integrate renewable energy into our operations. We are exploring innovative solutions to adapt and build resilience to climate change in our infrastructure and supply chains.



Governance

Telkom acknowledges the increasing importance of climate governance to ensure resilience against climate-related risks and capitalise on emerging opportunities. The Board provides strategic oversight, integrating climate-related considerations into corporate decision-making. Climate has been a standing agenda item at Board level as part of ESG since 2022.

The Board holds ultimate responsibility for overseeing risk and compliance across the Group, including climate-related risks. Climate oversight is delegated to the Social and Ethics, Audit, and Risk Committees. They monitor progress on climate-related initiatives, provide recommendations, and ensure alignment with Telkom's broader ESG and corporate strategy.

In FY2025, we strengthened climate governance by formally integrating climate risk considerations into the ERM framework. This ensures climate-related risks are assessed together with strategic and financial risks.

We completed Telkom's first climate risk scenario analysis, assessing how extreme weather events, temperature changes and regulatory shifts may impact our operations and financial performance. These insights were presented to the Board.

At operational level, the Exco governs and supports climate change initiatives, ensuring that climate-related priorities are embedded in core business functions. The ESG Impact Council oversees climate-related performance. Quarterly meetings review progress against carbon reduction targets, energy efficiency initiatives and adaptation measures.

Telkom appointed a net zero initiative custodian. This role is responsible for tracking, co-ordinating and ensuring successful implementation of decarbonisation initiatives. It will ensure we meet key milestones in our net zero strategy, and drive engagement across business units to integrate climate objectives into operational planning.

Telkom engages with stakeholders, including investors, regulators and ESG rating agencies, to ensure transparency in climate-related disclosures. This ensures we assess climate-related risks and opportunities in the context of long-term value creation, regulatory compliance and investor expectations.

To further strengthen climate governance, Telkom has:

- Integrated climate risk considerations into investment and capital expenditure planning, ensuring infrastructure resilience against extreme weather events
- Enhanced Board oversight and regular risk reviews, equipping leadership to make informed decisions on climate-related financial risks
- Strengthened internal monitoring mechanisms, ensuring climate-related initiatives are systematically tracked and reported on

Strategy

Telkom integrates climate-related risks and opportunities into its strategic decision-making, recognising their impact on business resilience and long-term value creation. They include physical risks, such as extreme weather events affecting infrastructure, and transition risks, including regulatory changes and carbon pricing mechanisms. Our strategy focuses on mitigating risks, enhancing operational resilience, and leveraging opportunities in the transition to a low-carbon economy.

In FY2025, we completed our first climate risk scenario analysis. This assessed the impact of climate-related hazards under two scenarios (RCP 4.5 and RCP 8.5) across the 2030 and 2050 timeframes. The findings highlighted the following:

- Flooding risks to 29 assets, potentially damaging infrastructure and increasing service disruptions and maintenance costs
- Rising temperatures increasing cooling requirements for data centres, driving up energy consumption and costs
- Drought exposure affecting 31 assets, threatening water availability for cooling systems
- Wildfire threats to 18 assets, posing risks to physical infrastructure and insurance costs

We have incorporated these insights into risk mitigation and capital investment planning, ensuring infrastructure resilience against climate hazards.

Telkom also faces transition risks, particularly from the expansion of South Africa's carbon tax. If Scope 2 emissions become taxable, it could impact operational costs. To reduce our carbon tax exposure, we are accelerating our solar power installations and enhancing our energy efficiency initiatives.

A major milestone in FY2025 was the development of Telkom's net zero pathway, outlining clear decarbonisation initiatives aligned with our target of net zero emissions by 2040. As part of this, we submitted our net zero targets for validation under the SBTi framework.

Opportunities arising from our climate strategy include:

- Energy efficiency improvements through smart metering, AI-driven cooling management and LED lighting upgrades
- Finance options such as green bonds and sustainability-linked loans to fund decarbonisation initiatives
- Climate-resilient infrastructure investments, integrating adaptation measures into network expansion and maintenance

Through data-driven scenario analysis, decarbonisation initiatives, and proactive risk management, Telkom is strengthening its climate resilience and positioning itself for sustainable growth in a low-carbon economy.

Risk management

Telkom integrates climate risk into its risk identification, management and assurance processes. A Board-approved ERM methodology and philosophy ensures effective risk management across the Group. Refer to page 46 for further insight into our ERM processes, accountabilities, and emerging and strategic risks.

Regulatory, reputational and physical risks are identified and assessed annually, and considered three to six years into the future. Our integrated assurance framework identifies, assesses, monitors and reports on the Group's complex risks and opportunities.

Through our ERM processes and material matter determination process (page 2), the Board oversees risk and ensures compliance across the Group, with support from the Group Exco and both the Audit and Risk Committees.

Telkom manages climate-related risks and opportunities within the business functions where they are identified. However, all major climate-related risks have response plans with trigger thresholds (related to severity of impact) where higher levels of management should get involved.

The Group Emergency Management Team reports to the Group Exco and manages risks that significantly impact business-as-usual and the execution of Telkom's strategy (i.e. the highest trigger threshold). The team ensures continuity of service delivery through the implementation of defined emergency management procedures.

We continued to strengthen Telkom's ability to respond to disasters, including extreme weather events. This included:

- Improving the Group's risk and compliance culture
- Senior leadership setting the tone by demonstrating accountability for any governance, risk and compliance matters
- Exploring predictive analysis for risk management
- Strengthening opportunity management and collaboration across the Group



Metrics and targets

Telkom reports its carbon footprint according to the GHG Protocol, in line with global best practice and the TCFD recommendations. We disclose Scope 1, 2 and 3 emissions alongside key climate-related performance indicators such as energy consumption, water usage and waste management.

In FY2025, Telkom enhanced its emissions tracking and reporting capabilities. This included the following:

- In October 2024, the SBTi validated and approved our net zero targets
- Our Scope 1 and 2 emissions were assured and, for the first time, our Scope 3 emissions were independently assured
- Expanded our Scope 3 emissions disclosure, improving the accuracy of indirect emissions reporting from our supply chain
- Refined our emission reduction strategies, incorporating insights from our net zero pathway to accelerate decarbonisation
- Leveraged AI-driven cooling management, smart metering and LED lighting to optimise energy use

	Target and comments
Scope 1 emissions	Target: Reduce Scope 1 and 2 emissions by 4.2% linear annual reduction rate. Aligned with SBTi ambitions.
Scope 2 emissions	
Scope 3 emissions	Target: No target set for FY2025 Telkom intends to finalise the Group sustainable procurement strategy, which will address our Scope 3 carbon footprint.
Water consumption	Target: No target set for FY2025 We are committed to responsible water consumption. This is evidenced by a 0.4% reduction in water consumption due to site monitoring.
E-waste recycled	Target: No target set for FY2025 E-waste recycling increased by 28% due to ongoing decommissioning of legacy equipment.

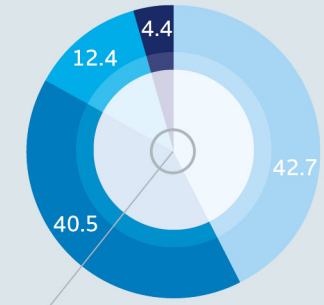
Goal statement	Goal sub-statement	Progress in FY2025	Priorities in FY2026
Carbon neutral by 2035	100% reduction in Scope 1 and 2 emissions.	The decrease in Scope 1 emissions was due to ongoing diesel optimisation. Telkom Park 1 MW solar PV operational since July 2024. It has since generated 749 664 kWh of green energy. SBTi validated and approved our 2040 net zero target.	Install more lithium-ion batteries to further optimise diesel usage. Continue to decommission legacy equipment to reduce energy consumption in our exchanges.
	Migration from fossil fuels to comprise only 50% of energy use by 2030.	Solar rooftop installations underway. Energy efficiency measures implemented. Redundant legacy equipment continues to be decommissioned.	Increase focus on solar PV and explore feasibility of alternative large-scale generation, such as quad generation. Ongoing energy efficiency initiatives.
	100% of energy use from renewable sources by 2035.		
	Migration from R22 refrigerant gases by 25% in 2025 and 100% by 2035, from a 2016 baseline.	At year-end, there was 30.7 tonnes of R22 gas in the heating, ventilation and air conditioning system. We met our 2025 regulatory reduction target of 31.5 tonnes.	
Net zero by 2040	Determine Scope 3 emissions from use of sold products.	Scope 3 targets defined and submitted to the SBTi for validation and approval.	Refine the calculation of Scope 3 emissions and finalise the sustainable procurement strategy to address Scope 3 emissions.
	Encourage recyclable and biodegradable materials.	Developing a Group waste strategy that incorporates circular economy principles and practices.	Finalise the Group waste strategy.
	75% reduction in waste to landfill by 2030.		
	50% reduction in potable water consumption by 2030.	Water-saving initiatives identified (e.g. water harvesting and borehole drilling) and business cases in place.	Implement water-saving initiatives as per the approved business cases.
	Carbon offsets for unavoidable emissions.	Long-term initiative to be considered once Group assets are optimised and on-site opportunities are exhausted.	Factor carbon offsets into long-term initiatives in the sustainability roadmap.

Share and debt holding information

This section provides insight into our share and debt holding as at 31 March 2025.

Equity shareholding %

2025



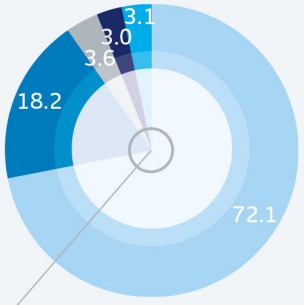
- Institutional shareholders[1]
- Government of South Africa[2]
- Non-institutional shareholders[3]
- Treasury shares[4]

[1] *Institutional shareholders comprise various companies, the majority of which are based in South Africa, the USA, the UK and Europe.*
[2] *The Department of Communications and Digital Technologies is the shareholder representative of the South African Government..*
[3] *Non-institutional shareholders comprise private and individual investors not in the companies sector.*
[4] *The treasury shares belong to Telkom and have not been issued to the public.*

Institutional shareholding – free float

Institutional shareholding by geography %

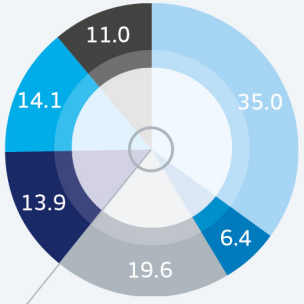
2025



- South Africa[1]
- United States of America
- United Kingdom
- Europe
- Rest of the world

Institutional shareholding by investment style[2] %

2025

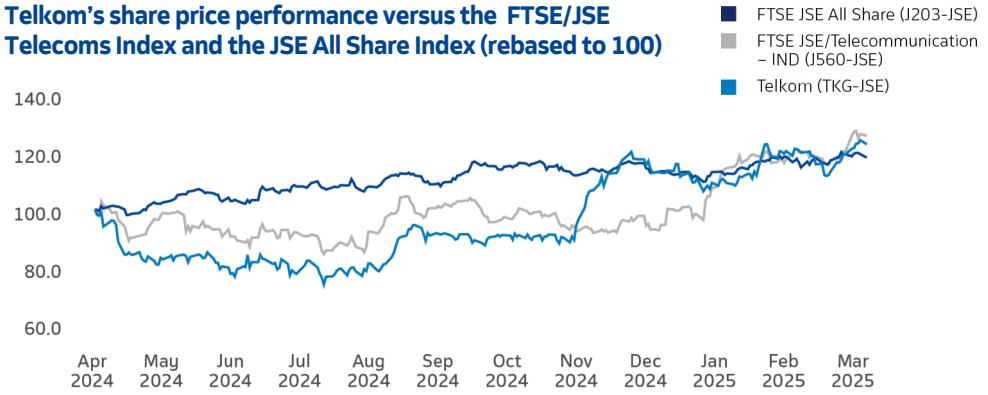


- Value
- Hedge Fund
- Growth at a reasonable price
- Index
- Growth
- Other

[1] *This excludes government.*
[2] *This excludes the Public Investment Corporation SOC Ltd (PIC) as it has multiple investment styles.*

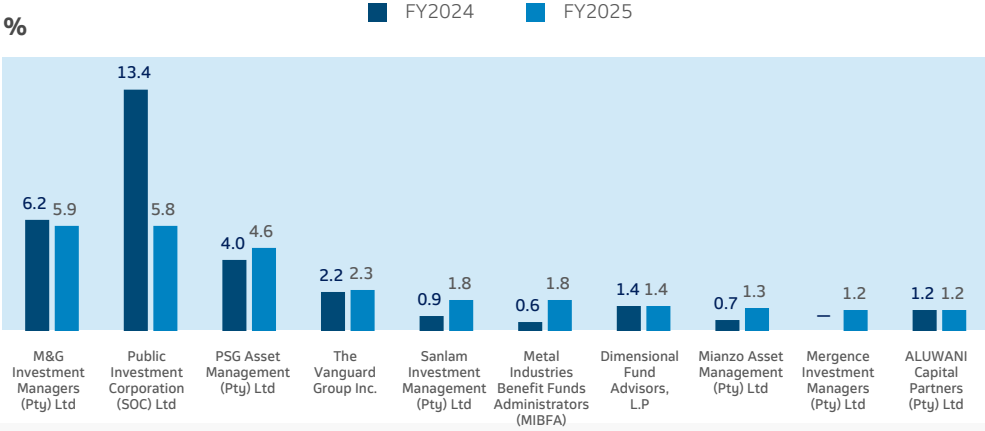
Telkom's share price

Telkom's share price performance versus the FTSE/JSE Telecoms Index and the JSE All Share Index (rebased to 100)



Telkom's top 10 institutional shareholders as at 31 March 2025

%



Debt holding information as at 31 March 2025

JSE bond code: BITEL
Issuer rating

Telkom credit ratings	S&P Global Ratings
Long-term global scale	BB
Long-term national scale	zaAAA
Outlook	Positive
Last review date	November 2024

South African listed debt	TL28	TL33
	TL29	TL34
	TL31	TL35
	TL32	

Abbreviations

5G	The fifth generation of mobile network technology
AGM	annual general meeting
AI	artificial intelligence
AIOps	artificial intelligence for IT operations
APIs	application programming interfaces
ARPU	average revenue per user
B-BBEE	broad-based black economic empowerment
BEPS	basic earnings per share
BSS	business support systems
capex	capital expenditure
CDP	Carbon Disclosure Project
CoEs	Centres of Excellence
Companies Act	Companies Act, 71 of 2008, as amended
CSI	corporate social investment
CWU	Communication Workers Union
DoA	delegation of authority
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation and write-offs, impairments and losses
ERM	enterprise risk management
ESD	enterprise and supplier development
ESG	environmental, social and governance
Exco	Group Executive Committee
FCF	free cash flow
FTTH	fibre to the home
FTTx	fibre to the x (x being a placeholder for where fibre will be connected to)
FY	financial year
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GDP	gross domestic product
GHG	greenhouse gas
GHz	gigahertz
GNU	Government of National Unity
GP	Guaranteed Pay
GWh	gigawatt hour
HEPS	headline earnings per share
HR	human resources
IAS	International Accounting Standard
ICASA	Independent Communications Authority of South Africa
ICT	information and communications technology
IFRS	International Financial Reporting Standards
iNPS	interaction net promoter score
IoT	Internet of Things
<IR> Framework	Integrated Reporting Framework
ISO	International Organization for Standardization
ISPs	internet service providers
IT	information technology
JSE	Johannesburg Stock Exchange
King IV	King IV Report on Corporate Governance™ for South Africa, 2016
kL	kilolitre
KPIs	key performance indicators
KWh	kilowatt-hour
kWp	kilowatt peak
LARR	linear annual reduction rate
LED	light-emitting diode
LTE	long-term evolution
LTI	long-term incentive
MHz	Megahertz
M&A	mergers and acquisitions
MNOs	mobile network operators
MoI	memorandum of incorporation
MV	medium voltage
MW	Megawatts
MWp	Megawatt peak
NPS	net promoter score
NRF	National Research Foundation
OHS	occupational health and safety
opex	operating expenditure
OSS	operational support systems
PaaS	Power-as-a-Service
PAT	profit after tax
PIVOT	Partnerships, integrated solutions, victory in broadband, operational efficiency, and Technology innovation
ppts	percentage points
PRECCA	Prevention and Combating of Corrupt Activities Act, 12 of 2004
PV	photovoltaic
PwC	PricewaterhouseCoopers Inc.
RCP	representative concentration pathway
Remco	Remuneration Committee
RICA	Regulation of Interception of Communications and Provision of Communication-related Information Act, 70 of 2002
ROIC	return on invested capital
SACU	South African Communications Union
SBTi	Science Based Targets initiative
SDGs	United Nations Sustainable Development Goals
SMMEs	small, medium and micro enterprises
STI	short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	tonnes of carbon dioxide equivalent
TGF	Telkom Group Forensics
TGIA	Telkom Group Internal Audit
TPS	Telkom Physical Security
TRF	Telkom Retirement Fund
XaaS	everything-as-a-service

Administration

Company registration number
1991/005476/30

Head office
61 Oak Avenue
Centurion, 0157

Postal address
Telkom SA SOC Ltd
Private Bag X881
Pretoria, 0001

Telkom register helpline
0861 100 948

Group Company Secretary
Ephy Motlhamme
Tel: +27 12 311 0110
secretariat@telkom.co.za

Investor relations
Nondyebo Mqulwana
Tel: +27 12 311 1041
telkomir@telkom.co.za

Auditor
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei View, 2090
Tel: +27 11 797 4000

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
Private Bag X9000,
Saxonwold, 2132

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Ltd
135 Rivonia Road
Sandown
Sandton, 2196




Telkom
Consumer
open serve
BCX
Gyro



Telkom

Seamlessly connecting our customers to a better life

Telkom SA SOC Ltd

Annual Financial Statements

For the year ended 31 March 2025

This is an online report that is available on Telkom's investor relations website.

Telkom SA SOC Ltd

Registration number: 1991/005476/30
JSE share code: TKG
ISIN: ZAE000044897
Alpha code: BITEL

Preparer and supervisor of the annual financial statements

These annual financial statements were prepared by the Telkom Group finance staff under the supervision of the Group Chief Financial Officer, Nonkululeko Dlamini CA(SA).

Board approval

These annual financial statements were authorised for issue on 9 June 2025 by the Telkom SA SOC Ltd Board of Directors and published on 10 June 2025. The Board has the power to amend and reissue the annual financial statements.

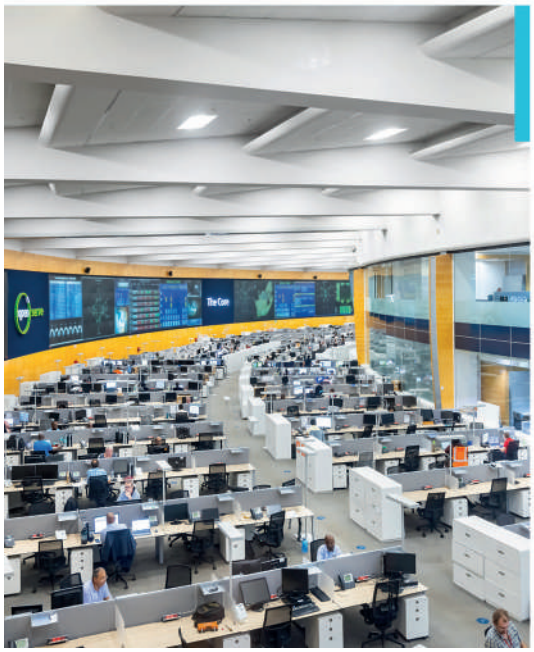


Table of contents

Section 1
Introduction statements 2

3	Directors' responsibility statement
3	Group Chief Executive Officer and Group Chief Financial Officer responsibility statement
4	Certificate from the Group Company Secretary
4	Directors' report
6	Audit Committee report
10	Independent auditor's report

Section 2
Annual financial statements 15

17	Statements of profit or loss and other comprehensive income
18	Statements of financial position
19	Statements of changes in equity
21	Statements of cash flows
22	Notes to the annual financial statements

Section 3
Annexures 139

140	Annexure A – Shareholder analysis
142	Abbreviations
143	Administration



www.telkom.co.za

Introduction statements 1



Directors' responsibility statement	3
Group Chief Executive Officer and Group Chief Financial Officer responsibility statement	3
Certificate from the Group Company Secretary	4
Directors' report	4
Audit Committee report	6
Independent auditor's report	10

Directors' responsibility statement

for the year ended 31 March 2025

The Directors are responsible for the preparation, integrity, and fair presentation of the consolidated and separate annual financial statements of the Company and its subsidiaries (annual financial statements). It is their responsibility to ensure that the annual financial statements fairly present the financial position of the Group and Company as at the end of the financial year, the results of the operations and the cash flow information is in conformity with IFRS® Accounting Standards of the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the requirements of the Companies Act, 71 of 2008 (as amended).

The annual financial statements are prepared based on appropriate accounting policies, which have been consistently applied and have incorporated prudent judgement and estimates.

The external auditor has expressed an independent opinion on the financial statements.

For the Directors to discharge their responsibilities, management continues to develop and maintain a system of internal controls aimed at reducing the risk of error or loss in a cost-effective manner. This is designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Company's policies and procedures.

The Directors, primarily through the Audit Committee, that consists of independent Non-executive Directors, meet periodically with the external and internal auditors and executive management to evaluate matters concerning accounting policies, internal controls, auditing and financial reporting.

Based on the information and explanations provided by management and internal audit, the Directors are of the opinion that the internal accounting controls are adequate. Accordingly, the financial records can be relied upon for preparing the annual financial statements and for ensuring accountability for assets and liabilities.

The Directors are responsible for overseeing the controls and security of the website and, where applicable, for establishing and controlling the process of electronically distributing the annual financial statements and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company and its subsidiaries continue to adopt the going concern basis in preparing the annual financial statements.

Against this background, the Directors of the Company accept responsibility for the annual financial statements, which were approved by the Board of Directors on 9 June 2025 and signed on its behalf by:



Mvuleni Geoffrey Qhena
Chairperson

Centurion
9 June 2025



Serame Taukobong
Group Chief Executive Officer

Centurion
9 June 2025

Group Chief Executive Officer and Group Chief Financial Officer responsibility statement

for the year ended 31 March 2025

Each of the Directors, whose names are stated below, hereby confirms that:

- The annual financial statements set out on pages 15 to 138 fairly present, in all material respects, the financial position, financial performance and cash flows of Telkom SA SOC Ltd in terms of IFRS® Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Telkom SA SOC Ltd and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of Telkom SA SOC Ltd;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for the implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving Directors.



Serame Taukobong
Group Chief Executive Officer

9 June 2025



Nonkululeko Dlamini
Group Chief Financial Officer

9 June 2025

Certificate from the Group Company Secretary

I hereby certify, in accordance with section 88(2)(e) of the Companies Act, 71 of 2008 (as amended), that the Company has lodged with the Commissioner of Companies all such returns as are required in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Ephy Motlhamme
Group Company Secretary

9 June 2025

Directors' report

To the shareholders of Telkom SA SOC Ltd (Telkom)

The Directors have pleasure in submitting the annual financial statements of the Group and Company for the year ended 31 March 2025.

The Directors confirm that Telkom complies with the provisions of the Companies Act and the laws of establishment, specifically relating to its incorporation; and it operates in compliance with its memorandum of incorporation and all relevant constitutional documents.

Nature of business

Telkom is an integrated communications and information technology service provider for South Africa.

Financial results

Total profit for the year ended 31 March 2025 for continuing and discontinued operations was R7 503 million (31 March 2024: R1 881 million) representing basic earnings per share of 1 528.0 cents (31 March 2024: 385.5 cents) and headline earnings per share of 544.5 cents (31 March 2024: 376.0 cents). Full details of the financial position and results of the Group are set out in the accompanying audited annual financial statements.

Dividends

Following the suspension of the dividend policy for three years from FY2021, a revised dividend policy was developed and approved by the Board in the prior year. The Board has considered the Group's business plans and is confident that Telkom will be in a position to pay dividends in FY2026.

Subsidiaries, associates and other investments

Particulars of the material subsidiaries of the Group are set out in note 12.1 of the accompanying annual financial statements.

The attributable interest of the Group in the after-tax earnings of its subsidiaries for the year ended 31 March 2025 were:

	31 March 2025	31 March 2024
	Rm	Rm
Aggregate amount of profit after taxation	**1 786**	1 401

Share capital

Details of the authorised, issued and unissued share capital of the Company as at 31 March 2025 are contained in note 9.1 of the accompanying annual financial statements.

Share repurchases

In FY2025 Telkom purchased 3 900 000 shares from the market at an average price of R27.56 per share, for the employee share scheme. The shares were purchased through Rossal 65 Pty (Ltd), a 100% owned subsidiary whose purpose is to house treasury shares.

Borrowing powers

Telkom's Directors, subject to permitted encumbrance undertakings as outlined in its financing agreements, may mortgage or encumber Telkom's property, or any part thereof, and issue debt, whether secured or unsecured, whether outright or as security for other debt, liability or obligation of Telkom or any third party. For this purpose, the borrowing powers of Telkom are unlimited, but are subject to compliance with financial covenants set forth in its financing agreements.

Capital expenditure and commitments

Details of the Company and Group's capital commitments on property, plant and equipment as well as intangible assets are set out in notes 5.1 and 5.2 of the accompanying annual financial statements.

Significant events and transactions

Significant events and transactions during the year under review are disclosed in note 13 of the accompanying annual financial statements.

Events after the reporting date

Events subsequent to the reporting date are set out in note 14 of the accompanying annual financial statements.

Directorate

The following changes occurred in the composition of the Board of Directors from 1 April 2024 to the date of this report:

Appointments	Date
M Booi	1 July 2024
M Msimang	1 July 2024

Resignations	Date
LL von Zeuner	20 August 2024

The Board of Directors as at the date of this report is as follows:

- MG Qhena (Chairperson);
- S Taukobong (Group Chief Executive Officer);
- N Dlamini (Group Chief Financial Officer);
- M Booi;
- O Ighodaro;
- B Kennedy;
- KP Lebina;
- PCS Luthuli;
- EG Matenge-Sebesho;
- M Msimang;
- KA Rayner;
- IO Selele;
- SP Sibisi;
- H Singh; and
- SH Yoon.

Details of each Director may be found in our integrated report (published on 24 July 2025).

Directors' interest

At 31 March 2025, the following Directors held a beneficial interest in the shares of Telkom SA SOC Ltd:

Executive Directors	Shares
S Taukobong	265 689

Non-executive Directors	
B Kennedy	200
KA Rayner	2 500

Subsidiary Directors	
PJ Bogoshi	72 529
S Khuzwayo	17 917
NM Lekota	157 085
LM Siyo	12 513

Audit Committee report

Introduction and mandate

The Audit Committee has formal terms of reference which are updated on an annual basis, or as and when required. The Board is satisfied that the Audit Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Companies Act, 71 of 2008 (as amended) (Companies Act), King IV Report on Corporate Governance for South Africa, 2016 (King IV) and the JSE Listings Requirements (JSE LR).

The primary role of the Audit Committee is to ensure the integrity of Telkom SA SOC Ltd (Telkom or the Company) and the Telkom Group's financial reporting and audit processes and that a sound risk management and internal control system is maintained. In pursuing these objectives, the Audit Committee oversees relations with the external auditor and reviews the effectiveness of the internal audit function.

The Audit Committee consisted of five independent Non-executive Directors from 1 April 2024 to 31 March 2025. Keith Rayner is the Chairperson of the Audit Committee.

The Board believes that the Audit Committee collectively possesses the knowledge and experience to oversee Telkom's financial management, internal and external audit functions, the quality of Telkom's financial controls, the preparation and evaluation of Telkom's audited company and consolidated annual financial statements, and Telkom's periodic financial reporting.

Attendance and membership

The attendance of Audit Committee members at its meetings during the financial year was as follows:

Member	Attendance
KA Rayner (Chairperson)	6/6
O Ighodaro[1]	3/3
KP Lebina	6/6
PCS Luthuli	6/6
H Singh	6/6
LL von Zeuner[2]	3/3

[1] *Appointed on 20 August 2024.*

[2] *Resigned on 20 August 2024.*

The Telkom Group has established and maintains internal controls and procedures, which are reviewed regularly by Internal Audit, which then reports to the Risk and Audit Committees. These reporting responsibilities include managing the risk of business failures and providing reasonable assurance against such failures. However, this does not guarantee that such risks are eliminated.

Responsibility

It is the duty of the Audit Committee, inter alia, to monitor, review and, where applicable, approve:

- The effectiveness of the internal audit function;
- The appointment and/or termination of the external auditor, including their audit fee, expertise, independence and objectivity;
- The nature and extent of any non-audit services performed by the external auditor;
- The external auditor's suitability and recommendation to the shareholders for appointment and reappointment;
- The reports of both internal and external auditors;
- The expertise and experience of the Group Chief Financial Officer (GCFO);
- The effectiveness of the finance function;
- Financial reporting systems to ensure that Company and Group reporting procedures are functioning properly;
- The governance of information technology (IT) and associated risks;
- Compliance with internal financial controls and the effectiveness of combined assurance and enterprise risk management;
- Interim results and report, the audited Company and Group annual financial statements for the financial year ended 31 March 2025 (annual financial statements), the integrated report, and all other widely distributed financial documents and announcements;
- The quality and acceptability of the Telkom Group's accounting policies and practices which are in compliance with IFRS Accounting Standards;
- Compliance with applicable legislation, requirements of appropriate regulatory authorities, and Telkom's Group Ethics Handbook;
- The integrity of the integrated report and associated reports, by ensuring that the content is reliable and recommending it to the Board for approval; and
- Policies and procedures for preventing and detecting fraud.

Annual financial statements

The Committee has reviewed and is satisfied that the annual financial statements, including accounting policies, are appropriate and comply with the IFRS® Accounting Standards of the IASB and in compliance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE LR and the requirements of the Companies Act.

Audit Committee report continued

Management and the Audit Committee addressed key issues, including the following:

IFRS 16 valuation	The review and consideration of the IFRS 16 valuation because of the high number of leases. The major lease categories that gave rise to a right-of-use (ROU) asset and related liability primarily relate to the masts and towers co-location lease agreements, property leases, and vehicle fleet leases. As of 31 March 2025, the ROU asset and liability were reflected at R6 384 million (31 March 2024: R5 594 million) and R6 920 million (31 March 2024: R6 461 million), respectively, with related depreciation and interest of R1 655 million (31 March 2024: R1 463 million) and R529 million (31 March 2024: R586 million) for the 12-month period under review.
Dividend consideration	Telkom's goal is to return cash to shareholders after sufficiently funding capex and strengthening the balance sheet. Management has considered the Group's business plans and is confident that Telkom will be in a position to pay dividends in FY2026. The dividend policy is based on available free cash flow while prioritising a strong balance sheet and future capex requirements. The following distributions were approved by the Board for FY2025: – **Ordinary dividend:** R833 million (or R1.63 per share), representing 30% of the Group's FCF of R2 778 million. This reflects management's confidence in the Group's cash-generating capacity, while maintaining headroom for growth investments and macro-economic volatility. – **Special dividend:** R500 million (or R0.98 per share), representing approximately 26.8% of the R1 868 million remaining cash proceeds from the Swiftnet disposal after settling R4 750 million in interest-bearing debt from the total cash proceeds of R6 618 million. This is a once-off return of capital to shareholders, in line with our goal to unlock value and directly sharing in the success of the Swiftnet disposal.
Actuarial assumptions	The review and approval of the actuarial assumptions for recommendation to the Board for both the interim period-end and financial year-end for financial computation and compilation purposes.
Impairment testing	The review of the impairment testing of Telkom Group's cash generating units (CGUs) resulted in no impairment for BCX, the Telkom Consumer CGU, and the Openserve CGU.
Expected credit loss provisions	The review of the impairment of trade and other receivables, finance lease receivables and contract assets, and intercompany receivables in accordance with IFRS 9.
Key audit matters	The review and consideration of the key audit matters are detailed in the external auditor's report on the annual financial statements.
Group Chief Executive Officer and Group Chief Financial Officer responsibility statement	The review and consideration of the Group Chief Executive Officer and Group Chief Financial Officer responsibility statement as required in terms of paragraph 3.84(k) of the JSE LR.
Remediation of internal control deficiencies	The review and consideration of timeously implemented remedial actions by management regarding internal control deficiencies identified by Internal Audit.
Compliance with King IV and JSE Listings Requirements	The review and consideration of the King IV disclosures, practices, and principles and the JSE corporate governance disclosures in accordance with the JSE LR and the JSE disclosure policy.

Execution of the Audit Committee mandate

The Audit Committee discharged all responsibilities and functions delegated to it in terms of the Audit Committee's terms of reference, the Companies Act, King IV, and the JSE LR.

During the year, the Audit Committee undertook the following:

In respect of the auditors:

- Considered and satisfied itself that the external audit firm and the engagement partner are independent;
- Considered and satisfied itself with respect to the Auditor Suitability Review required by the JSE LR (refer below);
- Reviewed the nature of non-audit services that were provided by the auditors during the year;
- Approved and confirmed non-audit services, which the auditors performed, and fees incurred during the year under review;
- Approved the fees payable to the auditors for the 2025 financial year; and
- The Audit Committee Chairperson held separate meetings with the auditors prior to Audit Committee meetings.

In respect of financial reporting:

- Considered the appropriateness and experience of the GCFO as required by the JSE LR;
- Reviewed the annual financial statements and ensured that adequate controls are in place to ensure the correct compilation of the annual financial statements;
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls; and
- Reviewed the integrated reporting process.

In respect of the internal audit function:

- Approved the Internal Audit plan for the year;
- Monitored and provided oversight of the internal audit function;
- Evaluated the effectiveness of the internal audit function; and
- The Audit Committee Chairperson held separate meetings with the Chief Internal Audit Executive (CAE) prior to Audit Committee meetings.

Audit Committee report continued

In respect of the Audit Committee:

- Ensured the Audit Committee complied with the membership criteria as set out in the Companies Act, King IV, and the JSE LR; and
- Reviewed and approved the Audit Committee's terms of reference.

In respect of information technology governance:

- Monitored Telkom's technology governance framework and processes, including that of information security.

External auditor

The Audit Committee has the primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations on the appointment, reappointment, and removal of the external auditor, assessing their independence on an ongoing basis, and reviewing and approving the audit fee.

After taking account of the audit approach, materiality, and audit risks, the Audit Committee reviewed and agreed both the interim period review plan and financial year-end audit plan, and agreed to both the interim and financial year-end audit fees. The Audit Committee received updates during the year on the audit process, including how the external auditor had challenged the Telkom Group's assumptions on the significant matters noted in this report.

The Board delegated the responsibility of reviewing the Company's current appointed auditor for reappointment to the Audit Committee. The Audit Committee makes a recommendation to the Board, which then makes a recommendation to the shareholders in the notice of annual general meeting (AGM). The Audit Committee recommended the reappointment of the firm and individual partner to the Board, which recommended the same to the shareholders in the AGM notice.

Auditor independence

The Audit Committee is also responsible for determining that the external auditor has the necessary independence. A key factor that may impair any such independence is a lack of control over non-audit services provided by the external auditor.

Telkom addresses this issue by ensuring prior approval by the GCFO and Chairperson of the Audit Committee of all non-audit services. Fees paid for non-audit services to the external auditor amounted to R2 965 493 for the financial year ended 31 March 2025 (31 March 2024: R681 000). Fees accrued for audit work performed for the financial year ended 31 March 2025 by the external auditor amounted to R86.84 million (31 March 2024: R81.75 million). Non-audit fees as a percentage of audit fees for the year ended 31 March 2025 is approximately 3% (31 March 2024: 1%). The increase in the non-audit fee is largely due to the Swiftnet transaction.

The Audit Committee Chairperson met with the external auditor prior to each Audit Committee meeting to discuss and review the content of the external auditor's report to the Audit Committee.

The Audit Committee has reviewed and assessed the independence of the external auditor, and confirmed that the criteria for independence, as set out in the rules of the Independent Regulatory Board of Auditors (IRBA), International Code of Ethics for Professional Accountants and other relevant legislation, have been followed. The Audit Committee is satisfied that the external auditor is independent of the Telkom Group.

Internal auditors

The internal audit function adopts a co-source operating model to supplement its activities and execute its mandate. The co-source partners are KPMG Services (Pty) Ltd (KPMG), Protiviti Inc. and Ernst & Young Inc. (EY). The co-sourced service providers form part of Telkom's internal audit function and report directly to the CAE.

Internal Audit monitors the internal control systems of the Company and Group and reports its findings and recommendations to the Audit Committee and senior management. The Audit Committee determines the purpose, authority, and responsibility of the internal audit function in the Internal Audit charter.

The internal audit function is headed by the CAE, who may be appointed or dismissed by the Audit Committee. The Audit Committee is satisfied that the incumbent CAE has the requisite skills and experience and that he is supported by a sufficient staff complement with appropriate skills and training.

Telkom's Internal Audit operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors. During the year, Internal Audit's activities were identified and planned using a combination of Telkom'a risk management framework and the risk-based methodologies adopted by Internal Audit. The Audit Committee approves the annual Internal Audit assurance plan presented by Internal Audit and monitors progress against this plan.

Internal Audit reports deficiencies to the Audit Committee quarterly together with recommended remedial actions, which are then followed up. During the year, Internal Audit provided the Audit Committee with a written report, which assessed the internal controls over financial reporting, IT governance, and the risk management process as adequate.

The Chairperson of the Audit Committee met with the CAE prior to each Audit Committee meeting to discuss and review the Internal Audit report to the Audit Committee.

Internal Audit and the external auditors have unrestricted access to the Audit Committee, the Audit Committee Chairperson, the Risk Committee Chairperson, and the Chairperson of the Board, thereby ensuring the maintenance of independence.

Risk management

Telkom Group's Risk Committee reviews the Group's risk management, enterprise risk management programmes, business continuity, and forensic services. The Audit Committee Chairperson is a member of the Risk Committee and ensures any identified financial risks are referred to the Audit Committee for consideration. The top principal risks, being those that will prevent the Group from achieving its strategic objectives in the short and medium term, are reported to and considered by the Risk Committee and the Board. All principal risks are currently managed within the risk appetite statements. The key focus areas, risk appetite, and further details of the Group's principal risks are reported in the risk management report included in Telkom Group's integrated report.

The Internal Audit department conducted a review of the effectiveness of the risk management function, in accordance with the approved risk management framework. The results of the review indicated that the risk management process was satisfactory as at 31 March 2025.

Audit Committee report continued

Combined assurance

Telkom Group assessed risks based on principal risks as indicated above. The current combined assurance model is representative of how risks are being managed across the five lines of assurance. Management and Internal Audit have implemented a coordinated structure for planning, executing, and reporting on Internal Audit, compliance, and risk activities. The Audit Committee is satisfied that the Group has optimised assurance across the five lines of assurance in accordance with the approved combined assurance model. Furthermore, the model is considered effective in achieving its objectives of coordinating assurance and reporting to provide management and the Board with a clear view of the Group's risks, what the effective risk mitigations are, and the resulting acceptable level of residual risks.

Audit Committee statement

Based on information received from and discussions held with management and the external auditor, the Audit Committee is of the opinion that the financial records can be relied upon as the basis for the preparation of the annual financial statements.

The Audit Committee has considered and discussed the annual financial statements with both management and the external auditor. During this process, the Audit Committee:

- Evaluated significant judgements and reporting decisions;
- Determined that the going concern basis of reporting is appropriate;
- Evaluated the material factors and risks that could impact the annual financial statements and associated reports;
- Assessed the Group's solvency and liquidity, ensuring financial sustainability and the adequacy of disclosures;
- Discussed the treatment of significant and unusual transactions with management and the external auditor;
- Noted the tenure of the external audit firm;
- Noted the tenure of the designated external audit partners; and
- Discussed the Audit Committee's views on the effectiveness of the CAE.

A key requirement of our annual financial statements is for these to be fairly presented, balanced, understandable and provide the information necessary for stakeholders to assess the Group's position, performance, business model, and strategy. The Audit Committee and the Board are satisfied that the annual financial statements meet this requirement.

The Audit Committee believes that the annual financial statements comply in all material respects with the statutory requirements of the various laws and regulations governing the disclosure and reporting of the annual financial statements. Furthermore, the annual financial statements comply, in all material respects, with IFRS, as issued by the IASB, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE LR. The Audit Committee has recommended that the Board adopt and approve the annual financial statements.



Keith Rayner CA(SA)
Chairperson: Audit Committee

9 June 2025

Independent auditor's report

To the shareholders of Telkom SA SOC Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Telkom SA SOC Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Telkom SA SOC Limited's consolidated and separate financial statements set out on pages 17 to 138 comprise:

- the consolidated and separate statements of financial position as at 31 March 2025;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) 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).*

Our audit approach

Overview



Final materiality

- **Consolidated financial statements:** R394.92 million which represents 0.9% of consolidated revenue from continuing operations.
- **Separate financial statements:** R290.58 million which represents 0.9% of revenue.

Group audit scope

- We performed full-scope audits on four components that were considered significant due to risk and/or size.
- Specified procedures were also performed on two non-significant components.

Key audit matter

- Settlement of the Telkom Retirement Fund ("TRF" or "the Fund")

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report final materiality and group audit scope below.

Independent auditor's report continued

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, 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.

	Consolidated financial statements	Separate financial statements
Final materiality	R394.92 million	R290.58 million
How we determined it	0.9% of consolidated revenue from continuing operations.	0.9% of revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue from continuing operations, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users when profitability fluctuates year on year. Consolidated revenue from continuing operations is considered to be a key objective and focus of the Group's businesses and a key performance indicator for management and investors. We chose 0.9% as the benchmark threshold, based on our professional judgement, which is lower than the quantitative materiality threshold that we would typically apply when using consolidated revenue to compute materiality. In making this determination, we took into account various factors, including the intended users and distribution of the financial statements, and the financial covenants over the Group's debt.	We chose revenue, because in our view, it is the benchmark against which the performance of the Company is most commonly measured by users when profitability fluctuates year on year. Revenue is considered to be a key objective and focus of the Company's business and a key performance indicator for management and investors. We chose 0.9% as the benchmark threshold, based on our professional judgement, which is lower than the quantitative materiality threshold that we would typically apply when using revenue to compute materiality. In making this determination, we took into account various factors, including the intended users and distribution of the financial statements, and the financial covenants over the Company's debt.

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, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We considered the Group's organization or legal structure and its financial reporting processes when identifying components for purposes of planning and performing audit procedures. The Group comprises of the Company and its controlled entities (each considered to be a 'component' for purposes of our group audit scope).

Our scoping assessment included consideration of the Group's significant components, due to risk and/or size, and the sufficiency of work performed over the material financial statement line items within the consolidated financial statements. We have determined four components to be significant, two components to be non-significant and six components to be inconsequential to the Group.

We performed full-scope audits on four components that were considered significant due to risk and/or size. We also performed specified procedures on the two non-significant components.

In establishing the overall approach to the group audit, we determined the type of work that was needed to be performed by us, as the group engagement team, and by component auditors, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We issued group audit instructions to the component auditors, outlining key aspects such as risk assessment, materiality, and scope. We held meetings with the auditors from the significant components. During these meetings we discussed our group instructions, developments relevant to the component, audit execution, significant risks, findings of their procedures and other matters that could be of relevance to the consolidated financial statements.

We assessed the competence, knowledge and experience of the component auditors and evaluated the procedures performed on the significant audit areas to assess the adequacy thereof in pursuit of our audit opinion on the consolidated financial statements.

Further audit procedures were also performed by the group audit engagement team, including substantive procedures over the consolidation process. The work performed at a component level, and the procedures performed at the group level, provided us with sufficient evidence to express an opinion on the consolidated financial statements as a whole.

Independent auditor's report continued

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 of 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 thereon, and we do not provide a separate opinion on these matters.

In terms of ISA 701 *Communicating key audit matters in the independent auditor's report* / the EAR Rule (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	How our audit addressed the key audit matter
Settlement of the Telkom Retirement Fund ("TRF" or "the Fund") *This key audit matter relates to the consolidated and separate financial statements.* Refer to the following notes to the financial statements for the disclosures as it relates to this key audit matter: – Note 2.5.1 *Settlement of the Telkom Retirement Fund (TRF or the fund); and* – Note 10.3 *The Telkom Retirement Fund.* The TRF is a hybrid fund which was established on 1 July 1995 and was considered a defined contribution plan in respect of in-service members and a defined benefit plan in respect of pensioners. During the current financial year, the TRF met the IAS 19 - *Employee Benefits* ('IAS 19') criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules, which was approved by the Financial Sector Conduct Authority ('FSCA') with effect from 1 July 2024. The rule amendment was registered by the FSCA with effect from 1 July 2024 to remove the employer's (i.e. the Company's) obligations to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account. As a result of the rule amendment, no obligation exists in any scenario for the Company to make contributions or any other payments to fund any deficit in the Fund as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall. Linked to the rule amendment was an in-principle decision made by the Telkom Board to pay a once-off amount to strengthen the pensioner reserves following the rule amendment. This resulted in Telkom having to pay the TRF a once-off amount on approval of the rule amendment by the FSCA. The amendment has changed the nature of the liabilities relating to the Fund from a defined benefit to a defined contribution plan (as no further Company obligation remains) according to IAS 19, with effect from 1 July 2024. We considered the settlement of the TRF, to be a matter of most significance to our current year audit due to: – judgements made by management in concluding that the settlement criteria according to IAS 19 have been met; – the magnitude of the loss on settlement of R618 million in relation to the consolidated and separate financial statements; and – the disclosures of the judgements that were required to be included in the consolidated and separate financial statements in respect of the settlement of the TRF.	Our audit addressed this key audit matter as follows: With respect to the effective date of the settlement of the TRF: – We inspected the signed amendment of the TRF rules received from the FSCA and agreed the effective date of the settlement of the TRF to the effective date applied by management in accounting for the settlement of the TRF; and – With the assistance of our internal legal counsel, we also assessed that the effective date is aligned to the applicable requirements of the Pension Funds Act, No. 24 of 1956. We concluded that the effective date determined by management was appropriate. With the assistance of our actuarial experts, we performed the following procedures: – An independent assessment of the valuation of the plan asset and defined benefit obligation as determined by management's expert on 1 July 2024 (i.e. the date of settlement); – An evaluation of management's experts' assessment that no obligation exists in any scenario for the Company to make contributions or any other payments to fund any deficit in the TRF as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall due to the rule amendment; and – An evaluation of the competence, capabilities, and objectivity of management's experts with reference to their professional qualifications. We did not identify any material exceptions when performing these procedures that required further consideration. With the assistance of our internal accounting specialists, we assessed management's technical memorandum in relation to the settlement of the TRF against the requirements of IAS 19 and found this to be consistent with the requirements of IAS 19. We assessed the adequacy of the disclosures made in the financial statements against the requirements of IAS 19. We did not note any aspects requiring further consideration.

Independent auditor's report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Telkom SA SOC Ltd Annual Financial Statements For the year ended 31 March 2025", which include(s) the Directors' report, the Audit Committee report and the Certificate from the Group Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Telkom SA SOC Ltd Integrated Report For the year ended 31 March 2025", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of 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 directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and 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 purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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 directors 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 bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report continued

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the sole auditor of Telkom SA SOC Limited for 2 years.

Prior to that, Telkom SA SOC Limited was jointly audited by PricewaterhouseCoopers Inc. and another auditor for 5 years.



PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg, South Africa
9 June 2025

Annual financial statements 2



Statements of profit or loss and other comprehensive income	17
Statements of financial position	18
Statements of changes in equity	19
Statements of cash flows	21

Notes to the annual financial statements		22
1	**Corporate information**	22
2	**Accounting framework and significant judgements**	22
2.1	Basis of preparation	22
2.2	New accounting pronouncements	22
2.3	Significant accounting judgements, estimates and assumptions	23
2.4	Summary of material accounting policies	23
2.5	Significant changes in the current financial year	24
3	**Performance**	25
3.1	Segment information	25
3.2	Revenue	28
3.3	Other income	39
3.4	Expenses	40
3.5	Earnings and dividends per share	43
3.6	Reconciliation of profit before tax to cash generated from operations	45
3.7	Changes in liabilities arising from financing activities	46
4	**Working capital**	48
4.1	Lease receivables	48
4.2	Inventories	50
4.3	Trade and other receivables	51
4.4	Cash and cash equivalents	52
4.5	Trade and other payables	52
5	**Long-term assets**	53
5.1	Property, plant and equipment	53
5.2	Intangible assets	57
5.3	Impairment of goodwill and cash-generating units	60
5.4	Investment property	63
6	**Financing structure and commitments**	65
6.1	Investment income	65
6.2	Net finance charges and fair value movements	65
6.3	Right-of-use assets and lease liabilities	66
6.4	Interest-bearing debt	71
6.5	Provisions	73
6.6	Finance charges paid	74
6.7	Commitments	74
6.8	Contingencies	75
7	**Financial risk**	76
7.1	Financial instruments and risk management	76
7.2	Investments	96
7.3	Other financial assets and liabilities	101
8	**Taxation**	105
8.1	Income tax expense	105
8.2	Deferred taxation	106
8.3	Taxation paid	107
9	**Equity structure**	107
9.1	Share capital	107
9.2	Share-based compensation reserve	108
9.3	Non-distributable reserves	108
9.4	Dividend paid	109
10	**Employee benefits**	110
10.1	Employee benefits summary	110
10.2	The Telkom Pension Fund	112
10.3	The Telkom Retirement Fund	114
10.4	Medical benefits	117
10.5	Telephone rebates	119
10.6	Sensitivity analysis	120
10.7	Telkom Group share scheme	121
11	**Related parties**	127
11.1	Directors' interest and Prescribed Officers	127
11.2	Related party transactions and balances	131
12	**Group composition**	134
12.1	Group interest in subsidiaries and associates	134
12.2	Changes in shareholding	135
12.3	Discontinued operation	136
13	**Significant events**	138
14	**Events after the reporting date**	138

Statements of profit or loss and other comprehensive income

for the year ended 31 March 2025

		Group		Company	
		31 March 2025	31 March 2024	31 March 2025	31 March 2024
	Notes	Rm	Rm	Rm	Rm
Continuing operations					
Revenue	3.2.1	**43 880**	42 463	**32 287**	30 865
Operating revenue		**43 228**	41 805	**31 696**	30 270
Interest revenue		**360**	377	**299**	314
Insurance revenue	7.2.3.1	**292**	281	**292**	281
Other income	3.3	**1 552**	895	**7 094**	1 751
Payments to other operators	3.4.1	**(2 693)**	(3 328)	**(2 116)**	(2 664)
Cost of handsets, equipment, software and directories	3.4.2	**(5 185)**	(6 125)	**(3 731)**	(3 867)
Sales commission, incentives and logistical costs	3.4.3	**(3 214)**	(2 748)	**(3 214)**	(2 748)
Enterprise subcontracting costs[1]		**—**	—	**(4 498)**	(4 623)
Insurance service expenses	7.2.3.1	**(202)**	(185)	**(202)**	(185)
Employee expenses	3.4.4	**(8 813)**	(7 895)	**(2 179)**	(1 519)
Other expenses	3.4.5	**(2 763)**	(2 195)	**(903)**	(697)
Wholesale voice and non-voice services	3.4.6	**—**	—	**(5 196)**	(5 638)
Maintenance	3.4.7	**(5 043)**	(4 842)	**(3 025)**	(2 608)
Marketing		**(955)**	(829)	**(806)**	(678)
Impairment of receivables, contract assets and loans	7.1.4	**(1 342)**	(1 688)	**(1 199)**	(1 451)
Service fees	3.4.8	**(3 848)**	(3 849)	**(1 583)**	(1 397)
Lease-related expenses		**(360)**	(246)	**(296)**	(156)
EBITDA		**11 014**	9 428	**10 433**	4 385
Depreciation of property, plant and equipment	3.4.9	**(3 385)**	(3 350)	**(1 214)**	(1 155)
Depreciation of right-of-use assets	3.4.9	**(1 655)**	(1 463)	**(1 553)**	(1 404)
Depreciation of investment property	3.4.9	**—**	—	**(96)**	(112)
Amortisation of intangible assets	3.4.9	**(589)**	(632)	**(388)**	(426)
Write-offs and impairments of property, plant and equipment and intangible assets	3.4.9	**(328)**	(80)	**(167)**	(28)
Impairment of investment in subsidiaries	7.2.1	**—**	—	**—**	(28)
Operating profit		**5 057**	3 903	**7 015**	1 232
Investment income	6.1	**369**	229	**2 408**	4 381
Net finance charges and fair value movements	6.2	**(1 984)**	(2 181)	**(1 859)**	(2 002)
Finance charges on lease liabilities		**(529)**	(586)	**(463)**	(468)
Net finance charges - other		**(1 397)**	(1 541)	**(1 346)**	(1 562)
Foreign exchange and fair value movements		**(58)**	(54)	**(50)**	28
Profit before taxation		**3 442**	1 951	**7 564**	3 611
Taxation	8.1	**(659)**	(497)	**(442)**	(59)
Profit for the year from continuing operations		**2 783**	1 454	**7 122**	3 552
Profit from discontinued operation	12.3	**4 720**	427	**—**	—
Profit for the year		**7 503**	1 881	**7 122**	3 552
Other comprehensive (loss)/income					
Items that will be reclassified subsequently to profit or loss					
Exchange (loss)/gain on translating foreign operations[2]	9.3	**(13)**	11	**—**	—
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial (losses)/gains	10.1	**(2)**	4	**2**	5
Income tax relating to other comprehensive (loss)/income		**—**	(1)	**(1)**	(1)
Other comprehensive (loss)/income for the year, net of taxation		**(15)**	14	**1**	4
Total comprehensive income for the year		**7 488**	1 895	**7 123**	3 556
Profit attributable to:					
Owners of Telkom		**7 497**	1 877	**7 122**	3 552
Non-controlling interests		**6**	4	**—**	—
Profit for the year		**7 503**	1 881	**7 122**	3 552
Total comprehensive income attributable to:					
Owners of Telkom		**7 482**	1 891	**7 123**	3 556
Non-controlling interests		**6**	4	**—**	—
Total comprehensive income for the year		**7 488**	1 895	**7 123**	3 556
Basic earnings per share (cents)					
Continuing operations	3.5	**566.0**	297.8		
Discontinued operation	3.5	**962.0**	87.7		
Total basic earnings per share (cents)		**1 528.0**	385.5		
Diluted earnings per share (cents)					
Continuing operations	3.5	**558.0**	291.0		
Discontinued operation	3.5	**948.5**	85.7		
Total diluted earnings per share (cents)		**1 506.5**	376.7		

[1] *Subcontracting costs relate to enterprise customer contracts which Telkom sold to Business Connexion (Pty) Ltd (BCX) (refer to note 3.2.1).*

[2] *This component of other comprehensive income does not attract any tax.*

Statements of financial position

as at 31 March 2025

	Notes	Group		Company	
		31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Assets					
Non-current assets		**44 530**	43 006	**43 187**	43 070
Property, plant and equipment	5.1	**27 334**	26 002	**10 225**	9 285
Right-of-use assets	6.3.1	**6 384**	5 594	**4 735**	4 582
Intangible assets	5.2	**5 421**	5 327	**3 315**	3 141
Investment property	5.4	**—**	—	**832**	911
Investment in subsidiaries	7.2.1	**—**	—	**13 477**	13 480
Loans to subsidiaries	7.2.2	**—**	—	**8 332**	8 885
Other investments	7.2.3	**106**	106	**—**	—
Other receivables[1]		**155**	48	**—**	—
Employee benefits	10.1	**993**	1 283	**993**	1 283
Other financial assets	7.3	**94**	173	**94**	89
Finance lease receivables	4.1.1	**307**	313	**155**	28
Deferred taxation	8.2	**3 736**	4 160	**1 029**	1 386
Current assets		**23 005**	16 216	**18 540**	11 464
Inventories	4.2	**747**	903	**237**	355
Income tax receivable	8.3	**7**	115	**—**	—
Finance lease receivables	4.1.1	**157**	266	**38**	10
Trade and other receivables	4.3	**7 740**	8 215	**5 636**	6 165
Contract assets	3.2.4.1	**2 344**	2 204	**2 344**	2 204
Other current assets	3.2.4.2	**619**	545	**619**	545
Other financial assets	7.3	**63**	63	**46**	48
Loans to subsidiaries	7.2.2	**—**	—	**380**	133
Insurance contract assets	7.2.3	**251**	141	**251**	141
Cash and cash equivalents	4.4	**11 054**	3 747	**8 989**	1 863
Restricted cash		**23**	17	**—**	—
Assets included in disposal group classified as held for sale	12.3	**—**	1 969	**—**	1 239
Total assets		**67 535**	61 191	**61 727**	55 773
Equity and liabilities					
Equity attributable to owners of the parent		**33 601**	26 196	**33 790**	26 721
Share capital	9.1	**5 050**	5 050	**5 050**	5 050
Share-based compensation reserve	9.2	**1 610**	1 535	**1 374**	1 321
Non-distributable reserves	9.3	**585**	750	**171**	278
Retained earnings		**26 356**	18 861	**27 195**	20 072
Non-controlling interests		**(16)**	(21)	**—**	—
Total equity		**33 585**	26 175	**33 790**	26 721
Non-current liabilities		**16 347**	17 359	**13 706**	15 641
Interest-bearing debt	6.4	**9 368**	11 535	**9 368**	11 535
Lease liabilities	6.3.2	**5 100**	4 100	**3 977**	3 788
Provisions	6.5	**381**	336	**337**	294
Other financial liabilities	7.3	**205**	202	**—**	—
Deferred revenue	3.2.4.3	**1 194**	899	**24**	24
Deferred taxation	8.2	**99**	287	**—**	—
Current liabilities		**17 603**	17 176	**14 231**	13 411
Trade and other payables	4.5	**9 944**	8 996	**9 011**	8 108
Shareholders for dividend	9.4	**19**	24	**19**	24
Interest-bearing debt	6.4	**2 249**	2 682	**2 249**	2 682
Lease liabilities	6.3.2	**1 820**	2 361	**1 398**	1 366
Provisions	6.5	**1 501**	1 093	**479**	214
Deferred revenue	3.2.4.3	**1 711**	1 651	**985**	968
Income tax payable	8.3	**9**	—	**20**	—
Other financial liabilities	7.3	**350**	369	**70**	49
Liabilities included in disposal group classified as held for sale	12.3	**—**	481	**—**	—
Total liabilities		**33 950**	35 016	**27 937**	29 052
Total equity and liabilities		**67 535**	61 191	**61 727**	55 773

[1] *The other receivables relate to prepayment of services or goods that will not be received within the next 12 months. The current portion of prepayments is disclosed in trade and other receivables (refer to note 4.3).*

Statements of changes in equity

for the year ended 31 March 2025

	Attributable to equity holders of Telkom						
Group	Share capital Rm	Non-distributable reserves Rm	Share-based compensation reserve Rm	Retained earnings Rm	Total Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 April 2023	5 050	739	1 414	16 981	24 184	(23)	24 161
Total comprehensive income	—	11	—	1 880	1 891	4	1 895
Profit for the year	—	—	—	1 877	1 877	4	1 881
Other comprehensive income	—	11	—	3	14	—	14
Exchange gains on translating foreign operations	—	11	—	—	11	—	11
Net defined benefit plan remeasurements	—	—	—	3	3	—	3
Transactions with owners recorded directly in equity							
Increase in share-based compensation reserve (refer to note 9.2)	—	—	36	—	36	—	36
Increase in subsidiaries' share-based compensation reserve (refer to note 9.2)	—	—	85	—	85	—	85
Dividend declared (refer to note 9.4)	—	—	—	—	—	(2)	(2)
Balance at 31 March 2024	5 050	750	1 535	18 861	26 196	(21)	26 175
Balance at 1 April 2024	**5 050**	**750**	**1 535**	**18 861**	**26 196**	**(21)**	**26 175**
Total comprehensive (loss)/income	**—**	**(13)**	**—**	**7 495**	**7 482**	**6**	**7 488**
Profit for the year	**—**	**—**	**—**	**7 497**	**7 497**	**6**	**7 503**
Other comprehensive loss	**—**	**(13)**	**—**	**(2)**	**(15)**	**—**	**(15)**
Exchange loss on translating foreign operations	**—**	**(13)**	**—**	**—**	**(13)**	**—**	**(13)**
Net defined benefit plan remeasurements	**—**	**—**	**—**	**(2)**	**(2)**	**—**	**(2)**
Transactions with owners recorded directly in equity							
Increase in treasury shares from BCX (refer to note 9.3)	**—**	**(45)**	**—**	**—**	**(45)**	**—**	**(45)**
Increase in share-based compensation reserve (refer to note 9.2)	**—**	**—**	**38**	**—**	**38**	**—**	**38**
Increase in subsidiaries' share-based compensation reserve (refer to note 9.2)	**—**	**—**	**37**	**—**	**37**	**—**	**37**
Increase in treasury shares (refer to note 9.3)	**—**	**(107)**	**—**	**—**	**(107)**	**—**	**(107)**
Dividend declared (refer to note 9.4)	**—**	**—**	**—**	**—**	**—**	**(1)**	**(1)**
Balance at 31 March 2025	**5 050**	**585**	**1 610**	**26 356**	**33 601**	**(16)**	**33 585**

Statements of changes in equity continued

for the year ended 31 March 2025

	Attributable to equity holders of Telkom				
Company	Share capital Rm	Non-distributable reserves Rm	Share-based compensation reserve Rm	Retained earnings Rm	Total equity Rm
Balance at 1 April 2023	5 050	278	1 250	16 516	23 094
Total comprehensive income	—	—	—	3 556	3 556
Profit for the year	—	—	—	3 552	3 552
Other comprehensive income	—	—	—	4	4
Net defined benefit plan remeasurements	—	—	—	4	4
Transactions with owners recorded directly in equity					
Increase in share-based compensation reserve (refer to note 9.2)	—	—	36	—	36
Increase in Openserve share-based compensation reserve (refer to note 9.2)	—	—	35	—	35
Balance at 31 March 2024	5 050	278	1 321	20 072	26 721
Balance at 1 April 2024	**5 050**	**278**	**1 321**	**20 072**	**26 721**
Total comprehensive income	**—**	**—**	**—**	**7 123**	**7 123**
Profit for the year	**—**	**—**	**—**	**7 122**	**7 122**
Other comprehensive income	**—**	**—**	**—**	**1**	**1**
Net defined benefit plan remeasurements	**—**	**—**	**—**	**1**	**1**
Transactions with owners recorded directly in equity					
Increase in treasury shares (refer to note 9.3)	**—**	**(107)**	**—**	**—**	**(107)**
Increase in Gyro share-based compensation reserve (refer to note 9.2)	**—**	**—**	**6**	**—**	**6**
Increase in share-based compensation reserve (refer to note 9.2)	**—**	**—**	**38**	**—**	**38**
Increase in Openserve share-based compensation reserve (refer to note 9.2)	**—**	**—**	**9**	**—**	**9**
Balance at 31 March 2025	**5 050**	**171**	**1 374**	**27 195**	**33 790**

Statements of cash flows

for the year ended 31 March 2025

	Notes	Group		Company	
		31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
		Rm	Rm	**Rm**	Rm
Cash flows from operating activities		**11 057**	8 003	**7 185**	4 442
Cash receipts from customers		**44 484**	43 469	**32 735**	32 532
Cash paid to suppliers and employees		**(31 493)**	(33 234)	**(26 082)**	(27 250)
Cash generated from operations	3.6	**12 991**	10 235	**6 653**	5 282
Interest received		**537**	447	**1 311**	565
Dividend received		**30**	—	**1 219**	616
Finance charges paid	6.6	**(2 023)**	(2 304)	**(1 876)**	(2 066)
Taxation paid	8.3	**(396)**	(422)	**(66)**	—
Repayment of derivatives - FECs		**(177)**	(82)	**(127)**	(65)
Proceeds from derivatives - FECs		**101**	132	**76**	111
Cash generated from operations before dividend paid		**11 063**	8 006	**7 190**	4 443
Dividend paid	9.4	**(6)**	(3)	**(5)**	(1)
Cash flows generated from/(utilised for) investing activities		**1 280**	(6 197)	**4 219**	(3 037)
Proceeds on disposal of property, plant and equipment and intangible assets[1]		**767**	90	**87**	65
Additions to property, plant and equipment and intangible assets		**(6 165)**	(6 331)	**(2 776)**	(3 331)
Loans repaid by subsidiaries		**—**	—	**—**	174
SMME loans advanced to external parties	7.3	**(7)**	(7)	**(7)**	(7)
SMME loans repaid by external parties	7.3	**12**	17	**10**	10
Investment made by FutureMakers		**(11)**	(9)	**—**	—
Cash received from FutureMakers		**—**	—	**12**	—
Net proceeds from sale of Swiftnet[2]	12.2	**6 441**	—	**6 618**	—
Repayment of derivatives - FECs		**(190)**	(93)	**(139)**	(73)
Proceeds from derivatives - FECs		**109**	149	**84**	125
Proceeds from plan assets	10.1	**330**	—	**330**	—
Restricted cash		**(6)**	(13)	**—**	—
Cash flows utilised for financing activities		**(5 222)**	(1 336)	**(4 278)**	(1 349)
Loans raised	3.7	**4 276**	9 363	**4 276**	9 363
Loans repaid	3.7	**(6 905)**	(9 513)	**(6 905)**	(9 513)
Purchase of shares for the Telkom and subsidiaries long-term incentive share scheme		**(107)**	—	**(107)**	—
Repayment of principal lease liabilities[3]		**(2 496)**	(1 201)	**(1 552)**	(1 214)
Proceeds from derivatives - interest rate swaps		**10**	15	**10**	15
Net increase in cash and cash equivalents		**7 115**	470	**7 126**	56
Cash and cash equivalents at 1 April		**3 939**	3 469	**1 863**	1 807
Cash and cash equivalents at the end of the year[4]	4.4	**11 054**	3 939	**8 989**	1 863

[1] *The increase in proceeds from disposal of property, plant and equipment and intangible assets is mainly due to the sale of properties previously included in the Gyro Properties portfolio which were earmarked for auction.*

[2] *This includes cash proceeds of R6 618 million (refer to note 12.2), less the transfer of cash and cash equivalents to TowerCo BidCo of R177 million (refer to note 12.2) for the Group.*

[3] *The increase in the repayment of principal lease liabilities is mainly due to the payment of the Google fibre pair that was made in the current year. The disposal of Swiftnet also contributed to the increase, resulting in Telkom and Openserve making external lease payments for February and March 2025.*

[4] *Included in the prior year cash and cash equivalents is the Swiftnet cash to the amount of R192 million. In the prior year, Swiftnet was disclosed as a non-current asset held for sale. In the current year, Swiftnet has been sold. Refer to notes 12.2 and 12.3 for details.*

Notes to the annual financial statements

for the year ended 31 March 2025

1. Corporate information

Telkom SA SOC Ltd (Telkom), the ultimate parent of the Group, is a company incorporated and domiciled in the Republic of South Africa (South Africa) whose shares are publicly traded on the JSE Ltd. The main objective of Telkom and its subsidiaries (the Group) and associates is to supply telecommunication, multimedia, technology, information, mobile communication services and other related information technology (IT) services to the Group's customers in Africa. Refer to note 3.2 for a description of the products and services offered by the Group.

2. Accounting framework and significant judgements

2.1 Basis of preparation

These annual financial statements have been prepared in accordance with the IFRS® Accounting Standards of the International Accounting Standards Board (IASB), and in compliance with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 (as amended) (the Companies Act). The annual financial statements have been prepared on the going concern basis.

The annual financial statements are prepared in South African rand, which is also the parent company's presentation and functional currency. Unless stated otherwise, all financial information presented in rand has been rounded off to the nearest million.

The annual financial statements are prepared on the historical cost basis, with the exception of certain financial instruments subsequently measured at fair value. The carrying values of the recognised assets and liabilities that are designated as hedged items in fair value hedges, which would otherwise be carried at amortised cost, are adjusted to record the fair values attributable to the risks that are being hedged in effective hedge relationships. Details of the Group's material accounting policies are set out below and are consistent with those applied in the previous financial year, except for the adopted standards and amendments as listed below.

2.2 New accounting pronouncements

2.2.1 Other standards, amendments to standards and interpretations

The standards and amendments to standards listed below were adopted, effective 1 April 2024, and did not have a material impact on the Group:

Consideration	Effective date
IAS 1 (Presentation of Financial Statements)	Annual periods beginning on or after 1 January 2024
Amendment regarding non-current liabilities with covenants	
IFRS 16 (Leases)	Annual periods beginning on or after 1 January 2024
Amendment regarding lease liability in sale and leaseback transactions, seller-lessee subsequent measurement in sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale	
IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures)	Annual periods beginning on or after 1 January 2024
Amendment regarding supplier finance arrangement disclosure	

The standards and amendments listed below will be effective in future reporting periods. It is expected that the Group will adopt the pronouncements on their respective effective dates.

Consideration	Effective date
IAS 21 (The Effects of Changes in Foreign Exchange Rates)	Annual periods beginning on or after 1 January 2025
Amendment regarding the entity's transaction or operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose	
IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures)	Annual periods beginning on or after 1 January 2026
Amendment regarding classification and measurement of financial instruments	
IFRS 18 (Presentation and Disclosure in Financial Statements)	Annual periods beginning on or after 1 January 2027
IFRS 18 replaces IAS 1 (Presentation of Financial Statements)	
IFRS 19 (Subsidiaries without Public Accountability)	Annual periods beginning on or after 1 January 2027
IFRS 19 is a voluntary accounting standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	

Notes to the annual financial statements continued

for the year ended 31 March 2025

2. Accounting framework and significant judgements continued

2.3 Significant accounting judgements, estimates and assumptions

The preparation of annual financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements, and the reported amounts of revenue and expenses during the reporting periods. Although these estimates and assumptions are based on management's best knowledge of current events and actions that the Group may undertake in the future, actual results may ultimately differ from those judgements, estimates and assumptions.

The Group has performed an evaluation of the possible impact that the U.S. tariffs would have across the Group and determined that they do not have a material impact.

The presentation of the results of operations, financial position and cash flows in the annual financial statements of the Group is dependent upon, and sensitive to, the accounting policies, assumptions and estimates that are used as a basis for the preparation of these annual financial statements. Management has made certain judgements in the process of applying the Group's accounting policies. These, together with the key judgements, estimates and assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date are as follows:

Significant accounting judgements, estimates and assumptions	Note reference
Significant accounting judgement in the settlement of the Telkom Retirement Fund (TRF)	Note 10.3
Significant judgement in measuring the significant financing component in the Google Equiano transaction	Note 3.2
Recognition and measurement of revenue	Note 3.2
Taxation	Note 8.1
Estimation of useful lives and residual values for property, plant and equipment	Note 5.1
Impairments of property, plant and equipment	Note 5.1
IFRS 16 (Leases)	Note 6.3
Estimation of useful lives and residual values for intangible assets	Note 5.2
Impairments of intangible assets	Note 5.2
CGU and goodwill impairment assessment	Note 5.3
Investment property	Note 5.4
Impairment of financial assets (expected credit losses)	Note 7.1.4
Cash flow treatment of asset finance transactions	Note 7.3
Deferred taxation asset	Note 8.2
Inventories	Note 4.2
Provisions	Note 6.5
Employee benefits	Note 10.1
Supplier finance arrangements	Note 4.5
Contingent liabilities	Note 6.8

2.4 Summary of material accounting policies

2.4.1 Basis of consolidation

In preparing these annual financial statements, subsidiaries are consolidated from the date the Group gains control until the date on which control ceases. The Group's share of results of equity-accounted investments is included in the consolidated annual financial statements from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. All intercompany transactions are eliminated and reversed, where relevant.

2.4.2 Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. The Group consolidates the financial statements of subsidiaries from the date that control of the subsidiary commences until the date that control ceases.

2.4.3 Transactions with non-controlling interests

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition, plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a negative balance.

2.4.4 Associates

An associate is an entity over which the Group has significant influence. The Group has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the investee. The Group recognises its interests in associates by applying the equity method.

2.4.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost at Company level and adjusted for any impairment losses.

2.4.6 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree and non-controlling interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Any transaction costs that the Group incurs in connection with the business combination such as legal fees, due diligence fees and other professional and consultation fees are expensed as incurred. Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party/parties both before and after the business combinations (and where control is not transitory) are referred to as common control business combinations. The carrying amounts of the acquired entities are the consolidated carrying amounts as reflected in the consolidated financial statements from the selling entity.

The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions is allocated to equity. This is in accordance with the predecessor value method. The Group has adopted an accounting policy of recycling the common control reserve through retained earnings.

The common control reserve is recycled fully when the business that it is related to is sold internally or externally. In the case where the business is sold back piecemeal, the full reserve will be recycled to retained earnings when the last part of the business is sold internally or externally. In a common control transaction, the seller recognises the difference between the transaction price and the net assets in the statement of profit or loss and other comprehensive income within the “other income” (profit) and “other expenses” (loss) line items.

Notes to the annual financial statements continued

for the year ended 31 March 2025

2. Accounting framework and significant judgements continued

2.4 Summary of material accounting policies continued

2.4.7 Sale of business

The loss of control of a subsidiary usually occurs when the parent sells or otherwise transfers its controlling interest in a single transaction or as a result of multiple transactions. The loss of control represents a significant economic event that requires the parent to stop consolidating the subsidiary and to recognise any gain or loss.

On losing controlling interest in a subsidiary, the Group applies the following accounting principles:

- The Group derecognises the subsidiary's assets (including goodwill) and liabilities, and any non-controlling interest in the subsidiary.
- The Group recognises, at fair value, any interest retained in the former subsidiary, if any. The resulting difference between the net assets and consideration is recognised in profit or loss as a gain or loss on disposal.
- Amounts previously recognised in other comprehensive income related to the subsidiary are either reclassified to profit or loss or directly transferred to retained earnings, depending on the requirement of the applicable IFRS standard(s).

When the change of ownership does not result in a change of control, both the carrying amounts of the controlling and non-controlling interests are adjusted to reflect their revised interests in the subsidiary. Any difference between the adjustment against the non-controlling interest and the fair value of the consideration received is directly recognised in equity.

2.4.8 Foreign currencies

Functional and presentation currency
The consolidated annual financial statements are presented in South African rand, which is the functional and presentation currency of the parent company.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
For the purpose of presenting consolidated annual financial statements, assets and liabilities have been translated to rand at the closing rate on the reporting date. Income and expenses have been translated to rand at the average rate over the reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been translated to rand at the closing rate.

Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The functional currencies of entities within the Group have remained unchanged during the reporting period.

2.5 Significant changes in the current financial year

2.5.1 Settlement of the Telkom Retirement Fund (TRF or the fund)

During the current financial year, the TRF met the IAS 19 (Employee Benefits) criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules, which was approved by the Financial Sector Conduct Authority (FSCA) with effect from 1 July 2024.

The amendment changed the nature of the liabilities relating to the fund from a defined benefit to a defined contribution plan (as no further company obligation remains) according to IAS 19, with effect from 1 July 2024. Refer to note 10.3 for further details.

2.5.2 Internal organisational restructuring

In the 2023 financial year, Telkom had entered into formal consultation processes with the relevant stakeholders in terms of section 189 of the Labour Relations Act to restructure the Group's operations to ensure its sustainability. Phase one of the restructuring commenced in February 2023 and impacted all business units and subsidiaries.

BCX continues to face persistent operational and financial challenges, necessitating further business changes and phase two of the section 189 process. In line with the consultation process with the unions, Telkom offered voluntary severance packages and voluntary early retirement packages to employees in BCX and Gyro. Refer to note 3.4.4 for further details.

2.5.3 Disposal of Swiftnet

The disposal of Swiftnet was completed effective 31 January 2025. Refer to notes 12.2 and 12.3 for further details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance

3.1 Segment information

The Group Executive Committee (Exco) is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the reports reviewed by Exco that are used to make strategic decisions, allocate resources and assess the performance of each reportable segment.

The operating segments' classification is based on the business units through which Telkom provides communications products and services via its customer-facing units: Telkom Consumer and Small and Medium Business (SMB), as well as its subsidiaries, BCX, Openserve and Gyro. The customer-facing units are supported by the Corporate Centre.

The reportable segments have been determined as Openserve, Telkom Consumer, BCX, Gyro and "Other". The SMB segment has been aggregated into the Telkom Consumer segment. The aggregation is based on the similarity in the nature of products and services. SMB's customers include primarily sole proprietors and customers who typically consume simple products and are similar to the product nature and customer profiling within the Telkom Consumer segment. A large portion of the SMB customer base makes use of the Telkom stores channel, which is the same channel as that of the Telkom Consumer customers.

EBITDA is defined as earnings before investment income and finance cost (which includes gains and losses on foreign exchange transactions), tax, depreciation, amortisation, write-offs, impairments and losses of property, plant and equipment and intangible assets, and is also presented inclusive of the following items:

- Interest revenue
- Interest on overdue accounts

Interest revenue is included in operating revenue as a separate component of revenue. Interest on overdue accounts is included in other income.

The CODM reviews the performance of the operating segments on an adjusted EBITDA basis.

EBITDA is adjusted for significant once-off costs and income, when applicable. The current period EBITDA has been adjusted for the following costs and income:

- Restructuring expenses of R160 million
- Loss on settlement of the TRF of R618 million
- Gain on the disposal of Swiftnet of R4 408 million

Swiftnet forms part of the Gyro segment. In the current year, Swiftnet was sold effective 31 January 2025, and is presented as a discontinued operation in the Group statement of profit or loss and other comprehensive income for 10 months. The difference on the financial statement line items between the segment and the statement of profit or loss and other comprehensive income relates to Swiftnet. Refer to note 12.2 for details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.1 Segment information continued

March 2025	Openserve Rm	Telkom Consumer Rm	BCX Rm	Gyro Rm	Other Rm	Eliminations Rm	IFRS 16 reversal Rm	Consolidated Rm
Revenue from external customers[1]	4 875	27 689	11 276	725	7	—	—	44 572
Revenue from contracts with customers recognised over time	4 322	24 109	9 042	25	—	—	—	37 498
Voice	—	5 014	1 748	—	—	—	—	6 762
Interconnection	220	578	—	—	—	—	—	798
Data	4 102	17 962	2 664	—	—	—	—	24 728
Information technology services	—	—	3 766	—	—	—	—	3 766
Customer premises equipment related services	—	84	803	—	—	—	—	887
Interest revenue	—	299	61	—	—	—	—	360
Sundry revenue	—	172	—	25	—	—	—	197
Revenue from contracts with customers recognised at a point in time	402	3 218	2 116	—	7	—	—	5 743
Customer premises equipment	—	3 215	352	—	—	—	—	3 567
Information technology hardware and software	—	—	1 764	—	—	—	—	1 764
Sundry revenue	402	3	—	—	7	—	—	412
Lease revenue	151	70	118	700	—	—	—	1 039
Insurance revenue	—	292	—	—	—	—	—	292
Intersegmental operating revenue	7 474	115	1 070	537	284	(8 927)	(553)	—
Other income (adjusted for once-off income)	263	615	42	581	1 488	(1 437)	—	1 552
Total expenses (adjusted for once-off costs)	(8 607)	(22 852)	(11 012)	(408)	(1 300)	10 364	—	(33 815)
Cost of handsets, equipment, software and directories	—	(3 731)	(1 641)	—	—	187	—	(5 185)
Sales commission, incentives and logistical costs	—	(3 214)	—	—	—	—	—	(3 214)
Payments to other operators	(623)	(2 117)	(369)	—	—	416	—	(2 693)
Employee expenses	(3 072)	(1 222)	(3 404)	(31)	(329)	—	—	(8 058)
Other expenses	(303)	(6 119)	(4 026)	(113)	(292)	8 091	—	(2 762)
Insurance service expenses	—	(202)	—	—	—	—	—	(202)
Maintenance	(2 000)	(2 618)	(858)	(37)	(399)	868	—	(5 044)
Marketing	(58)	(793)	(89)	—	(15)	—	—	(955)
Impairment of receivables, contract assets and loans	22	(1 226)	(137)	(6)	5	—	—	(1 342)
Service fees	(2 385)	(1 334)	(481)	(219)	(250)	670	—	(3 999)
Lease-related expenses	(188)	(276)	(7)	(2)	(20)	132	—	(361)
Adjusted EBITDA for reportable segments including intersegmental transactions and excluding once-off costs and income	4 005	5 567	1 376	1 435	479	—	(553)	12 309
Once-off costs and income								
Gain on disposal of Swiftnet								4 408
Restructuring expenses								(160)
Loss on settlement of the TRF								(618)
EBITDA								15 939
Depreciation, amortisation, impairments and write-offs								(5 962)
Operating profit								9 977
Investment income								382
Net finance charges, hedging costs and fair value movements								(1 998)
Profit before taxation								8 361
Other segment information								
Capital expenditure of property, plant and equipment and intangible assets	2 535	2 797	392	248	114	—	—	6 086

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.1 Segment information continued

March 2024	Openserve Rm	Telkom Consumer Rm	BCX Rm	Gyro Rm	Other Rm	Eliminations Rm	IFRS 16 reversal Rm	Consolidated Rm
Revenue from external customers[1]	4 526	26 140	11 779	785	—	—	—	43 230
Revenue from contracts with customers recognised over time	4 072	22 525	9 259	—	—	—	—	35 856
Voice	—	5 244	2 023	—	—	—	—	7 267
Interconnection	247	526	—	—	—	—	—	773
Data	3 825	16 178	2 586	—	—	—	—	22 589
Information technology services	—	—	3 833	—	—	—	—	3 833
Customer premises equipment related services	—	96	753	—	—	—	—	849
Interest revenue	—	314	64	—	—	—	—	378
Sundry revenue	—	167	—	—	—	—	—	167
Revenue from contracts with customers recognised at a point in time	327	3 334	2 520	—	—	—	—	6 181
Customer premises equipment	—	3 301	276	—	—	—	—	3 577
Information technology hardware and software	—	—	2 244	—	—	—	—	2 244
Sundry revenue	327	33	—	—	—	—	—	360
Lease revenue	127	—	—	785	—	—	—	912
Insurance revenue	—	281	—	—	—	—	—	281
Intersegmental operating revenue	7 985	189	1 136	699	219	(9 578)	(650)	—
Other income	262	721	62	20	1 031	(1 201)	—	895
Total expenses	(8 839)	(22 957)	(11 683)	(418)	(966)	10 779	—	(34 084)
Cost of handsets, equipment, software and directories	—	(3 867)	(2 361)	—	—	103	—	(6 125)
Sales commission, incentives and logistical costs	—	(2 748)	—	—	—	—	—	(2 748)
Payments to other operators	(736)	(2 664)	(380)	—	—	452	—	(3 328)
Employee expenses	(2 851)	(1 111)	(3 432)	(123)	(378)	—	—	(7 895)
Other expenses	(292)	(6 452)	(3 674)	(36)	(229)	8 488	—	(2 195)
Insurance service expenses	—	(185)	—	—	—	—	—	(185)
Maintenance	(2 034)	(2 520)	(1 102)	(32)	(79)	923	—	(4 844)
Marketing	(33)	(672)	(117)	—	(7)	—	—	(829)
Impairment of receivables, contract assets and loans	(73)	(1 445)	(161)	6	(11)	—	—	(1 684)
Service fees	(2 636)	(1 188)	(432)	(229)	(209)	693	—	(4 001)
Lease-related expenses	(184)	(105)	(24)	(4)	(53)	120	—	(250)
EBITDA for reportable segments including intersegmental transactions	3 934	4 093	1 294	1 086	284	—	(650)	10 041
Depreciation, amortisation, impairments and write-offs								(5 561)
Operating profit								4 480
Investment income								253
Net finance charges, hedging costs and fair value movements								(2 197)
Profit before taxation								2 536
Other segment information								
Capital expenditure of property, plant and equipment and intangible assets	2 547	2 651	416	359	161	—	—	6 134

[1] *Revenue includes transactions generated by subsidiaries of BCX in countries outside of South Africa. These are however not considered material to the Group and are thus not disclosed separately.*

Entity-wide disclosures

All material non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts related to the segments above, are located in South Africa. Assets belonging to the subsidiaries of BCX outside of South Africa are not considered material to the Group as a whole.

No single customer contributes more than 10% of the revenue from external customers and thus no specific information relating to major customers is included in the segment information above. For the purpose of assessing revenue contribution per customer, management does not treat the South African government as a single customer, but views each department/municipality within the government as a single customer.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue

Significant accounting judgements, estimates and assumptions

Recognition and measurement of revenue

Stand-alone selling prices and transaction price
The stand-alone selling prices for mobile devices are based on the standard list prices at which the Group sells them separately (without a service contract). Stand-alone selling prices for communication services are set based on prices for non-bundled offers with the same range of services. The transaction price is calculated as the total consideration receivable from the customer over the contract term.

Significant financing component
In order to determine whether a significant financing component exists, a model was designed, that calculates the financing component on a contract-by-contract basis. If the financing component is less than 5% of the total transaction price allocated to the customer premises equipment (CPE), it is deemed not to be significant and the financing component will not be recognised separately.

Google Equiano
As part of the Google Equiano arrangement entered into during the 2024 financial year, Openserve received an upfront payment for granting the use of terrestrial network to Google for 15 years. Aligned with the Group policy and IFRS 15 principles, management concluded that this has a significant financing element.

Management applied judgement to determine an approximate USD rate at which Openserve could be granted USD finance for a similar amount and period to determine the significant financing component. A USD rate was used, as revenue will be earned in USD, and the equipment used to build the network was also paid for in USD.

The significant financing element is recognised as a finance cost and the transaction price (deferred revenue and revenue) is increased with the financing component over the 15-year period.

Customer relationship periods
The average customer relationship periods for wholesale, voice and non-voice services are utilised to expense the capitalised installation revenue and cost. Management applies judgement about the data used to determine the customer relationship period estimate. The estimate is based on the historical churn information (refer to note 3.2.3). The churn is determined by considering the service installation and disconnection dates, the weighted average age of the customer base and the service connection status of the customers. Changes in average customer relationship periods are accounted for as a change in accounting estimate.

Agent vs principal considerations
When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction.

Consideration is given to which party controls the goods or services. If that is not clear, the Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or an agent in transactions with customers and the recording of revenue on a gross, or net, basis:

- The Group is primarily responsible for fulfilling the promise to provide the specified good or service;
- The Group 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 Group has discretion in establishing the price for the specified good or service.

Software, cloud services and related services
The Group has applied judgement to determine whether it acts as an agent or principal in these arrangements in accordance with the principles of IFRS 15. One of the judgements made is whether control passes to the Group prior to the passing thereof to the customer. Where the vendor has the primary obligation to fulfil the services to the customers, the Group concluded that control does not pass to the Group and, as a result, it acts as an agent in these arrangements.

Included in the Group service offerings are software and related licences that are sold with the ability to access the vendor's latest technology via product updates. The assessment of whether the Group acts as a principal or an agent is judgemental. The Group deems the defining characteristic of each arrangement to be whether its material performance obligation is to deliver software, cloud services and related services or to arrange access to such goods or services.

A key consideration in assessing whether the Group or the vendor is responsible for the software, cloud services and related services relates to the management of the updates to the software. Where the Group has concluded that the upgrades are critical to the functionality of the software and the effective functionality of the solution, and such updates can only be delivered by the vendor, the Group acts as an agent for such software sales as the vendor has the primary obligation to fulfil the services to the customers.

Unless the Group obtains the right to direct the use of a piece of software between customers, e.g. gain access to a pool of software licences, the Group has concluded that it does not carry inventory risk for software.

The Group generally has pricing discretion in a contract for the resale of software, vendor cloud services and other related services, but has concluded that this factor in isolation does not result in the Group concluding that it can act as a principal in these transactions.

Vendor resold services
For vendor resold service warranty and maintenance products, a customer purchases a product from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside, but separately from, the associated products, with the Group acting as an agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore acts as an agent with respect to vendor resold services for which it is not primarily responsible for fulfilling the performance obligation.

Revenue from sale arrangements where the Group acts as an agent is recognised on a net basis, with the commission or gross profit earned on these contracts recognised as revenue.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Significant accounting judgements, estimates and assumptions continued

Recognition and measurement of revenue continued

Franchisee
The Group utilises franchise stores to sell its contracts (including those bundled with mobile devices), pre-paid services and mobile devices (without bundling them with a Telkom services contract), and fixed-line services. An entity is the principal in a transaction if it obtains control of the specified goods or services before they are transferred to the customer. An entity is an agent if it does not control the specified goods or services before they are transferred to the customer.

In terms of IFRS 15, Telkom has identified the specified goods or services being provided to the customer, the handset in this instance. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) that will be transferred to the customer.

Enterprise revenue
Management has assessed that the primary obligation for service delivery to the Enterprise customers remains with Telkom SA SOC Ltd, therefore Telkom recognises gross revenue for the Enterprise customer contracts that were sold to BCX, but not contractually ceded. Similarly, price risk owing to the contracts not ceded is deemed to reside with Telkom. Cognisance is given to the fact that mechanisms exist for a transfer of credit risk between Telkom and BCX. It is on this basis that management has concluded that revenue from such contracts should be recognised in the accounting records of Telkom as a principal with the customers.

Bill-and-hold arrangements
The Group enters into bill-and-hold arrangements for hardware sales. Judgement is applied to determine if the criteria below are met to support revenue recognition in terms of the principles of IFRS 15:

- The reason for the bill-and-hold arrangement must be substantive;
- The product must be identified separately as belonging to the customer;
- The product must be ready for physical transfer to the customer; and
- The Group cannot have the ability to use the product or to direct it to another customer.

Hardware and software as part of an integrated solution
The Group enters into contracts with customers to provide integrated solutions. Contracts are assessed individually to determine whether the products and services are distinct, i.e. the product or service is separately identifiable from the other promises in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The nature of the promised goods or services are inputs into a working solution and the customer does not derive value from the stand-alone goods and services. The Group has applied its judgement and views these arrangements, in some instances, as a single performance obligation that needs to be met as the goods and services are not separately identifiable, and the customer cannot benefit from either the goods or the services separately.

The resulting conclusion impacts the agent versus principal assessment of the revenue recognition for these arrangements. The Group acts as principal in these integrated solution arrangements.

The revenue on these contracts is therefore recognised on a principal basis over time using the output method (i.e. value to the customer of the goods or services transferred to date relative to the remaining goods or services promised).

Reassessment of leases relating to CPE
The Group enters into contracts with customers, which involve both the delivery of services and CPE. Prior to the adoption of IFRS 16, these contracts were accounted for as operating leases under IAS 17 (Leases). On adoption of IFRS 16, the Group elected the practical expedient not to reassess whether an existing contract is, or contains, a lease, and management accordingly retained the assessment made under IAS 17 for these existing lease contracts. Subsequent to the adoption of IFRS 16, it was identified that these existing lease contracts, which have reached the end of the initial lease term, continue on a month-to-month basis, allowing the customer to exit the contract with no penalty. This is different to the terms that applied during the initial lease term, wherein the customer could not exit without a penalty.

According to IFRS 16, if an entity chooses the practical expedient described above, then an entity shall identify a lease by applying the requirements of IFRS 16 only to contracts entered into or changed after the adoption date. However, IFRS 16 is silent on what constitutes a change to an existing contract.

Management exercised significant judgement and determined that the lease contracts continuing on a month-to-month basis without an exit penalty, subsequent to the initial lease term, constitute a change in the contract. Therefore, management reassessed whether these contracts contain a lease in terms of IFRS 16. Upon such reassessment, it was determined that while the CPE represents an identified asset, the customer does not have the right to direct how and for what purpose the CPE is used throughout the period of use. The Group, being the supplier, has such a right and therefore such arrangements do not contain a lease. It is on this basis that management has concluded that revenue from such contracts should be recognised under IFRS 15 (Revenue from Contracts with Customers).

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies

Nature of goods and services
Revenue from contracts with customers

The Group has elected to apply the IFRS 15 practical expedient on the significant financing component that allows the Group not to adjust the transaction price for the significant financing component for contracts where the time difference between customer payment and transfer of goods or services is expected to be within 12 months or less. The Group sells products and services both separately as well as part of bundled packages. The Group recognises revenue when it transfers control of a product or service to a customer. Products and services that form part of bundled packages are recognised separately if they are distinct. Further detail is provided below:

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
CPE and device revenue	Telkom Consumer and BCX	The Group recognises revenue at a point in time when a customer takes control of the communication equipment or products.	Sale of portable, handheld equipment or devices designed for communication and access to information. These include different CPE and mobile devices. The total transaction price is allocated to the mobile device or CPE on a relative stand-alone selling price basis. The relevant stand-alone selling prices are based on the market prices (as indicated in the Group's device catalogues and trade lists) of the individual performance obligations identified in the contract. The total consideration noted above is determined based on the assessed contract term. Some contracts include an early renewal clause. Based on the assessment of historical data, the Group has determined that there is not a significant number of contracts that are renewed on an earlier basis and has therefore applied the total contractual term in the calculation of the total consideration receivable under a contract. Contract assets are recognised when customers have obtained control of the device for post-paid contracts. The amount of revenue recognised for devices is adjusted for expected returns, which are estimated based on the historical data. For devices sold separately (i.e. without the telecommunications contract), customers pay full price at the point of sale. For devices sold in bundled packages, customers usually pay monthly in equal instalments over the contract term. The Group does not provide separate warranties on equipment delivered to customers and therefore no performance obligations are identified associated to this.
Interest revenue	Telkom Consumer and BCX	The Group recognises revenue over time on the effective interest rate method.	The implied financing element included in the transaction price charged to the customer. The Group assesses whether a significant financing component exists for all contracts exceeding 12 months. A financing element greater than 5% of the portion of the transaction price allocated to the mobile device or customer equipment has been deemed to represent a significant financing component. The significant financing component is determined using an average discount rate that reflects the risk associated with the customers. The assessment of the existence of a financing component is performed on a contract-by-contract basis. The transaction price is reduced by the financing component, and this component is recognised over the contract period.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued
Revenue from contracts with customers continued

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
Mobile and fixed-line telecommunication services (voice, interconnection and data)	**Openserve, Telkom Consumer and BCX** **Openserve** Openserve provides the following services: *Broadband solutions* This includes next-generation access across fibre and copper networks enabling high-speed internet connectivity. *Optical and carrier solutions* Services constitute the provision of client-specific backhaul and managed connectivity, assuring world-class quality and reliability. *Enterprise solutions* Products include business-to-business connectivity, underpinned primarily by Ethernet-based products. *Global solutions* Interconnect-based services connecting South Africa and the rest of the global market. **Telkom Consumer** The Telkom Consumer business unit provides the following services to customers: *Broadband data* Broadband data refers to high-speed internet access that is always on and faster than the traditional dial-up access. Broadband includes several high-speed transmission technologies, such as digital subscriber line (DSL), fibre, wireless and satellite. *Voice* Voice telecommunications refer to the communication of sound over a distance using wire or wireless telephones and related technology. ***Content*** Content services are provided through association with a variety of content providers, which allows subscription for a fee to games, competitions, videos, social sites and entertainment. *Gaming* Gaming services are provided through the VS Gaming brand, providing a virtual sports platform with regular tournaments and ladders across all major game titles and skills levels, as well as spectator access. *Small and Medium Entity Information, Communication and Technology solutions* Small and Medium Entity Information, Communication and Technology solutions services are data centre infrastructure components as well as an increasing number of content, software, hardware and support services delivered over the internet. *CPE-related revenue* This relates to routers and switches. Although the CPEs represent an identified asset, the customer does not have the right to direct how and for what purpose they are used throughout the period of use. Therefore, such contracts do not contain a lease in terms of IFRS 16. *Global solutions* Interconnect-based services connecting South Africa and the rest of the global market.	The Group recognises revenue over time as these telecommunication services are provided. The Group used an output method based on customer consumption, as this accurately represents the level of performance obligation satisfaction.	Mobile and fixed-line telecommunication services may be sold in bundled or separate packages. The revenue for the telecommunication services is recognised over time as the services are provided. Services purchased by a customer beyond the contract are treated as a separate contract and recognition of revenue from such services is based on the actual voice or data usage, or is made upon the expiration of the Group's obligation to provide the services. For pre-paid services, the customer pays the full price at the point of sale. For post-paid contracts, customers usually pay monthly in equal instalments over the contract term together with the additional billing for out-of-bundle usage. Where the payment of an installation fee attributable to a fixed telecommunication service on a month-to-month contract provides the customer with a material substantive right, the installation is a separate performance obligation and is recognised over an estimated customer relationship period. The customer usually pays the fee upfront when the installation has been completed. Refer to note 3.2.3 for the customer relationship periods per customer type. Interconnection revenue is derived from calls and other traffic that originate in other operators' networks but use the Telkom network. The Group receives interconnection fees based on agreements entered into with other telecommunication operators. These revenues are recognised in the period in which these services are rendered.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies *continued*

Nature of goods and services *continued*
Revenue from contracts with customers *continued*

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
Mobile and fixed-line telecommunication services (voice, interconnection and data) *continued*	**BCX** BCX provides fixed telecommunication voice and data services to customers including: *Business mobility* Managed wireless broadband and dedicated access over microwave, 4G/5G and satellite, and secure machine-to-machine connectivity. *Managed application-centric data networking* Multiprotocol Label Switching, software-defined wide area network (software-defined WAN) and secure access service edge-based data networking for private and public enterprise branch aggregation with service level agreements and hyperscaler onramps. *Managed local area networking* Fixed or wireless local area networking for enterprises certified by multiple technology manufacturers; includes centralised or dedicated controllers and switches. *Global telecommunication services* Global telecommunication services relate to global connectivity mainly through virtual private network (VPN) services that usually cater for connectivity of local enterprise customers that have branches outside of South Africa. *Unified collaboration* Fixed-voice solutions evolving to unified collaboration as a service, including on-premises or hosted PABXs, cloud telephone and managed hosted contact centres. *Broadband or dedicated access* Fibre or wireless access for point-to-point or point-to-cloud connectivity from enterprise branches, typically to the internet for software-defined WAN and cloud-hosted applications. *Internet and value-added services* Dedicated or broadband express internet for private or public sector branches or from data centres, including features addressing security and peering. *Converged communication services* BCX provides converged communication voice and data services to customers. *CPE-related services* CPE is installed to provide converged communication services and an asset of BCX.	The Group recognises revenue over time as these telecommunication services are provided.	Voice and data connectivity services, and their installations provided to consumer and enterprise customers. Mobile and fixed-line telecommunication services may be sold in bundled or separate packages. The revenue for the telecommunication services is recognised over time as the services are provided. Services purchased by a customer beyond the contract are treated as a separate contract and recognition of revenue from such services is based on the actual voice or data usage, or is made upon the expiration of the Group's obligation to provide the services. For pre-paid services, the customer pays the full price at the point of sale. For post-paid contracts, customers usually pay monthly in equal instalments over the contract term together with the additional billing for out-of-bundle usage. Where the payment of an installation fee attributable to a fixed telecommunication service on a month-to-month contract provides the customer with a material substantive right, the installation is a separate performance obligation and is recognised over an estimated customer relationship period. The customer usually pays the fee upfront when the installation has been completed. Refer to note 3.2.3 for the customer relationship periods per customer type. Interconnection revenue is derived from calls and other traffic that originate in other operators' networks but use the Telkom network. The Group receives interconnection fees based on agreements entered into with other telecommunication operators. These revenues are recognised in the period in which these services are rendered.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued
Revenue from contracts with customers *continued*

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
IT revenue	***BCX*** *Stand-alone hardware*	Revenue is recognised at a point in time once control of the goods is transferred to the customer when the customer accepts delivery of the goods.	Sale of IT hardware. The Group acts as principal in these arrangements and revenue is recognised on a gross basis.
	BCX *Standard stand-alone software*	Where the Group is acting as an agent, the Group will recognise revenue at a point in time once the Group has fulfilled its performance obligation, being when the right to access the licensing product has transferred to the customer. In the instance where the Group is acting as a principal, the Group will recognise revenue at a point in time once control of the goods has transferred to the customer, being when the right to access the licensing product or software has been transferred to the customer.	BCX acts as an agent on sales of software. The Group acts as a principal in certain contracts and as an agent in other contracts, depending on the nature and scope of the contract. Management applies judgement in establishing whether the Group has control of the software licences prior to the licences being transferred to the customer, and therefore whether the Group acts as an agent or principal in these contracts. Where it has been determined that the Group did not control the software licences prior to the licences being transferred to the customer, the Group will recognise revenue as an agent on a net basis. Where the Group controls the software licences prior to the licences being transferred to the customer, the Group will recognise revenue as a principal on a gross basis.
	BCX *Renewal of software licences*	Revenue is recognised at a point in time once control of the goods is transferred to the customer with regard to the software licence after it has been renewed.	Renewal of contracts for sale of IT software. As the Group does not control the software licences at any point before the licences are transferred to the customer, the Group acts as an agent in the transaction and will account for the revenue as an agent as the Group has no further responsibility with regard to the software licences after control is passed to the customer.
	BCX *Vendor resold services*	Revenue is recognised at a point in time upon commencement of the contract.	The Group sells service warranty and maintenance contracts for software applications or hardware on behalf of its vendors, which are accounted for on a net basis as the Group is acting as an agent in the agreement. The commission or gross profit earned on these sales is recognised as revenue. A service warranty or maintenance package is sold alongside hardware or software products. The Group's responsibility is to arrange for the provision of the specified service by the original equipment manufacturer/ vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made and the contract with the vendor has been concluded.
	BCX *Hardware and software as part of an integrated solution*	Revenue is recognised over time, using the output method. This method is based on the project rollout delivery status as it accurately reflects BCX's performance in satisfying the full performance obligation related to the integrated solution.	The nature of the offering is that of a design network or hardware solution, sometimes combined with software, sold as an integrated solution to the customer. Where the Group is contracted to deliver integrated converged communication and/or IT solutions, these solutions are regarded as a single performance obligation that is satisfied over time. The promised goods or services are considered inputs into a working solution, meaning that the customer does not derive value from the stand-alone goods or services. The measurement of the value to the customer of the goods or services transferred to date, relative to the remaining goods or services promised, is the most accurate basis of measuring progress. The Group acts as a principal in these arrangements. Revenue is recognised on a gross basis.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued
Revenue from contracts with customers *continued*

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
IT revenue continued	***BCX*** *IT services*	Where the Group acts as the principal, revenue is recognised over time as the services are consumed. The output method, based on the status of service delivery, is used because the right to revenue amount corresponds to the status of the satisfied performance obligation.	Sales of IT applications and/or hardware support and maintenance. Where the Group is primarily responsible for delivering the service, and the service is considered distinct from other performance obligations stipulated within the contract with the customer, the Group acts as a principal. Revenue is recognised on a gross basis. Conversely, where the Group does not have the primary responsibility for the acceptability of the service and therefore does not control the service prior to the transfer thereof to the customer, the Group acts as an agent. Revenue is recognised on a net basis.
Sundry revenue: electronic directory services and advertising revenue	**Telkom Consumer** This includes the following products and services: *Advertising* *Digital and social media advertising across a number of platforms* *E-commerce* *Omni-channel offerings*	Electronic directory and advertising revenue is recognised over the contract term as the performance obligations are met, based on the total transaction price agreed upon for the contract. The output method is used, based on the period advertised over the total period contracted for. This is because the customer is only obligated to pay for the period where the advertising has occurred.	Sale of online advertising space in a directory. The relevant stand-alone selling prices are based on market prices. The contract term for the services in this revenue stream is usually 12 months or less and therefore no significant financing element has been included in the revenue recognition for this revenue stream.
Sundry revenue	**Telkom Consumer** This includes the following products and services: *Printed directory services*	Revenue from printed directories is recognised at a point in time when the directories are released for distribution.	Sale of advertising space in printed hard copy directory.. The relevant stand-alone selling prices are based on market prices.
	Openserve This includes the following products and services: *International other*, included in international other is maritime services.	Maritime revenue is recognised at a point in time as the performance obligations are met based on the contract.	The maritime earned as a result of being part of the undersea cables consortium. There is no significant financing component as services are billed on a monthly basis, at a point in time.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Revenue from other contracts

IFRS 16 lease revenue

Rental income from property, masts and towers, CPE and exchanges is generated by the Group through its subsidiaries. The revenue is recognised as part of the Gyro, Openserve and BCX segments. The revenue is accounted for as operating lease revenue and recorded on a straight-line basis in accordance with IFRS 16.

IFRS 17 insurance revenue

Telkom's insurance customers are covered for the month that they have paid insurance premiums. To have continuous cover and a valid claim, premium payments must be up to date and when a payment is not received on time, the contract lapses subject to insurance business regulatory requirements. Insurance revenue reflects the number of premium receipts to which the insurer is entitled in exchange for services provided on device and funeral cover products. The Group allocates premium receipts to each period of the insurance contract services based on the passage of time.

All revenues are presented net of value-added tax (VAT), rebates and discounts. Invoice and payment terms are set out in note 4.3 of the annual financial statements.

Significant financing component

The Group applies the practical expedient in IFRS 15 paragraph 63 to not recognise a significant financing component for any contract when the goods and services provided are 12 months or less, compared to when the payment is received.

Material right considerations

The Group considers installation fees on month-to-month contracts to provide a material substantive right to the customer, as the customer can extend or renew the contract each month without paying an additional installation fee. This installation fee is a separate performance obligation and is capitalised and expensed over an estimated customer relationship period where it is concluded that the installation fee gives rise to a material substantive right.

Contract costs

Contract costs that are eligible for capitalisation as incremental costs of obtaining a contract include commissions and connection incentives paid on new contracts that have been entered into. Contract costs are capitalised unless the practical expedient in IFRS 15 paragraph 94 is applied, which states that incremental costs to obtain a contract can be recognised as an expense when incurred if the amortisation period of the asset, that the entity otherwise would have recognised, is one year or less. Contract costs are capitalised in the month of service activation if the Group expects to recover these costs, and are amortised over the contract term.

The Group's normal operating cycle for contract costs capitalised is 24 to 36 months and, as such, contract costs capitalised are disclosed as current assets.

The amortisation of the contract asset is included in sales commission, incentives and logistical costs based on the nature of the costs being deferred.

In all other cases, contract costs are expensed as incurred.

Contract assets

Contract assets represent the Group's right to consideration in exchange for mobile devices and CPE. The contract asset is recognised at the point where the Group transfers control of the device or CPE to the end customer.

The Group's normal operating cycle for contract assets is 24 to 36 months and, as such, contract assets are disclosed as current assets.

IFRS 15 is silent regarding the derecognition of contract assets. Therefore, in terms of IAS 8, the Group has adopted a policy of using IFRS 9 derecognition principles and IFRS 7 derecognition disclosure principles when accounting for the derecognition of contract assets.

The Group recognises the gain on derecognition within the other income line item and/or loss on derecognition within the other expenses line item on the statement of profit or loss and other comprehensive income. The proceeds received are classified as cash generated from operating activities in the statement of cash flows.

Deferred revenue (contract liabilities)

Deferred revenue is accounted for or recognised at the earlier of the due date of the invoice and the date that the payment is received from the customer before the performance obligation is satisfied.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Deferred installation fees and revenue billed in advance represent customer payments received in advance of performance (contract liabilities). This is included in deferred revenue on the statement of financial position.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.1 Disaggregation of revenue

	Company	
	31 March 2025	31 March 2024
	Rm	Rm
Revenue	**32 287**	30 865
Revenue from contracts with customers recognised over time	**27 658**	26 368
Voice	**6 315**	6 354
Interconnection	**628**	581
Data	**20 156**	18 853
Customer premises equipment related services	**84**	96
Interest revenue	**299**	314
Sundry revenue	**176**	170
Revenue from contracts with customers recognised at a point in time	**4 322**	4 216
Customer premises equipment	**4 319**	4 183
Sundry revenue	**3**	33
Lease revenue	**15**	—
Insurance revenue	**292**	281

Refer to note 3.1 for the disaggregated revenue per segment for the Group.

Included in Telkom Company revenue is an amount of R4 498 million (31 March 2024: R4 623 million), which relates to Enterprise customer contracts that were sold to BCX in previous financial years but have been retained in the name of Telkom SA SOC Ltd.

3.2.2 Transaction price allocated to the remaining performance obligations

The tables below outline the revenue that is expected to be recognised in the future, related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Group					
	31 March 2025			31 March 2024		
	2026	**2027**	**Beyond 2028**	2025	2026	Beyond 2027
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Voice	**242**	**107**	**41**	260	118	26
Data	**2 389**	**903**	**149**	2 587	1 153	855
Information technology	**194**	**12**	**13**	228	22	12

	Company					
	31 March 2025			31 March 2024		
	2026	**2027**	**Beyond 2028**	2025	2026	Beyond 2027
	Rm	**Rm**	**Rm**	Rm	Rm	Rm
Data	**2 388**	**903**	**149**	2 485	1 052	149
Voice	**242**	**107**	**41**	260	118	26

All revenue from contracts with customers is included in the amounts presented above.

The Group and Company apply the practical expedient in paragraph 121 of IFRS 15 and do not disclose information about the remaining performance obligations that have original expected durations of 12 months or less.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.3 Customer relationship periods

The customer relationship periods (CRPs) in the current financial year are as follows:

- Voice revenue: 5.5 years (31 March 2024: 5.5 years)
- Wholesale revenue: 4 years (31 March 2024: 4 years)
- Non-voice revenue: 3.5 years (31 March 2024: 3.5 years)

There has been no change in the average CRPs in respect of non-voice revenue, voice revenue and wholesale revenue during the 2025 financial year.

3.2.4 Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

3.2.4.1 Contract assets

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Contract assets	**2 344**	2 204	**2 344**	2 204
Gross contract assets	**3 085**	2 808	**3 085**	2 808
Impairment of contract assets	**(741)**	(604)	**(741)**	(604)
Allowance account for expected credit losses - contract assets	**741**	604	**741**	604
Opening balance	**604**	508	**604**	508
Charged to statement of profit or loss and other comprehensive income	**375**	397	**375**	397
Contract assets written off	**(238)**	(301)	**(238)**	(301)

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include sending reminders, pinging the accounts for additional debit order collections, suspending the services, handing the debt over to external debt collectors and not receiving positive feedback from the debtors that confirms the amounts as collectable, failure of a debtor to engage in a repayment plan with the Group, blacklisting the customer, and failure to make contractual payments.

The increase in the gross contract asset balance is due to the increase in the sale of devices in the current financial year. Although the gross carrying amount increased, the expected credit loss charged to the statement of profit or loss and other comprehensive income decreased due to the alleviation of customer distress and initiatives that have been put in place to improve collections and recoveries.

Refer to note 7.1.4 for a detailed credit risk analysis.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.4 Assets and liabilities related to contracts with customers continued

3.2.4.1 Contract assets continued

Sale of contract assets
Telkom entered into agreements with financial institutions to factor a ring-fenced group of contract assets. The gross carrying amount of the contract assets factored is R875 million (31 March 2024: R1 083 million). The profit on disposal of contract assets is accounted for in other income. Refer to note 3.3.

Per the arrangements, Telkom retains the contractual right to receive cash flows, and has assumed a contractual obligation to pay the cash flows received to the financial institution.

Based on the structure of the agreements, the criteria for "pass through" under IFRS 9 (Financial Instruments) have been met, resulting in the derecognition of the contract assets. Consequently, the contract asset portfolio has been derecognised in its entirety as significant risks and rewards have been transferred. The total cash inflow related to the derecognition is included in the cash flows from operating activities in the statement of cash flows.

As part of the agreement, Telkom is obligated to pay the financial institution only from the cash collected from the customers and, as such, Telkom assumes no further obligation in relation to the agreement. Where there is a credit note, Telkom will not be required to refund the financial institution for the credit note. Telkom has no continuing involvement with the transferred contract asset.

3.2.4.2 Other current assets

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Other current assets	**619**	545	**619**	545
Contract costs capitalised	**275**	272	**275**	272
Ongoing commission capitalised assets	**344**	273	**344**	273
Contract costs capitalised	**275**	272	**275**	272
Opening balance	**272**	240	**272**	240
Contract costs capitalised during the year	**296**	303	**296**	303
Contracts cancelled during the year	**(27)**	(28)	**(27)**	(28)
Amortisation recognised as cost of providing services during the year	**(266)**	(243)	**(266)**	(243)

Contract costs capitalised relate to commission and incentive costs paid to franchisees and sales staff, which are considered incremental to the acquisition and fulfilment of the contract. The contract costs capitalised are amortised as an expense over the term of the contract to which the commission relates. Management expects that the full cost will be recovered through the revenue recognised on these contracts and has consequently not recognised any impairment on the contract costs capitalised.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Ongoing commission capitalised assets				
Contract asset - ongoing commission[1]	**344**	273	**344**	273
Ongoing commission (included in trade and other payables)[1]	**(344)**	(273)	**(344)**	(273)
Opening balance	**273**	222	**273**	222
Expense amortised in the current year	**(221)**	(153)	**(221)**	(153)
New contracts entered into	**374**	306	**374**	306
Contracts cancelled during the year	**(82)**	(102)	**(82)**	(102)
Closing balance	**344**	273	**344**	273

[1] *These amounts relate to commissions payable to franchisees based on the subscription value that the post-paid subscribers signed at the inception of their contracts. At contract inception, Telkom would have an asset and related liability for the entire amount related to the ongoing commission payable over the contractual period.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.4 Assets and liabilities related to contracts with customers continued

3.2.4.3 Deferred revenue

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Deferred revenue	**2 905**	2 550	**1 009**	992
Non-current deferred revenue	**1 194**	899	**24**	24
Current portion of deferred revenue	**1 711**	1 651	**985**	968

The deferred revenue balance consists primarily of deferred installation fees, deferred revenue from the Google cable landing station, deferred revenue from the grant of use of terrestrial network on system, and revenue billed in advance due to Telkom's various billing cycles. Deferred revenue increased mainly due to the Google Equiano invoice on network system 2 that came through during the current financial year.

The total revenue recognised in the current year, which related to carried forward deferred revenue associated with installation fee revenue, and revenue payable in advance, is disclosed in the table below. The amounts recognised as a contract liability will generally be utilised within the next reporting period.

	Group		Company	
Revenue recognised in relation to deferred revenue (contract liabilities):	**31 March 2025**	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Deferred revenue	**1 210**	1 224	**866**	992

3.3 Other income

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Other income	**1 552**	895	**7 094**	1 751
Interest received from trade receivables[1]	**184**	203	**160**	162
Sundry income[2]	**610**	477	**1 764**	1 392
Gain on disposal of Swiftnet (refer to note 12.2)	**—**	—	**4 998**	—
Profit on disposal of assets[3]	**758**	215	**172**	197
Profit on disposal of property, plant and equipment and intangible assets[4]	**654**	81	**69**	61
Profit on disposal of right-of-use assets	**9**	11	**8**	13
Profit on disposal of contract assets	**95**	123	**95**	123

[1] *Interest received on trade receivables relates to interest on overdue trade receivables accounts. These are financial assets measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and effective interest rate.*

[2] *Sundry income for the Company includes income from management fees charged to subsidiaries. The Group and Company amounts include gains or losses on lease terminations and other income on the submarine cable systems. Income on submarine cables consists of income for work done on behalf of the consortiums, income on operating cost, maintenance cost (direct cost) and travel fees related to the cable services. Sundry income for the Company increased mainly due to the increase in management fees as a result of the change in Group IT costs.*

[3] *In the current year, the profit on disposal of assets was disaggregated. The comparative has been re-presented for the disaggregation for comparability purposes.*

[4] *The increase for the Group is mainly due to profit on disposal of properties previously included in the Gyro Properties portfolio which were earmarked for auction.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses

Summary of material accounting policies

Payments to other operators
Payments to other operators are costs charged based on usage by other service providers in the same line of business. These services are directly related to the offering of products or services to customers, and exclude amounts paid for internal consumption.

Cost of handsets, equipment, software and directories
The cost of handsets, equipment, software and directories represent the acquisition cost of the items sold, net of any supplier rebates and discounts. This line item does not include any allocated overhead costs.

Sales commission, incentives and logistical costs
Sales commission and incentives are costs paid to Telkom's independent sales channels. Logistical costs represent costs incurred with third parties outside the Group for the delivery of handsets to customers and stores. This line item does not include the allocation of any other expense classified by nature in the annual financial statements.

3.4.1 Payments to other operators

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Payments to other operators	**(2 693)**	(3 328)	**(2 116)**	(2 664)

Payments to other operators decreased mainly due to the optimisation of the mobile roaming costs. This was driven by lower costs incurred resulting from a reduction in loadshedding hours, the rollout of Telkom mobile sites and the focus on cost efficiency as the Group maintains stringent roaming traffic thresholds and migrate traffic to the Telkom network.

3.4.2 Cost of handsets, equipment, software and directories

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Cost of handsets, equipment, software and directories	**(5 185)**	(6 125)	**(3 731)**	(3 867)

The cost of handsets, equipment, software and directories decreased largely due to lower IT hardware and software sales in BCX and lower mobile device costs underpinned by post-paid sales. This was primarily driven by Telkom Consumer implementing stringent credit vetting to de-risk its post-paid portfolio in response to a deteriorating credit consumer position.

3.4.3 Sales commission, incentives and logical costs

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Sales commission, incentives and logistical costs	**(3 214)**	(2 748)	**(3 214)**	(2 748)

Sales commission, incentives and logistical costs increased due to higher commissions from growth in the mobile commissionable base and the increase in costs associated with the post-paid market such, as distribution channel costs and higher recharges and airtime sales.

3.4.4 Employee expenses

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Employee expenses	**(8 813)**	(7 895)	**(2 179)**	(1 519)
Salaries and wages	**(6 950)**	(6 932)	**(1 299)**	(1 166)
Post-retirement pension and retirement fund (refer to notes 10.2 and 10.3)[1]	**(218)**	(481)	**161**	(48)
Post-retirement medical aid (refer to note 10.4)[2]	**144**	7	**144**	7
Post-retirement telephone rebates (refer to note 10.5)	**(40)**	(39)	**(40)**	(39)
Share-based compensation expense (refer to note 9.2)	**(69)**	(121)	**(38)**	(36)
Other benefits[3]	**(1 074)**	(509)	**(490)**	(238)
Restructuring expenses (refer to note 2.5.2)	**(160)**	—	**—**	—
Employee expenses capitalised to capital projects	**172**	180	**1**	1
Loss on settlement of the TRF (refer to note 10.3)	**(618)**	—	**(618)**	—

[1] *The decrease in the Group and Company post-retirement pension and retirement fund is due to the lower service costs resulting from the settlement of the TRF in the current financial year.*

[2] *The increase in the post-retirement medical aid is due to the curtailment paid by the Company in the prior year for restructuring costs. In the current year, there was no payment made relating to curtailment or restructuring costs.*

[3] *Other benefits include, among others, skills development, annual leave, performance incentive and service bonuses. The increase is mainly due to the higher provision for the performance bonus in the current year of R711 million compared to R315 million in the prior year.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses continued

3.4.5 Other expenses

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Operating expenses	**(2 763)**	(2 195)	**(903)**	(697)
Sundry expenses[1]	**(494)**	(402)	**(132)**	(36)
Licence fees	**(311)**	(287)	**(229)**	(207)
Subsistence and travel	**(71)**	(55)	**(25)**	(15)
Third-party service costs[2]	**(1 310)**	(927)	**(149)**	(134)
Image building and market research costs	**(107)**	(73)	**(92)**	(60)
Telephone rebate - Openserve employees	**—**	—	**(17)**	(17)
Donations	**(60)**	(66)	**(38)**	(35)
Losses[3]	**(343)**	(305)	**(188)**	(149)
Other	**(67)**	(80)	**(33)**	(44)

[1] *Sundry expenses include, among others, consumables, membership fees, project fees, printing and stationery costs.*

[2] *Third-party service costs increased mainly due to the use of additional third parties resulting from delays in fulfilling vacancies, a shift in product mixes and resource constraints.*

[3] *Losses include losses as a result of damages to private property belonging to third parties, costs incurred in extinguishing fires, and excess payments made to insurers.*

3.4.6 Wholesale voice and non-voice services

	Company	
	31 March 2025 Rm	31 March 2024 Rm
Wholesale voice and non-voice services	**(5 196)**	(5 638)
Data connectivity	**(3 118)**	(3 222)
Broadband access	**(1 486)**	(1 475)
Managed services	**(97)**	(137)
Line rental costs[1]	**(495)**	(804)

[1] *The decrease in line rental costs is mainly due to declining legacy products as a result of customers migrating to new generation products.*

3.4.7 Maintenance

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Maintenance	**(5 043)**	(4 842)	**(3 025)**	(2 608)

The increase of R417 million in Telkom Company is mainly due to support contract costs relating to the maintenance of IT services between Telkom Company and BCX.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses continued

3.4.8 Service fees

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Service fees	**(3 848)**	(3 849)	**(1 583)**	(1 397)
Facilities and property management	**(2 310)**	(2 443)	**(831)**	(715)
Consultancy, security and other services	**(1 538)**	(1 406)	**(752)**	(682)
Audit fees	**(87)**	(82)	**(52)**	(44)
Consultancy services[1]	**(492)**	(403)	**(151)**	(97)
Security and other services	**(959)**	(921)	**(549)**	(541)

[1] *Consultancy services include non-audit fees of R3 million (31 March 2024: R680 000).*

The increase in Telkom Company facilities and property management costs is mainly due to maintenance of the generators.

3.4.9 Depreciation, amortisation, impairments and write-offs of non-financial assets

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Depreciation, amortisation, impairments and write-offs of non-financial assets	**(5 957)**	(5 525)	**(3 418)**	(3 125)
Depreciation of property, plant and equipment	**(3 385)**	(3 350)	**(1 214)**	(1 155)
Depreciation of right-of-use assets[1]	**(1 655)**	(1 463)	**(1 553)**	(1 404)
Depreciation of investment property	**—**	—	**(96)**	(112)
Amortisation of intangible assets	**(589)**	(632)	**(388)**	(426)
Write-offs and impairments of property, plant and equipment and intangible assets[2]	**(328)**	(80)	**(167)**	(28)

[1] *Depreciation of right-of-use assets for Group and Company is mainly due to lease remeasurements for leases closer to the end of their period.*

[2] *Write-offs increased mainly due to equipment upgrades that resulted in some of the existing equipment no longer being relevant and written off.*

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
The estimated useful lives assigned to groups of property, plant and equipment are:	**Years**	Years	**Years**	Years
Freehold buildings	**5 to 45**	5 to 43	**5 to 40**	5 to 40
Network equipment				
Cables	**4 to 30**	4 to 30	**4 to 30**	4 to 30
Switching equipment	**5 to 18**	5 to 18	**5 to 18**	5 to 18
Transmission equipment	**5 to 20**	5 to 20	**5 to 20**	5 to 20
Other	**2 to 20**	2 to 20	**2 to 20**	2 to 20
Support equipment	**5 to 11**	5 to 12	**5 to 11**	5 to 10
Furniture and office equipment	**11 to 15**	10 to 15	**11 to 15**	11 to 15
Data processing equipment and software	**5 to 10**	2 to 10	**5 to 10**	5 to 10
Telkom support services equipment	**2 to 20**	2 to 20	**2 to 20**	2 to 20

	Company	
	31 March 2025	31 March 2024
The expected useful lives assigned to investment property are:	**Years**	Years
Investment property	**15 to 40**	5 to 40

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses continued

3.4.9 Depreciation, amortisation, impairments and write-offs of non-financial assets continued

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
The expected useful lives assigned to intangible assets are:	**Years**	Years	**Years**	Years
Software and licences	**5 to 10**	5 to 10	**5 to 10**	5 to 10
Trademarks, copyrights and other	**5 to 20**	5 to 20	**5 to 20**	5 to 20

During the year, the Group reassessed the useful lives of various property, plant and equipment and intangible assets. The reassessment takes into account the Group's current capex strategy and changes in the technological environment.

The reassessment of useful lives decreased the depreciation expense for property, plant and equipment by R23 million (31 March 2024: R37 million) and decreased the amortisation expense for intangible assets by R19 million (31 March 2024: R2 million) at Company level.

The reassessment of useful lives decreased the depreciation expense for property, plant and equipment by R124 million (31 March 2024: R143 million) and decreased the amortisation expense for intangible assets by R25 million (31 March 2024: R8 million) at Group level.

With all other factors remaining constant, depreciation for future periods is expected to increase by R23 million for Company and by R124 million for Group, and amortisation for future periods is expected to increase by R19 million for Company and R25 million for the Group. Refer to notes 5.1 and 5.2 for the related accounting policies.

The assessment of useful lives decreased the depreciation expense on investment property for Telkom Company by R9 million. With all other factors remaining constant, depreciation for future periods is expected to increase by R9 million. Refer to note 5.4 for related accounting policies.

3.5 Earnings and dividends per share

Summary of material accounting policies

Basic earnings per share
Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders.

Headline earnings per share
Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2023 Headline Earnings issued by SAICA and as required by the JSE Ltd.

	Group	
	31 March 2025	31 March 2024
Earnings per share	**Cents**	Cents
Continuing operations		
Basic earnings per share	**566.0**	297.8
Diluted earnings per share	**558.0**	291.0
Headline earnings per share[1]	**467.5**	288.1
Diluted headline earnings per share[1]	**461.0**	281.6

	Group	
	31 March 2025	31 March 2024
Discontinued operation	**Cents**	Cents
Basic earnings per share	**962.0**	87.7
Diluted earnings per share	**948.5**	85.7
Headline earnings per share[1]	**77.0**	87.9
Diluted headline earnings per share[1]	**76.0**	85.9

[1] *The disclosure of headline earnings is a requirement of the JSE Listings Requirements. It has been calculated in accordance with the SAICA Circular 1/2023 issued in this regard as well as the relevant requirements of IAS 33.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.5 Earnings and dividends per share continued

	Group	
	31 March 2025	31 March 2024
Reconciliation of weighted average number of ordinary shares:	**Number of shares**	Number of shares
Weighted ordinary shares in issue	**511 140 239**	511 140 239
Weighted average number of treasury shares	**(20 479 356)**	(24 235 611)
Weighted average number of shares outstanding	**490 660 883**	486 904 628
Reconciliation of diluted weighted average number of ordinary shares:		
Weighted average number of shares outstanding	**490 660 883**	486 904 628
Expected future vesting of shares related to Group share scheme incentive plans	**6 980 054**	11 350 936
Diluted weighted average number of shares outstanding	**497 640 937**	498 255 564

	31 March 2025		31 March 2024	
Continuing operations	**Rm**	**Rm**	Rm	Rm
Reconciliation between earnings and headline earnings:	**Gross**	**Net**	Gross	Net
Profit for the year		**2 783**		1 454
Non-controlling interests		**(6)**		(4)
Profit attributable to owners of Telkom		**2 777**		1 450
Profit on disposal of property, plant and equipment and intangible assets	**(654)**	**(740)**	(81)	(110)
Write-offs and impairments of property, plant and equipment and intangible assets	**328**	**257**	80	63
Headline earnings		**2 294**		1 403
Discontinued operation				
Reconciliation between earnings and headline earnings:				
Profit for the year		**4 720**		427
Gain on disposal of Swiftnet (refer to note 12.2)	**(4 408)**	**(4 347)**	—	—
Write-offs of property, plant and equipment and intangible assets	**5**	**5**	1	1
Headline earnings		**378**		428

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.6 Reconciliation of profit before tax to cash generated from operations

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Cash generated from operations[1]	**12 991**	10 235	**6 653**	5 282
Profit before tax	**8 361**	2 537	**7 564**	3 611
Finance charges and fair value movements	**1 998**	2 197	**1 859**	2 002
Investment income	**(382)**	(253)	**(2 408)**	(4 381)
Interest received from trade receivables and subsidiaries	**(184)**	(203)	**(160)**	(162)
Non-cash items	**2 822**	7 347	**(307)**	3 874
Depreciation, amortisation, impairments and write-offs	**5 962**	5 561	**3 418**	3 124
Increase in impairment of receivables, contract assets and loans	**1 342**	1 683	**1 199**	1 451
Increase/(decrease) in provisions	**410**	(846)	**269**	(394)
Impairment of investment in subsidiaries	**—**	—	**—**	28
Insurance revenue	**(292)**	(281)	**(292)**	(281)
Insurance service expenses	**202**	184	**202**	184
Gain on termination of leases	**(9)**	(35)	**(8)**	(13)
Profit from disposal of property, plant and equipment and intangible assets	**(654)**	(81)	**(69)**	(61)
Gain on disposal of Swiftnet (refer to note 12.2)	**(4 408)**	—	**(4 998)**	—
Gain on sale of contract assets	**(95)**	(123)	**(95)**	(123)
Foreign exchange movements	**(26)**	148	**12**	87
Share-based payment expenses	**69**	121	**38**	36
Movement in deferred revenue[2]	**321**	1 016	**17**	(164)
Movement in working capital	**376**	(1 390)	**105**	338
Movement in inventories	**141**	244	**101**	(26)
Decrease in trade receivables, contract assets, finance lease receivables and other receivables	**(727)**	(948)	**(1 042)**	720
Increase/(decrease) in trade and other payables and prepayments	**962**	(686)	**1 046**	(356)

[1] *This includes Swiftnet's cash generated from operations of R405 million for the 10 months ending 31 January 2025 (31 March 2024: R14 million). In the current year, Swiftnet has been sold. Refer to notes 12.2 and 12.3.*

[2] *The decrease is mainly due to the recognition of revenue from the Google Equiano transaction, which was part of deferred revenue in the prior year.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.7 Changes in liabilities arising from financing activities

	Group			
2025	**Derivative liabilities - interest rate swaps Rm**	**Interest-bearing debt Rm**	**Lease liabilities Rm**	**Total Rm**
Balance as at 31 March 2024	**—**	**14 217**	**6 461**	**20 678**
Cash flow movements	**(136)**	**(2 629)**	**(2 979)**	**(5 744)**
Repayment of derivatives	**(136)**	**—**	**—**	**(136)**
Loans raised	**—**	**4 276**	**—**	**4 276**
Loans repaid	**—**	**(6 905)**	**—**	**(6 905)**
Repayment of lease liabilities	**—**	**—**	**(2 979)**	**(2 979)**
Non-cash flow movements	**145**	**29**	**3 438**	**3 612**
Insurance premium amortised	**—**	**(95)**	**—**	**(95)**
Finance charges capitalised to interest-bearing debt	**—**	**124**	**—**	**124**
Additions to lease liabilities	**—**	**—**	**932**	**932**
Termination of leases	**—**	**—**	**(92)**	**(92)**
Lease modifications	**—**	**—**	**618**	**618**
IFRS 16 interest capitalised	**—**	**—**	**530**	**530**
Accrued lease payments	**—**	**—**	**21**	**21**
Valuation loss	**145**	**—**	**—**	**145**
Leases reclassified from internal to external - sale of Swiftnet	**—**	**—**	**1 429**	**1 429**
Balance as at 31 March 2025	**9**	**11 617**	**6 920**	**18 546**
2024				
Balance as at 31 March 2023	16	14 356	5 888	20 260
Cash flow movements	—	(150)	(1 792)	(1 942)
Loans raised	—	9 363	—	9 363
Loans repaid	—	(9 513)	—	(9 513)
Repayment of lease liabilities	—	—	(1 792)	(1 792)
Non-cash flow movements	(16)	11	2 365	2 360
Foreign exchange revaluation on loans	—	(9)	—	(9)
Insurance premium amortised	—	16	—	16
Finance charges capitalised to interest-bearing debt	—	4	—	4
Additions to lease liabilities	—	—	1 417	1 417
Termination of leases	—	—	(88)	(88)
Lease modifications	—	—	544	544
IFRS 16 interest capitalised	—	—	602	602
Accrued lease payments	—	—	70	70
Valuation gain	(16)	—	—	(16)
Leases transferred to non-current assets held for sale	—	—	(180)	(180)
Balance as at 31 March 2024	—	14 217	6 461	20 678

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.7 Changes in liabilities arising from financing activities continued

	Company			
2025	**Derivative liabilities - interest rate swaps Rm**	**Interest-bearing debt Rm**	**Lease liabilities Rm**	**Total Rm**
Balance as at 31 March 2024	**79**	**14 217**	**5 153**	**19 449**
Cash flow movements	**(136)**	**(2 629)**	**(1 939)**	**(4 704)**
Repayment of derivatives	**(136)**	**—**	**—**	**(136)**
Loans raised	**—**	**4 276**	**—**	**4 276**
Loans repaid	**—**	**(6 905)**	**—**	**(6 905)**
Repayment of lease liabilities	**—**	**—**	**(1 939)**	**(1 939)**
Non-cash flow movements	**66**	**29**	**2 161**	**2 256**
Insurance premium amortised	**—**	**(95)**	**—**	**(95)**
Finance charges capitalised to interest-bearing debt	**—**	**124**	**—**	**124**
Additions to lease liabilities	**—**	**—**	**1 092**	**1 092**
Termination of leases	**—**	**—**	**(92)**	**(92)**
Lease modifications	**—**	**—**	**697**	**697**
IFRS 16 interest capitalised	**—**	**—**	**463**	**463**
Accrued lease payments	**—**	**—**	**1**	**1**
Valuation loss	**66**	**—**	**—**	**66**
Balance as at 31 March 2025	**9**	**11 617**	**5 375**	**17 001**

2024				
Balance as at 31 March 2023	16	14 356	5 355	19 727
Cash flow movements	—	(150)	(1 669)	(1 819)
Loans raised	—	9 363	—	9 363
Loans repaid	—	(9 513)	—	(9 513)
Repayment of lease liabilities	—	—	(1 669)	(1 669)
Non-cash flow movements	63	11	1 467	1 541
Foreign exchange revaluation on loans	—	(9)	—	(9)
Insurance premium amortised	—	16	—	16
Finance charges capitalised to interest-bearing debt	—	4	—	4
Additions to lease liabilities	—	—	495	495
Termination of leases	—	—	(199)	(199)
Lease modifications	—	—	624	624
IFRS 16 interest capitalised	—	—	468	468
Accrued lease payments	79	—	79	158
Valuation gain	(16)	—	—	(16)
Balance as at 31 March 2024	79	14 217	5 153	19 449

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Repayment of lease liabilities reconciliation	**Rm**	Rm	**Rm**	Rm
Total repayment of lease liabilities per tables above	**(2 979)**	(1 792)	**(1 939)**	(1 669)
Interest paid on lease liabilities classified as operating activities	**530**	602	**463**	468
Accrued lease payment movement	**(49)**	(10)	**(78)**	(11)
Prepayments movement	**2**	(2)	**2**	(2)
Repayment of capital lease liabilities classified as financing activities	**(2 496)**	(1 202)	**(1 552)**	(1 214)

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital

4.1 Lease receivables

4.1.1 Finance lease receivables

The Group provides voice and non-voice services to its customers, which make use of router, PABX equipment and IT equipment that are dedicated to specific customers. The disclosed information relates to those arrangements that have been assessed to be finance leases.

	Group		
	Total	<1 year	1 - 5 years
2025	**Rm**	**Rm**	**Rm**
Minimum lease payments receivable			
Lease payments receivable	**705**	**360**	**345**
Unearned finance income	**(76)**	**(41)**	**(35)**
Present value of minimum lease income (finance lease receivables)	**629**	**319**	**310**
Expected credit loss	**(165)**		
Carrying amount	**464**		
2024			
Minimum lease payments receivable			
Lease payments receivable	691	334	357
Unearned finance income	(76)	(36)	(40)
Present value of minimum lease income (finance lease receivables)	615	298	317
Expected credit loss	(36)		
Carrying amount	579		

	Company		
	Total	<1 year	1 - 5 years
2025	**Rm**	**Rm**	**Rm**
Minimum lease payments receivable			
Lease payments receivable	**242**	**70**	**172**
Unearned finance income	**(39)**	**(22)**	**(17)**
Present value of minimum lease income (finance lease receivables)	**203**	**48**	**155**
Expected credit loss	**(10)**		
Carrying amount	**193**		
2024			
Minimum lease payments receivable			
Lease payments receivable	56	24	32
Unearned finance income	(8)	(4)	(4)
Present value of minimum lease income (finance lease receivables)	48	20	28
Expected credit loss	(10)		
Carrying amount	38		

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.1 Lease receivables continued

4.1.2 Operating lease revenue

	Group			
	Total	<1 year	1 - 5 years	>5 years
2025	**Rm**	**Rm**	**Rm**	**Rm**
Rental receivable on buildings	**201**	**54**	**123**	**24**
Customer premises equipment receivables	**5**	**3**	**2**	**—**
Exchanges	**285**	**67**	**183**	**35**
Total	**491**	**124**	**308**	**59**
2024				
Rental receivable on buildings	73	37	36	—
Customer premises equipment receivables	7	4	3	—
Exchanges	94	94	—	—
Masts and towers[1]	2 417	684	1 733	—
Total	2 591	819	1 772	—

[1] *In the current year, Swiftnet has been sold. Future rental income from masts and towers will not materialise for the Group.*

	Company			
	Total	<1 year	1 - 5 years	>5 years
2025	**Rm**	**Rm**	**Rm**	**Rm**
Rental receivable on buildings	**167**	**71**	**96**	**—**
Customer premises equipment receivables	**5**	**3**	**2**	**—**
Total	**172**	**74**	**98**	**—**
2024				
Rental receivable on buildings	244	76	168	—
Customer premises equipment receivables	7	4	3	—
Total	251	80	171	—

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.2 Inventories

Significant accounting judgements, estimates and assumptions

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Judgement is involved in determining whether inventories need to be written off to net realisable value. Factors considered include the age of the stock, inventory turnover, exchange rates, new device models released and the ability to bundle devices with other value-added services, such as voice, data and SMSes.

Inventory write-downs related to slow-moving stock are determined by considering the following:

For network build stock, management runs quarterly reports to identify obsolete and excess warehouse stock. The definitions are as follows:

- Obsolete stock: All material items per material group that have had no movement for the past 12 months.
- Excess stock: All material items per material group that have more than 12 months' stock on hand, with five years' stock cover consideration.

New items not yet used and items planned for projects are excluded. The balance is then taken through the write-off process.
For maintenance spares, management also runs quarterly reports to identify obsolete and excess stock. The definitions are as follows:

- Obsolete stock: All material items per material group that have had no movement for the past 24 months.
- Excess stock: All material items per material group that have more than 24 months' stock on hand.

New items not yet used and items planned for projects are excluded. The balance is then taken through the write-off process.

Summary of material accounting policies

Stock valuation and work-in-progress
Inventory is measured at the lower of cost and net realisable value.

The purchase cost of inventories comprises the purchase price, import duties and other taxes (excluding those that can be subsequently recovered by the entity from the taxing authorities), transport, handling, and other costs directly attributable to the acquisition of the finished goods, materials and services. Trade discounts, rebates and other similar items are deducted when determining the costs of inventory.

Where relevant, the initial cost of inventories includes the transfer of gains and losses on qualifying fair value hedges that are recognised as firm commitments in respect of purchases made in foreign currencies.

Merchandise, installation material, maintenance material and network equipment inventories are stated at the lower of cost, determined on a weighted average basis and estimated net realisable value. Inventory is assessed for write-down to the net realisable value at each reporting date. The reversal of any write-downs is also considered where increases in the net realisable value have been identified.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Inventories	**747**	903	**237**	355
Gross inventories	**966**	1 143	**335**	393
Write-down of inventories to net realisable value	**(219)**	(240)	**(98)**	(38)
Inventories consist of the following categories:	**966**	1 143	**334**	393
Installation material, maintenance material and network equipment	**295**	431	**1**	1
Merchandise	**671**	712	**333**	392
Write-down of inventories to net realisable value	**219**	240	**98**	38
Opening balance	**240**	229	**38**	4
Charged to statement of profit or loss and other comprehensive income	**124**	36	**118**	34
Inventories written off	**(145)**	(25)	**(58)**	—

During the current financial year, R30 million (31 March 2024: R4 million) for Group and Company were transferred from inventories to property, plant and equipment. The transfers only take place from capital work in progress (CWIP).

The decrease in inventory is mainly due to a management initiative to reduce stock holdings to avoid higher write-offs.

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.3 Trade and other receivables

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Trade and other receivables	**7 740**	8 215	**5 636**	6 165
Trade receivables	**5 913**	6 174	**3 902**	3 874
Gross trade receivables	**9 431**	9 369	**7 046**	6 698
Impairment of trade receivables	**(3 518)**	(3 195)	**(3 144)**	(2 824)
Other receivables	**1 110**	1 079	**1 417**	1 878
Gross other receivables[1]	**1 132**	1 101	**1 439**	1 900
Impairment of other receivables[1]	**(22)**	(22)	**(22)**	(22)
Prepayments	**717**	962	**317**	413

[1] *In the current year, the net amount of other receivables has been disaggregated to separately disclose the gross other receivables and impairment of other receivables.The comparative disclosure has been re-presented for comparability purposes.*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The repayment terms of trade receivables vary between 21 and 120 days from date of invoice. Interest charged on overdue accounts varies between the prime rate and a rate of 18%, depending on the contract terms.

Trade receivables are initially recognised at the transaction price, unless they contain significant financing components, in which case they are recognised at fair value. The increase in the impairment of receivables is driven by an increase in the gross trade receivables balance.

Other receivables generally arise from transactions not directly relating to customers. Other receivables mainly include municipal deposits, staff bursaries, staff loans and intercompany management fees charged to Group entities (at a Telkom Company level). Other receivables decreased at Company level mainly due to a decrease in intercompany trading balances between Telkom and Openserve.

The Group uses the general expected credit loss methodology to calculate the expected credit loss rate using available historical information, and forward-looking information where relevant. The balances included in other receivables have low credit risk due to their nature as well as the structured collections arrangements with counterparties.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Allowance account for expected credit losses - trade receivables	**3 518**	3 195	**3 144**	2 824
Opening balance	**3 195**	2 908	**2 824**	2 238
Charged to statement of profit or loss and other comprehensive income	**838**	1 285	**849**	1 048
Enterprise loss allowance movement	**—**	—	**(45)**	(40)
Receivables written off	**(515)**	(998)	**(484)**	(422)

In the prior year, some BCX customers were undergoing business rescue, which resulted in increased write-offs in the 2024 financial year. As these balances were fully written off in the prior year, no balances remain outstanding in the current year, contributing to a reduction in write-offs for the current year. Although the gross carrying amount increased, the expected credit loss charged to statement of profit or loss and other comprehensive income decreased due to the alleviation of customer distress and initiatives that have been put in place to improve collections and recoveries.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include sending payment reminders, pinging the accounts for additional debit order collections, suspending the services, handing over the debt to external debt collectors and not receiving the debtors' positive feedback that confirms the amounts as collectable, failure of a debtor to engage in a repayment plan with the Group, blacklisting the customer, and failure to make contractual payments.

Refer to note 7.1.4 for a detailed credit risk analysis.

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.4 Cash and cash equivalents

Summary of material accounting policies
Cash and cash equivalents comprise cash on hand, deposits held on call and short-term deposits with an initial maturity of less than three months when entered into.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Cash and cash equivalents	**11 054**	3 747	**8 989**	1 863
Cash and bank balances	**6 312**	2 687	**4 898**	803
Short-term deposits	**4 742**	1 060	**4 091**	1 060
Undrawn borrowing facilities	**6 546**	5 563	**5 250**	5 250

The undrawn borrowing facilities are unsecured and bear interest at a rate that will be mutually agreed between the borrower and lender at the time of drawdown. These facilities are subject to annual review and are in place to ensure liquidity. At 31 March 2025, R4.8 billion (31 March 2024: R4 billion) of these undrawn facilities were committed by the banks. The uncommitted portion of R1 746 million is subject to bank approval. Cash and cash equivalents increased mainly due to the proceeds received from the disposal of Swiftnet. Refer to note 12.2 for details.

Short-term deposits
Short-term deposits are made mostly for periods ranging from one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Borrowing powers
Telkom's Directors, subject to permitted encumbrance undertakings, as outlined in its financing agreements, may mortgage or encumber Telkom's property, or any part thereof, and issue debt, whether secured or unsecured, either outright or as security for other debt, liability or obligation of Telkom or any third party. For this purpose, the borrowing powers of Telkom are unlimited, but are subject to compliance with the financial covenants set forth in its financing agreements.

4.5 Trade and other payables

Summary of material accounting policies

Supplier finance arrangements (SFAs)

SFAs with no extended payment terms
The Group participates in SFAs. This allow suppliers that decide to participate to trade invoices and receive the funding earlier than the invoice due date from the participating funder. The Group pays the participating funder on behalf of the supplier that traded the invoice, based on the original contractual supplier payment terms, and has no further obligation to the participating funder. The financial liability subject to this arrangement is classified as trade and other payables.

The assessment of SFAs, and whether they result in changes to the trade payable classification, takes into consideration numerous factors. These include the impact of the arrangement on the supplier's payment terms, the nature of the relationships between the Group and the funders, changes in cash flows, whether any guarantees are provided by the Group to the funders, as well as whether the supplier has discharged the Group from its obligation.

Considering the above assessment at reporting date, the Group had invoices subject to the SFAs that met the requirements to remain classified as trade payables.

The arrangement that remained classified as trade payables does not have an impact on the Group's trade payables, net debt and cash flows. Cash paid to these suppliers is recognised as part of cash paid to suppliers and employees in the operating activities in the cash flow statement. Refer to note 7.1.5 for the liquidity risk disclosure.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Trade and other payables	**9 944**	8 996	**9 011**	8 108
Trade and other payables	**5 456**	5 004	**5 974**	5 548
Accruals	**4 488**	3 992	**3 037**	2 560

Trade and other payables and accruals are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accruals and other payables mainly represent licence fees and amounts payable for goods received, net of VAT obligations.

The Group's standard payment terms of trade payables is within 90 days after the date of receipt of the invoice.

R1 532 million (31 March 2024: R1 435 million) of the total trade payables is subject to supplier financing where the suppliers have decided to receive the invoice amounts before the due date from independent external funders (refer to note 7.1.5 for details). Trade and other payables increased mainly as a result of a surge in operational activity in March due to higher sales volumes.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets

5.1 Property, plant and equipment

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for property, plant and equipment
The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each of the individual categories of property, plant and equipment. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy. The impact of the change in the expected useful lives of property, plant and equipment is described fully in note 3.4.9. The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate.

Impairments of property, plant and equipment
Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, determining the recoverable amount of a CGU requires management to make assumptions to determine the value in use. The value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors including the discount rate, revenue growth, terminal growth rates, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and, ultimately, the amount of impairment loss recognised.

In calculating value in use, consideration is also given to the completion of a network that is partially completed at the date impairment test is performed. Significant judgement is applied in determining if network expansion should be treated as a partially completed asset or an enhancement of an asset (which cash flows are not allowed to be considered in calculation of value in use).

Summary of material accounting policies

Recognition of property, plant and equipment
The cost of an item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Assets under construction represent freehold buildings, operating software, network and support equipment and include all direct expenditure as well as related borrowing costs capitalised, but exclude the costs of abnormal amounts of waste material, labour or other resources incurred in the production of self-constructed assets.

Subsequent measurement
Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Depreciation, residual values and useful lives
The residual value of property, plant and equipment is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Due to the technical nature of the Group's assets, the residual value is assumed to be zero based on the active market that is likely to exist at the end of the asset's useful life, which can be used to estimate the residual values.

The estimated useful lives applied are provided in note 3.4.9.

Depreciation is charged from the date the asset is available for use on a straight-line basis over the estimated useful life and ceases at the earlier of the date that the asset is classified as held for sale and the date the asset is derecognised. Idle assets continue to attract depreciation.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

Impairment of property, plant and equipment

The Group regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators, including changes in technology, market, economic, legal and operating environments, availability of funding or the discontinuation of services and could result in changes to the asset's or CGU's estimated recoverable amount.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount.

Previously recognised impairment losses are reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

	2025			2024			2023		
	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value
Group	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Freehold land and buildings	**7 076**	**(5 074)**	**2 002**	7 056	(4 975)	2 081	7 612	(4 875)	2 737
Network equipment	**104 047**	**(81 834)**	**22 213**	100 810	(80 039)	20 771	98 718	(78 726)	19 992
Support equipment	**6 852**	**(5 931)**	**921**	6 642	(5 673)	969	6 437	(5 415)	1 022
Furniture and office equipment	**1 004**	**(668)**	**336**	823	(601)	222	814	(617)	197
Data processing equipment and software	**3 271**	**(2 788)**	**483**	3 227	(2 875)	352	3 357	(2 955)	402
Under construction	**1 312**	**—**	**1 312**	1 538	—	1 538	1 759	—	1 759
Other[1]	**504**	**(437)**	**67**	508	(439)	69	512	(443)	69
	124 066	**(96 732)**	**27 334**	120 604	(94 602)	26 002	119 209	(93 031)	26 178

	2025			2024			2023		
	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value
Company	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Freehold land and buildings	**1 471**	**(885)**	**586**	1 457	(875)	582	1 326	(738)	588
Network equipment	**23 237**	**(15 132)**	**8 105**	22 088	(14 775)	7 313	21 881	(14 837)	7 044
Support equipment	**353**	**(241)**	**112**	355	(226)	129	317	(208)	109
Furniture and office equipment	**188**	**(110)**	**78**	165	(106)	59	152	(100)	52
Data processing equipment and software	**2 143**	**(1 763)**	**380**	2 123	(1 875)	248	2 249	(2 003)	246
Under construction	**947**	**—**	**947**	930	—	930	847	—	847
Other[1]	**109**	**(92)**	**17**	121	(97)	24	112	(92)	20
	28 448	**(18 223)**	**10 225**	27 239	(17 954)	9 285	26 884	(17 978)	8 906

[1] *Other includes, for example, intruder detection systems, surveillance equipment, access control systems, mechanical aids and tools, etc.*

Finance charges of R48 million (31 March 2024: R39 million) for Group and R32 million (31 March 2024: R28 million) for Company were capitalised to property, plant and equipment and intangible assets in the current financial year.

No material property, plant and equipment has been pledged as security.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Group									
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Transfers Rm**	**Foreign currency translation Rm**	**Disposals Rm**	**Disposal of subsidiary[1] Rm**	**Depreciation Rm**	**Write-offs and impairment Rm**	**Reclassified to held for sale reversal[1] Rm**	**Carrying value at the end of the year Rm**
Freehold land and buildings	**2 081**	**95**	**254**	**(1)**	**(107)**	**(883)**	**(197)**	**(1)**	**761**	**2 002**
Network equipment	**20 771**	**4 135**	**527**	**—**	**(1)**	**(407)**	**(2 678)**	**(212)**	**78**	**22 213**
Support equipment	**969**	**137**	**122**	**1**	**—**	**(1)**	**(293)**	**(15)**	**1**	**921**
Furniture and office equipment	**222**	**32**	**174**	**(1)**	**—**	**—**	**(89)**	**(2)**	**—**	**336**
Data processing equipment and software	**352**	**241**	**2**	**—**	**—**	**—**	**(112)**	**—**	**—**	**483**
Under construction	**1 538**	**721**	**(1 135)**	**(6)**	**(5)**	**(294)**	**—**	**(27)**	**520**	**1 312**
Other	**69**	**9**	**18**	**—**	**—**	**(12)**	**(16)**	**(1)**	**—**	**67**
	26 002	**5 370**	**(38)**	**(7)**	**(113)**	**(1 597)**	**(3 385)**	**(258)**	**1 360**	**27 334**

2024	Carrying value at the beginning of the year Rm	Additions Rm	Transfers Rm	Foreign currency translation Rm	Disposals Rm	Depreciation Rm	Write-offs Rm	Reclassified to held for sale[1] Rm	Carrying value at the end of the year Rm
Freehold land and buildings	2 737	139	195	1	(6)	(224)	—	(761)	2 081
Network equipment	19 992	2 985	538	—	—	(2 640)	(26)	(78)	20 771
Support equipment	1 022	126	124	—	—	(298)	(4)	(1)	969
Furniture and office equipment	197	14	85	—	(1)	(72)	(1)	—	222
Data processing equipment and software	402	79	3	—	—	(118)	(14)	—	352
Under construction	1 759	1 343	(1 025)	(1)	—	(1)	(17)	(520)	1 538
Other	69	13	3	1	—	(17)	—	—	69
	26 178	4 699	(77)	1	(7)	(3 370)	(62)	(1 360)	26 002

1. *Swiftnet was sold in the current financial year. In the prior year, Swiftnet was classified as held for sale. Assets classified as held for sale were reversed in the current year and were subsequently disposed of as included in the disposal of subsidiary column. These balances relate to asset held for sale as at 31 March 2024, which have been reclassified per note 12.3. Refer to notes 12.2 and 12.3.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Company						
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Transfers Rm**	**Disposals Rm**	**Depreciation Rm**	**Write-offs Rm**	**Carrying value at the end of the year Rm**
Freehold land and buildings	**582**	**20**	**30**	**(3)**	**(39)**	**(4)**	**586**
Network equipment	**7 313**	**1 993**	**—**	**—**	**(1 061)**	**(140)**	**8 105**
Support equipment	**129**	**1**	**1**	**—**	**(19)**	**—**	**112**
Furniture and office equipment	**59**	**28**	**—**	**—**	**(8)**	**(1)**	**78**
Data processing equipment and software	**248**	**214**	**(1)**	**—**	**(81)**	**—**	**380**
Under construction	**930**	**83**	**(54)**	**—**	**—**	**(12)**	**947**
Other	**24**	**—**	**(1)**	**—**	**(6)**	**—**	**17**
	9 285	**2 339**	**(25)**	**(3)**	**(1 214)**	**(157)**	**10 225**

2024	Carrying value at the beginning of the year Rm	Additions Rm	Transfers Rm	Disposals Rm	Depreciation Rm	Write-offs Rm	Carrying value at the end of the year Rm
Freehold land and buildings	588	24	14	(4)	(40)	—	582
Network equipment	7 044	951	319	—	(1 001)	—	7 313
Support equipment	109	3	38	(1)	(19)	(1)	129
Furniture and office equipment	52	5	10	—	(7)	(1)	59
Data processing equipment and software	246	76	7	—	(81)	—	248
Under construction	847	478	(389)	—	—	(6)	930
Other	20	3	8	—	(7)	—	24
	8 906	1 540	7	(5)	(1 155)	(8)	9 285

Expansion of the mobile network contributed 45% of the additions to assets. In total, 27% of capital expenditure was on the deployment of fibre, and 13% was on the next-generation POTN core network, rehabilitation and sustainment was 6%, and 1% relates to masts and towers. The balance of 8% capital expenditure is attributable to investment in IT solutions, Telkom properties, regulatory and compliance, strategic initiatives, shared services and other. The focus on expanding mobile network and fibre rollout is expected to continue over the next few years.

Assets with a carrying value to the net amount of R24 million (31 March 2024: R4 million) for the Group and Company were transferred from intangible assets to property, plant and equipment in the current year. Assets with a carrying value to the net amount of R17 million (31 March 2024: R74 million) for Group were transferred from property, plant and equipment to intangible assets in the current year. At the Group level, transfers were effected between property, plant and equipment, intangible assets and inventory (these transfers only take place from CWIP).

Transfers in the Company mostly related to property, plant and equipment, investment property and intangible assets. Assets with a carrying value of R30 million (31 March 2024: R4 million) for Group and Company relate to inventory that was transferred to property, plant and equipment in the current year. Assets with a carrying value of Rnil million (31 March 2024: R2 million) for Company were transferred from property, plant and equipment to investment property (refer to note 5.4).

Changes to the estimated useful lives of property, plant and equipment resulted in a decrease in depreciation of R23 million (31 March 2024: R37 million) for Company and R124 million (31 March 2024: R143 million) for Group. Refer to note 3.4.9 for the useful lives.

The capital expenditure under property, plant and equipment relates to expansions of R4 339 million (31 March 2024: R3 633 million) for Group and R2 104 million (31 March 2024: R1 258 million) for Company. Expenditure due to maintenance is R768 million (31 March 2024: R744 million) for Group and R245 million (31 March 2024: R282 million) for Company.

In addition to the goodwill in the consolidated annual financial statements, the impairment considerations apply equally to the investment in Openserve and BCX (refer to note 5.3) and the property, plant and equipment in the separate annual financial statements. No impairment was recognised on property, plant and equipment in the current and prior financial year.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

Property, plant and equipment consists mainly of network equipment. The network equipment within the Company does not generate cash inflows that are largely independent of those from other assets or groups of assets. Property, plant and equipment is included in the impairment testing for the Telkom CGU (refer to note 5.3). The recoverability of property, plant and equipment is largely dependent on macro-economic factors, which include cash flows to be generated through the network assets, as well as internal assumptions and estimates related to realisation levels and operating costs. The impairment test included assessing the recoverable amount of property, plant and equipment, with reference to all cash flows (including the fair value contributory asset income), and comparing this to the carrying amount of the property, plant and equipment (refer to note 5.3).

Property, plant and equipment subject to operating leases

	Group			
	31 March 2025		31 March 2024	
	Freehold land and buildings	Furniture and office equipment	Freehold land and buildings	Furniture and office equipment
	Rm	Rm	Rm	Rm
Opening carrying amount	**1 631**	**25**	1 627	12
Additions	**36**	**—**	64	1
Depreciation	**(126)**	**(40)**	(145)	(29)
Transfers	**125**	**167**	111	42
Disposals	**(20)**	**(1)**	(26)	(1)
Disposal of a subsidiary[1]	**(814)**	**—**	—	—
Closing carrying amount	**832**	**151**	1 631	25

1. *Swiftnet was sold in the current financial year. Refer to notes 12.2 and 12.3.*

5.2 Intangible assets

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for intangible assets

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each of the individual categories of intangible assets. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy. The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate.

Impairments of intangible assets

Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, determining the recoverable amount of a CGU requires management to make assumptions to determine the value in use. The value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors that include the discount rate, revenue growth, terminal growth rates, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and ultimately the amount of impairment loss recognised.

In calculating value in use, consideration is also given to the completion of a network that is partially completed at the date impairment test is performed. Significant judgement is applied in determining if network expansion should be treated as the completion of a partially completed asset or the enhancement of an asset (for which cash flows are not allowed to be considered in the calculation of value in use).

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.2 Intangible assets continued

Summary of material accounting policies

Initial recognition and measurement
At initial recognition, acquired intangible assets are recognised at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognised cost includes any directly attributable costs for preparing the asset for its intended use. Internally generated intangible assets are recognised at cost comprising all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management.

Intangible assets under construction represent application and other non-integral software and include all direct expenditure as well as related borrowing costs capitalised, but exclude the costs of abnormal amounts of waste material, labour or other resources incurred in the production of self-constructed assets.

Subsequent measurement
After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Subsequent costs in respect of intangible assets already functioning as intended by management are capitalised, provided that they meet the definition of an asset (e.g. relate to additional features and enhancements that result in additional future economic benefits).

Amortisation, residual values and useful lives
The residual value of intangible assets is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already at the age and in the condition expected at the end of its useful life. Due to the nature of the asset, the residual value is assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or if an active market is likely to exist at the end of the asset's useful life, which can be used to estimate the residual values. The residual values of intangible assets, the amortisation methods used, and their useful lives are reviewed annually at the reporting date and adjusted prospectively as required.

Amortisation commences when the intangible assets are available for their intended use and is recognised on a straight-line basis over the expected useful lives of the assets. Amortisation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The expected useful lives applied are provided in note 3.4.9.

Impairment of intangible assets (including goodwill)
The Group regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators, including changes in technology, market, economic, legal and operating environments, availability of funding or the discontinuation of services and could result in changes to an asset's or CGU's estimated recoverable amount. Goodwill, intangible assets with indefinite useful lives and intangible assets under construction are tested for impairment annually regardless of whether an indicator of impairment has been identified.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Previously recognised impairment losses, other than goodwill, are reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised in prior years.

	2025			2024			2023		
	Cost	**Accumulated amortisation, impairment and write-offs**	**Carrying value**	Cost	Accumulated amortisation, impairment and write-offs	Carrying value	Cost	Accumulated amortisation, impairment and write-offs	Carrying value
Group	**Rm**	**Rm**	**Rm**	Rm	Rm	Rm	Rm	Rm	Rm
Goodwill	**1 367**	**(72)**	**1 295**	1 367	(72)	1 295	1 367	(72)	1 295
Trademarks, copyrights and other	**2 551**	**(685)**	**1 866**	2 551	(535)	2 016	1 621	(426)	1 195
Software	**13 363**	**(11 544)**	**1 819**	13 133	(11 371)	1 762	12 756	(11 060)	1 696
Under construction	**480**	**(39)**	**441**	262	(8)	254	315	(8)	307
	17 761	**(12 340)**	**5 421**	17 313	(11 986)	5 327	16 059	(11 566)	4 493
Company									
Trademarks, copyrights and other	**2 118**	**(262)**	**1 856**	2 118	(155)	1 963	1 146	(47)	1 099
Software	**9 666**	**(8 455)**	**1 211**	9 519	(8 416)	1 103	9 390	(8 242)	1 148
Under construction	**248**	**—**	**248**	75	—	75	95	—	95
	12 032	**(8 717)**	**3 315**	11 712	(8 571)	3 141	10 631	(8 289)	2 342

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.2 Intangible assets continued

The carrying amounts of intangible assets can be reconciled as follows:

	Group							
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Disposal of subsidiary[1] Rm**	**Transfers Rm**	**Amortisation Rm**	**Write-offs and impairment Rm**	**Reclassified to held for sale reversal[1] Rm**	**Carrying value at the end of the year Rm**
Goodwill	**1 295**	**—**	**—**	**—**	**—**	**—**	**—**	**1 295**
Trademarks, copyrights and other	**2 016**	**—**	**—**	**—**	**(150)**	**—**	**—**	**1 866**
Software	**1 762**	**479**	**(11)**	**57**	**(439)**	**(40)**	**11**	**1 819**
Under construction	**254**	**237**	**(1)**	**(20)**	**—**	**(30)**	**1**	**441**
	5 327	**716**	**(12)**	**37**	**(589)**	**(70)**	**12**	**5 421**

2024	Carrying value at the beginning of the year Rm	Additions Rm	Transfers Rm	Disposals Rm	Amortisation Rm	Write-offs Rm	Reclassified to held for sale[1] Rm	Carrying value at the end of the year Rm
Goodwill	1 295	—	—	—	—	—	—	1 295
Trademarks, copyrights and other	1 195	972	—	—	(150)	(1)	—	2 016
Software	1 696	319	260	—	(485)	(17)	(11)	1 762
Under construction	307	134	(184)	(2)	—	—	(1)	254
	4 493	1 425	76	(2)	(635)	(18)	(12)	5 327

1. *Swiftnet was sold in the current financial year. In the prior year Swiftnet was held for sale. Assets classified as held for sale were reversed in the current year and were subsequently disposed of as reflected in the disposal of subsidiary column. These balances relate to assets held for sale as at 31 March 2024, which have been reclassified per note 12.3. Refer to notes 12.2 and 12.3.*

The carrying amounts of intangible assets can be reconciled as follows:

	Company					
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Transfers Rm**	**Amortisation Rm**	**Write-offs Rm**	**Carrying value at the end of the year Rm**
Trademarks, copyrights and other	**1 963**	**—**	**1**	**(108)**	**—**	**1 856**
Software	**1 103**	**397**	**1**	**(280)**	**(10)**	**1 211**
Under construction	**75**	**149**	**24**	**—**	**—**	**248**
	3 141	**546**	**26**	**(388)**	**(10)**	**3 315**

2024						
Trademarks, copyrights and other	1 099	971	1	(108)	—	1 963
Software	1 148	232	62	(319)	(20)	1 103
Under construction	95	44	(64)	—	—	75
	2 342	1 247	(1)	(427)	(20)	3 141

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.2 Intangible assets continued

The goodwill in the Group is attributable to the goodwill that arose on acquisition of BCX in August 2015, and subsequent acquisitions made by BCX, including its acquisition of Dotcom Software Solutions (Pty) Ltd in December 2022.

Intangible assets that are material to the Group consist of software, trademarks and other, with an average remaining amortisation period is three years (31 March 2024: two years).

No other intangible asset apart from goodwill has been assessed as having an indefinite useful life.

Intangible assets under construction are included in the impairment testing for the Telkom, BCX and Openserve CGUs.

Approximately R83 million (31 March 2024: R1 098 million) and R81 million (31 March 2024: R1 010 million) of additions relate to externally acquired intangible assets for the Group and the Company, respectively, while R632 million (31 March 2024: R324 million) relates to internal developments for the Group and R466 million (31 March 2024: R237 million) relates to internal developments for the Company.

Changes to the estimated useful lives of intangible assets resulted in a decrease in amortisation to the value of R19 million (31 March 2024: R2 million) for the Company and R25 million (31 March 2024: R8 million) for the Group. Refer to note 3.4.9 for details on the useful lives.

Where assets have become technologically obsolete or can no longer contribute towards the Group and Company's revenue-generating capacity, the assets are written off. The total write-off balance is not considered significant to the annual financial statements in the current or prior financial years.

5.3 Impairment of goodwill and cash-generating units

Significant accounting judgements, estimates and assumptions

CGU impairment assessment
IAS 36 (Impairment of Assets) requires assets to be assessed for impairment when impairment indicators are evident. This standard also requires goodwill to be assessed for impairment on an annual basis.

In determining the recoverable amount of the Group's CGUs, the Group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future.

Management uses the cash flow projections based on the Board-approved business plans. These cash flow projections are based on a five-year outlook for the current year-end. Management applied the following key assumptions in the discounted cash flow valuation model:

- Revenue growth;
- EBITDA margins;
- Discount rates; and
- Terminal growth rates.

Summary of material accounting policies

Measurement
Goodwill is measured at cost less accumulated impairment losses and is not amortised. Goodwill is tested for impairment annually or when an indication of impairment exists.

Goodwill impairment assessment
Goodwill arising in a business combination is recognised as an intangible asset at the date of acquisition.

Goodwill is measured as an excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net fair value of the acquiree's identifiable net assets.

If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units continued

	2025	2024
The Group's goodwill balance is as follows:	Rm	Rm
Closing balance	**1 295**	1 295

Description	BCX CGU Rm	Total goodwill recognised Rm
Carrying amount	**1 295**	**1 295**

Impairment considerations

The Group tests impairment at a CGU level. As a right-of-use (ROU) asset does not generate cash inflows largely independent from other assets, the ROU asset is tested for impairment together with the CGU to which the asset belongs. From an IFRS 16 perspective, the assumptions assume the reinvestment of the ROU asset, i.e. cash flows to replace the ROU asset have been included in the model. Management adjusted the value in use model by excluding the cash outflows in respect of the lease payments as it relates to financing and including the cash outflows to replace the ROU asset.

The Group's CGUs consist of Telkom Consumer, Openserve, BCX and Gyro. BCX is the only CGU that has goodwill. In accordance with IAS 36 (Impairment of Assets), management has performed an annual impairment assessment of the CGUs as of 31 March 2025.

Management identified impairment indicators for the Telkom Consumer, Openserve and BCX CGUs, with further details noted below.

The Group utilised the value in use, using the discounted cash flow method, as the valuation basis for all CGUs. Based on this, the income approach was applied. A five-year period was used for the discounted cash flows, which were approved by senior management and/or the Board of the Group.

The Group has evaluated the potential impact that the US tariffs would have across the Group and determined that they do not have a material impact.

BCX CGU

During the current financial year, BCX initiated the section 189 restructuring process, which was identified as an impairment indicator.

The value in use, using the discounted cash flow method, was adopted as the valuation basis. Based on this, the income approach was used. A five-year period was used for the discounted cash flows, as approved by senior management and/or the Board of the Group.

The BCX CGU was then valued using a sum-of-the-parts approach. The valuation was performed on an enterprise value basis.

The value in use calculation took into consideration the following key assumptions:

EBITDA margin
The budgeted EBITDA margin was used, based on past experience and management's future expectations of business performance.

Growth rates
The growth rates were consistent with publicly available information relating to long-term average growth rates for the market in which the CGU operated. The compound annual growth rate used for revenue is 5.3% (31 March 2024: 4.9%) and EBITDA ranges between 11.5% and 11.6% (31 March 2024: 11.5% and 16.0%).

Terminal growth rates
A terminal growth rate of 4.9% (31 March 2024: 5%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady state of growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate
The discount rate used reflects both time value of money and other specific risks relating to the entity. The discount rate was calculated based on comparable companies in the industry. An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate.

The pre-tax discount rate for the BCX CGU is 20.8% (31 March 2024: 21.6%). An in-perpetuity calculation was also included after five years as per the terminal growth rate disclosure.

Based on the value in use calculation, the estimated value in use of BCX significantly exceeds the carrying amount of the BCX CGU. As such, no impairment loss is recognised.

Sensitivity to changes in assumptions
Given the significant headroom computed, no further sensitivity analysis has been performed.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units continued

Telkom Consumer CGU

Telkom Consumer operates in South Africa. Where the economic climate is under strain due to numerous factors. Telkom Consumer's business is dependent on technology, and in some of its operations, the legacy assets (old technology) are still being utilised.

The five-year budgets indicated that the economic performance of the CGU had not materially changed from the previous valuation. Even though the discount rates had increased slightly from the previous valuation, this did not result an impairment loss. Effectively, the five-year budgets have been adjusted to incorporate the changes, resulting in the recoverable amount of the CGU being higher than its carrying value.

The value in use calculation took into consideration the following key assumptions:

EBITDA margin
The budgeted EBITDA margin is based on experience and management's future expectations of business performance.

Growth rates
The growth rates were consistent with publicly available information related to long-term average growth rates for the market in which the CGU operates. The compound annual growth rate used for revenue is 5.2% (31 March 2024: 3.9%) and EBITDA is 5.4% (31 March 2024: 10.8%).

Terminal growth rates
A terminal growth rate of 3% (31 March 2024: 3%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady-state growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate
An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate. The pre-tax discount rate for the Telkom CGU is 17.8% (31 March 2024: 17.4%). An in-perpetuity calculation was also included after five years as per the terminal rate disclosure.

Based on the value in use calculation, the recoverable amount of the Telkom CGU is higher than the carrying value as at 31 March 2025, indicating no impairment loss.

Sensitivity to changes in assumptions
The recoverable amount is most sensitive to the discount rate and terminal growth rate:

- An 18.6% pre-tax discount rate, in absolute terms, would result in the recoverable amount of the Consumer CGU to approximate its carrying amount.
- A 2.9% terminal growth rate, in absolute terms, would result in the recoverable amount of the Consumer CGU to approximate its carrying amount.

Openserve CGU

Openserve operates in South Africa. Where the economic climate is under strain due to numerous factors. Openserve's business is dependent on technology, and in some of its operations the legacy assets (old technology) are still being utilised.

The five-year budgets indicated that the economic performance of the CGU had not materially changed from the previous valuation. Even though the discount rates had decreased slightly from the previous valuation, this was not material enough to warrant an impairment loss reversal. Effectively, the five-year budgets have been adjusted to incorporate the changes, resulting in the recoverable amount of the CGU being higher than its carrying value.

The value in use calculation took into consideration the following key assumptions:

EBITDA margin
The budgeted EBITDA margin is based on experience and management's future expectations of business performance.

Growth rates
The growth rates were consistent with publicly available information related to long-term average growth rates for the market in which the CGU operates. The compound annual growth rate used for revenue is 5.6% (31 March 2024: 4.2%) and EBITDA is 8.5% (31 March 2024: 6.2%).

Terminal growth rates
A terminal growth rate of 3.5% (31 March 2024: 5.0%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady-state growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate
An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate. The pre-tax discount rate for the Openserve CGU is 16.4% (31 March 2024: 16.7%). An in-perpetuity calculation was also included after five years as per the terminal rate disclosure.

Based on the value in use calculation, the recoverable amount of the Openserve CGU is higher than the carrying value as at 31 March 2025, indicating no impairment loss.

Sensitivity to changes in assumptions
The recoverable amount is most sensitive to the discount rate and terminal growth rate:

- A 17.4% pre-tax discount rate, in absolute terms, would result in the recoverable amount of the Openserve CGU to approximate its carrying amount.
- A 2.9% terminal growth rate, in absolute terms, would result in the recoverable amount of the Openserve CGU to approximate its carrying amount.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.4 Investment property

Significant accounting judgements, estimates and assumptions

Impairments of investment property
The Company regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators occur, including changes in technology, market, economic, legal and operating environments, availability of funding or discontinuation of services, and could result in changes to the asset's or CGU's estimated recoverable amount.

Previously recognised impairment losses were reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

Fair value estimation

The Company's investment properties are subject to IAS 16 cost model measurement and, as required by IAS 40, the Company discloses the fair value of investment property. Depending on the available information and location of investment property, the Company uses the income capitalisation or repeat sales index system valuation method to determine the fair value of investment properties.

The fair value of investment property is measured at the value calculated internally. The calculation of fair value uses the assumptions such as the capitalisation rate, vacancy rate, rental and operating expense rate.

Summary of material accounting policies

Recognition of investment property
Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Company, and the cost of the investment property can be measured reliably.

Property held to earn rentals will be recognised as investment property. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include those incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service the property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of a replacement part is derecognised.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Subsequent measurement
Subsequent to initial recognition, investment property is carried at its cost less any accumulated depreciation and any impairment losses.

Investment property is measured in terms of the cost model.

Depreciation and useful lives
Depreciation is charged from the date the asset is available for use on a straight-line basis over the estimated useful life and ceases at the earlier of the date that the asset is classified as held for sale or the date the asset is derecognised.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.4 Investment property continued

As a result of the Openserve legal separation on 1 September 2022, Telkom and Openserve entered into a lease agreement for land and buildings owned by Telkom. The land and buildings leased to Openserve are classified as investment properties in the Company from the transaction date and will be classified as property, plant and equipment in the Group.

	2025			2024			2023		
	Cost	Accumulated depreciation and write-offs	Carrying value	Cost	Accumulated depreciation and write-offs	Carrying value	Cost	Accumulated depreciation and write-offs	Carrying value
Company	**Rm**	**Rm**	**Rm**	Rm	Rm	Rm	Rm	Rm	Rm
Investment property	**1 070**	**(238)**	**832**	1 079	(168)	911	1 032	(55)	977

The carrying amounts of investment property can be reconciled as follows:

	2025					
	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Write-offs	Carrying value at the end of the year
Company	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**	**Rm**
Investment property	**911**	**36**	**(16)**	**(96)**	**(3)**	**832**

	2024					
	Carrying value at the beginning of the year	Additions	Transfers	Depreciation	Write-offs	Carrying value at the end of the year
Company	Rm	Rm	Rm	Rm	Rm	Rm
Investment property	977	48	(1)	(112)	(1)	911

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

All investment properties are being leased to Openserve, a 100% owned subsidiary of the Group.

Details of valuation

The effective date of the valuations was 31 March 2025 and resulted in a fair value of R2 374 million (31 March 2024: R2 038 million). Valuations of these investment properties were conducted by independent and qualified industry specialists in the 2023 financial year and recalculated by management using the income capitalisation valuation approach in the current year. The fair value of investment property is classified as level 3 in the fair value hierarchy.

The valuation was based on the open market value for existing use.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with international standards.

	Company	
	2025	2024
Amounts recognised in profit and loss for the year	**Rm**	Rm
Rental income from investment property	**83**	79

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments

6.1 Investment income

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Investment income	**369**	229	**2 408**	4 381
Interest income	**339**	229	**1 149**	1 115
Dividend income from subsidiaries	**—**	—	**1 229**	3 266
Dividend received in cash	**—**	—	**1 189**	616
Non-cash dividend	**—**	—	**40**	2 650
Dividend income from insurance cell captive	**30**	—	**30**	—

Interest income relates to interest earned from financial assets (cash and cash equivalents and loans) measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and the effective interest rate.

The decrease in dividend received is mainly due to the decrease in dividends declared by BCX in the current financial year.

R40 million (31 March 2024: R2 650 million) of the dividends declared by BCX and Gyro were non-cash and were net settled through the entities' intercompany accounts.

6.2 Net finance charges and fair value movements

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Net finance charges and fair value movements	**(1 984)**	(2 181)	**(1 859)**	(2 002)
Net finance charges	**(1 926)**	(2 127)	**(1 809)**	(2 030)
Finance charges on lease liabilities	**(529)**	(586)	**(463)**	(468)
Net finance charges on local debt[1]	**(1 445)**	(1 580)	**(1 377)**	(1 590)
Less: Finance charges capitalised[2]	**48**	39	**31**	28
Foreign exchange and fair value movements	**(58)**	(54)	**(50)**	28
Foreign exchange gain/(loss)	**167**	(185)	**112**	(101)
Fair value adjustments	**(225)**	131	**(162)**	129
Capitalisation rate for borrowing costs (%)	**10.2**	10.2	**10.2**	10.2

[1] *For the interest-bearing debt movement, refer to note 6.4.*

[2] *Finance charges on general borrowings are capitalised to qualifying assets (property, plant and equipment and intangible assets).*

Finance charges relate to interest expense on financial liabilities measured at amortised cost.

Net finance charges on local and foreign debt decreased from R2 127 million in March 2024 to R1 926 million in March 2025 for the Group and decreased from R2 030 million in March 2024 to R1 809 million in March 2025 for the Company. The decrease in finance charges is largely due to decreases in interest rates and lower average debt levels during the current financial year.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities

Significant accounting judgements, estimates and assumptions

Lease term

Renewal and termination options

In determining the lease term, all facts and circumstances are considered that create an economic incentive to exercise a renewal option, or not exercise a termination option. Renewal options and periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Group applies judgement in assessing whether it is reasonably certain that options will be exercised. Factors considered include the past history of renewing leases, the length of the non-cancellable period of the lease, the Group's rolling budgeting forecast period of five years and the importance of the underlying asset to the Group's operations. The Group applied the rolling budgeting forecast period on all its strategic month-to-month leases or strategic leases with indefinite lease periods.

The lease term will be reassessed at the occurrence of a significant event, which is either a change in the rolling forecast cycle or other major events not within the Group's control.

Month-to-month leases

The Group has leases that continue contractually on a month-to-month basis for an indefinite period or continue automatically on a month-to-month basis after expiry. In these agreements, the Group can terminate the agreement without either party incurring a contractual penalty upon termination. However, in determining the lease term, the Group considered the broader economics of the contract including factors such as the strategic importance of the asset, whether alternative suitable locations are available, the budgeting forecast cycle, and that management is not reasonably certain of business decisions that it will take beyond this period. Based on the above, the lease term of all strategic month-to-month leases are aligned with the budgeting forecast cycle.

Lease discount rate

Except where a discount rate implicit in the lease has been stipulated in the lease agreement, the lease payments are discounted using the incremental borrowing rate. The calculation of an incremental borrowing rate requires significant judgement. The incremental borrowing rate is calculated as a function of base rate, plus credit spread, plus other adjustments. Other adjustments take into account the lease period, currency of the lease payments, lease duration and lease-specific adjustments such as asset class and country risk premiums.

The base rate is a risk-free rate based on the interest rate swap curve of the country of the lease payments currency and the base is matched to the lease period.

The credit spread for the Company is based on Telkom's bond yield spread over the equivalent risk-free rate. The credit spread for other Group entities (BCX, Gyro and Openserve) is based on their credit spread relative to the Group.

Lease and non-lease components

In lease agreements where the gross rental amount includes operational costs, the Group applies judgement in allocating the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. Where the market prices are unavailable, the stand-alone selling price will be calculated.

Impairments of right-of-use assets

Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, the discontinuation of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, the determination of the recoverable amount of a CGU requires management to make assumptions to determine the value in use. Value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors which include the discount rate, revenue growth, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and ultimately the amount of impairment loss recognised.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

Summary of material accounting policies
The Group's leases include network equipment (mainly consisting of masts and towers), property and vehicles.

The Group as a lessee
At the inception of a contract, the Group considers whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition, the Group assesses whether the contract meets three key conditions, which are whether:

- The contract contains an identified asset, which is either explicitly or implicitly identified in the contract;
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

Recognition of leases
At the commencement date of a lease, the Group shall recognise a right-of-use asset and lease liability for contracts that are or contain a lease, except in the case where recognition exemptions are elected.

The Group has elected to apply the following recognition exemptions:

Recognition exemptions	
Short-term leases	Leases that, at the commencement date, have a lease term of 12 months or less (after considering lease extension options and management's intentions regarding the use of the leased asset) are expensed on a straight-line basis over the lease term. This is accounted for in the lease-related expenses line item on the statement of profit or loss and other comprehensive income.
Low-value assets	All leases involving underlying assets of low value, are assessed on a lease-by-lease basis and expensed on a straight-line basis over the lease term. This is accounted for in the lease-related expenses line item on the statement of profit or loss and other comprehensive income. Leased assets are classified as low value if the value of the asset is R73 200 or less when purchased new, regardless of the age of the asset. The low-value criteria are applied to the underlying asset that can benefit the entity on its own or together with an asset that is readily available in the market, and the underlying asset is neither highly dependent on nor highly inter-related with other assets. As required by IFRS 16, if an asset is subleased by the Group, the head lease is not accounted for as a low-value lease even when the low-value criteria are met.

Lease and non-lease components
A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component based on the amount as stipulated in the lease agreement, as the rental for the asset is separate from the operational costs in the majority of the agreements. In lease agreements, where the gross rental amount includes operational costs, an estimate will be made to determine which portion of the gross rental relates to operational costs, which will inform the separation of the operational costs on these contracts. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

Right-of-use assets – initial and subsequent measurement
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of any lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment in accordance with the principles of IAS 36 (Impairment of Assets).

The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment) and for short-term leases, i.e. leases that, at commencement date, have lease terms of 12 months or less. The Group defines low-value leases as leases of assets for which the value of the underlying asset is R73 200 or less when it is new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

Lease liabilities – initial and subsequent measurement

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, less any lease incentives receivable, variable lease payments that are based on an index or rate (measured using the index or rate at commencement date), and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the Group is reasonably certain to exercise the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased by the interest cost. Interest costs are included in finance charges in the statement of profit or loss and other comprehensive income over the lease period. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Furthermore, a revision to Telkom's rolling budget/forecast is considered a significant event, which would trigger a reassessment of the lease term. Any change to the lease term would result in a remeasurement of the associated lease liability.

The Group as a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless it is impracticable to do so.

Finance lease receivables are subject to the derecognition requirements of IFRS 9 as stipulated by IFRS 16. Finance lease receivables transferred with recourse remain classified as finance lease receivables. This is due to the fact that the derecognition criteria will not be met as the Company would not have transferred all the risks and rewards. Finance lease receivables transferred without recourse are derecognised as all the risks and rewards have been transferred.

Right-of-use assets and lease liabilities

The Group leases three asset categories, namely vehicles, property and network equipment. Vehicle leases mainly include a fleet of vehicles that are used by the technicians as part of the network operations. Property leases mainly relate to the lease of land and buildings/sites used for office purposes as well as property where masts and towers are erected. Network equipment mainly relates to the co-location on masts and towers and the lease of exchange assets.

The lease agreements do not impose any covenants on the Group. The existing leases do not have residual value guarantees.
At 31 March 2025, the Group has not committed to leases that have not yet commenced. There were no sale and leaseback transactions for the Group in the current or prior year.

Generally, the lease term is fixed, however, there are also a number of leases that run on a month-to-month basis. The Group applies judgement in assessing whether extension or termination options will be exercised and these options are only included in the lease term if the lease is reasonably certain to be extended or terminated.

In the current year, the lease calculation assumes that the Group will continue to use the strategic month-to-month contract for the next five years (current forecast period). Additionally, the Group concluded that it is reasonable that it will exercise available renewal options for all leases of strategic need, except in the case that there is evidence that it will not. For the rest of the assets, the lease calculation is based on the fixed term specified in the contract.

Some leases allow for earlier termination. In this case, the Group is required to serve a certain notice period and there is no financial penalty.
At 31 March 2025, a number of lease contracts relating to network equipment and properties include renewal options for various renewal periods. Due to the judgement exercised in relation to the determination of the lease period as outlined in the accounting policy, the Group is exposed to potential future cash outflows relating to the renewal period which have not been included in the lease liability because it is not reasonably certain that the lease will be extended beyond the estimated lease period. The contracts provide for month-to-month extensions. The Group is not able to determine with reasonable certainty as to which leases will be renewed as that perspective changes based on business needs over the lease period. Also, the rental payments escalate, therefore a reasonable estimate of the quantum of the payment cannot be determined.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.1 Right-of-use assets

	2025			2024		
	Cost	Accumulated depreciation and write-offs	Carrying value	Cost	Accumulated depreciation and write-offs	Carrying value
Group	Rm	Rm	Rm	Rm	Rm	Rm
Vehicles	**225**	**(173)**	**52**	224	(141)	83
Property	**1 318**	**(756)**	**562**	1 310	(716)	594
Network equipment	**13 101**	**(7 331)**	**5 770**	8 736	(3 819)	4 917
	14 644	**(8 260)**	**6 384**	10 270	(4 676)	5 594
Company						
Vehicles	**1**	**—**	**1**	1	—	1
Property	**427**	**(257)**	**170**	439	(296)	143
Network equipment	**9 961**	**(5 397)**	**4 564**	8 802	(4 364)	4 438
	10 389	**(5 654)**	**4 735**	9 242	(4 660)	4 582

The carrying amounts for the right-of-use assets can be reconciled as follows:

	Group								
	Carrying value at the beginning of the year	Cancelled leases	New leases entered into	Lease remeasurement[1]	Depreciation	Transfers[2]	Reclassified to held for sale reversal[3]	Disposal of a subsidiary[3]	Carrying value at the end of the year
2025	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Vehicles	**83**	**(1)**	**40**	**5**	**(75)**	**—**	**—**	**—**	**52**
Property	**594**	**(17)**	**162**	**98**	**(190)**	**—**	**179**	**(264)**	**562**
Network equipment	**4 917**	**(65)**	**812**	**524**	**(1 390)**	**972**	**—**	**—**	**5 770**
	5 594	**(83)**	**1 014**	**627**	**(1 655)**	**972**	**179**	**(264)**	**6 384**

	Carrying value at the beginning of the year	Cancelled leases	New leases entered into	Lease remeasurement	Depreciation	Reclassified to held for sale[3]	Carrying value at the end of the year
2024	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Vehicles	164	(15)	1	9	(76)	—	83
Property	844	(26)	99	71	(215)	(179)	594
Network equipment	4 352	(37)	1 325	461	(1 184)	—	4 917
	5 360	(78)	1 425	541	(1 475)	(179)	5 594

[1] *Lease remeasurements include changes due to CPI escalations and lease modifications due to changes in lease contracts as well as lease renewals.*

[2] *Transfers relate to network equipment leases transferred from internal to external due to the sale of Swiftnet. Refer to note 12.2 for details.*

[3] *Swiftnet was sold in the current financial year. In the prior year Swiftnet was held for sale. Assets classified as held for sale were reversed in the current year and were subsequently disposed of as included in the disposal of subsidiary column. These balances relate to assets held for sale as at 31 March 2024, which have been reclassified per note 12.3. Refer to notes 12.2 and 12.3.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.1 Right-of-use assets continued

	Company					
2025	**Carrying value at the beginning of the year** Rm	**Cancelled leases** Rm	**New leases entered into** Rm	**Lease remeasurement**[1] Rm	**Depreciation** Rm	**Carrying value at the end of the year** Rm
Vehicles	**1**	**—**	**—**	**—**	**—**	**1**
Property	**144**	**(16)**	**51**	**69**	**(78)**	**170**
Network equipment	**4 437**	**(69)**	**1 043**	**628**	**(1 475)**	**4 564**
	4 582	**(85)**	**1 094**	**697**	**(1 553)**	**4 735**

2024	Carrying value at the beginning of the year Rm	Cancelled leases Rm	New leases entered into Rm	Lease remeasurement[1] Rm	Depreciation Rm	Carrying value at the end of the year Rm
Vehicles	1	—	—	—	—	1
Property	209	(31)	22	29	(85)	144
Network equipment	4 835	(155)	479	597	(1 319)	4 437
	5 045	(186)	501	626	(1 404)	4 582

[1] *Lease remeasurements include changes due to CPI escalations and lease modifications due to changes in lease contracts as well as lease renewals.*

6.3.2 Lease liabilities

	Group		Company	
The closing balances for non-current lease liabilities can be reconciled as follows:	**2025** Rm	2024 Rm	**2025** Rm	2024 Rm
Vehicles	**(28)**	(15)	**—**	—
Property	**(640)**	(680)	**(149)**	(112)
Network equipment[1]	**(4 432)**	(3 405)	**(3 828)**	(3 676)
	(5 100)	(4 100)	**(3 977)**	(3 788)
The closing balances for current lease liabilities can be reconciled as follows:				
Vehicles	**(32)**	(80)	**—**	—
Property	**(187)**	(187)	**(60)**	(69)
Network equipment[1]	**(1 601)**	(2 094)	**(1 338)**	(1 297)
	(1 820)	(2 361)	**(1 398)**	(1 366)

[1] *The increase in network equipment lease liabilities is mainly due to leases transferred to external due to the disposal of Swiftnet. Refer to note 12.2.*

In the current financial year, the total cash outflow for leases, including finance charges, was R3 025 million (31 March 2024: R1 787 million) for the Group and R2 015 million (31 March 2024: R1 682 million) for the Company. Finance charges on lease liabilities of R529 million (31 March 2024: R586 million) for the Group and R463 million (31 March 2024: R468 million) for the Company have been recognised in the statement of profit of loss and other comprehensive income for the year ended 31 March 2025.

Refer to note 7.1.5 for the maturity analysis on lease liabilities.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.3 Leases of low-value assets, short-term leases, variable lease payments and subleasing income from right-of-use assets

The following amounts relating to leases of low-value assets, short-term leases and variable lease payments were recognised in the statement of profit or loss and other comprehensive income:

	Group							
	2025				2024			
	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	—	4	31	35	—	11	7	18
Network equipment	2	2	—	4	2	1	—	3
	2	6	31	39	2	12	7	21

The following amounts relating to leases of low-value assets, short-term leases and variable lease payments were recognised in the statement of profit or loss and other comprehensive income:

	Company							
	2025				2024			
	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	—	—	1	1	—	8	7	15
	—	—	1	1	—	8	7	15

In the current financial year, the Group has earned R176 million (31 March 2024: R140 million) subleasing income and the Company has earned R15 million (31 March 2024: R5 million) subleasing income.

6.4 Interest-bearing debt

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	Rm	Rm	Rm	Rm
Total interest-bearing debt	**11 617**	14 217	**11 617**	14 217
Non-current interest-bearing debt	**9 368**	11 535	**9 368**	11 535
Local debt	**9 368**	11 535	**9 368**	11 535
Current portion of interest-bearing debt	**2 249**	2 682	**2 249**	2 682
Local debt	**2 249**	2 682	**2 249**	2 682
Bonds	**1 500**	2 113	**1 500**	2 113
Accrued interest	**125**	169	**125**	169
Other loans[1]	**624**	400	**624**	400

[1] *Other loans relate to loans from local financial institutions.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.4 Interest-bearing debt continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Total interest-bearing debt is made up as follows:	**11 617**	14 217	**11 617**	14 217
(a) Local debt	**11 617**	14 217	**11 617**	14 217
Telkom debt instruments	**11 617**	14 217	**11 617**	14 217
Name, maturity, rate p.a., nominal value				
TL25, 2024, 9.52% (fixed)	**—**	835	**—**	835
TL26, 2024, 10.37%	**—**	400	**—**	400
TL28, 2025, 9.28% (fixed)	**1 000**	1 000	**1 000**	1 000
TL29, 2025, 9.56%	**500**	500	**500**	500
TL30, 2024, 9.81%	**—**	877	**—**	877
TL31, 2026, 9.23%	**623**	623	**623**	623
TL32, 2027, 9.21%	**1 000**	1 000	**1 000**	1 000
TL33, 2033, 9.61%	**700**	700	**700**	700
TL34, 2027, 9.05%	**345**	—	**345**	—
TL35, 2029, 9.28%	**405**	—	**405**	—
Export Credit Agency (ECA) loan, 2029 - 2033, 9.43% - 10.54%	**2 533**	3 667	**2 533**	3 667
Export Credit Risk Agreement - insurance premium (unamortised cost)	**(94)**	(167)	**(94)**	(167)
Other loans, 2025 - 2030, 9.12% - 9.51%	**4 480**	4 613	**4 480**	4 613
Accrued interest	**125**	169	**125**	169
Total interest-bearing debt is made up of R11 617 million debt at amortised cost (31 March 2024: R14 217 million) for the Group and for the Company. Finance costs accrued on debt are included in interest-bearing debt. Other loans have maturities ranging from 2025 to 2030. The ECA loan is repayable quarterly and will be maturing in 2033. The floating debts are priced based on the three-month JIBAR plus a margin.				

During the year, R4 276 million (31 March 2024: R9 363 million) debt was raised for the Group and the Company, and R6 905 million (31 March 2024: R9 513 million) debt was repaid for the Group and for the Company.

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

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

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

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

As at 31 March 2025, Telkom's net debt to EBITDA ratio was 0.7x (31 March 2024: 1.7x) and finance charges cover 6.6x (31 March 2024: 5.2x). As at 31 March 2025, Telkom's net debt to EBITDA ratio, excluding lease liabilities, was 0.1x.

Telkom has complied with the financial covenants of its borrowing facilities during the 2025 reporting period.

Repayments/refinancing of the current portion of interest-bearing debt
The repayment of the current portion of interest-bearing debt of R2 249 million (31 March 2024: R2 682 million) for the Company and for the Group as at 31 March 2025 is expected to be repaid from available cash, operational cash flow or the issue of new debt instruments. Management believes that sufficient funding facilities will be available at the date of repayment.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.5 Provisions

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

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Non-current provisions	**381**	336	**337**	294
Non-current employee-related provisions	**334**	280	**327**	273
Subsidiary defined benefit plans (refer to note 10.4 for the reconciliation of the opening to closing balance)	**7**	7	**—**	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**327**	273	**327**	273
Non-current non-employee-related provisions				
Other	**47**	56	**10**	21
Current provisions	**1 501**	1 093	**479**	214
Current portion of employee-related provisions	**1 229**	795	**440**	183
Annual leave	**424**	423	**74**	62
Balance at the beginning of the year	**423**	499	**62**	82
Charged to employee expenses	**27**	(62)	**12**	(20)
Leave paid/utilised	**(26)**	(14)	**—**	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**43**	43	**43**	43
Bonus, termination packages and other benefits	**762**	329	**323**	78
Balance at the beginning of the year	**329**	1 002	**78**	411
Charged to employee expenses (refer to note 3.4.4)	**988**	373	**353**	130
Payments made	**(555)**	(1 046)	**(108)**	(463)
Current portion of non-employee-related provisions				
Other	**272**	298	**39**	31

Annual leave
In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle to a cap of 22 - 30 days (31 March 2024: 22 - 30 days), which must be taken within a 12 - 19 months (31 March 2024: 12 - 18 months) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.6 Finance charges paid

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Finance charges paid	**(2 023)**	(2 304)	**(1 876)**	(2 066)
Finance charges and fair value movements per statement of profit or loss and other comprehensive income	**(1 999)**	(2 197)	**(1 859)**	(2 002)
Non-cash items	**(24)**	(107)	**(17)**	(64)
Movements in interest accruals and interest on uncertain tax provisions	**(45)**	(8)	**(46)**	(8)
Finance costs capitalised (refer to note 6.2)	**(48)**	(39)	**(31)**	(28)
Hedging costs	**75**	(218)	**38**	(230)
Fair value adjustment	**11**	10	**—**	—
SARS Voluntary Disclosure Programme adjustment	**10**	—	**10**	—
Foreign exchange (gain)/loss	**(27)**	148	**12**	202

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

6.7 Commitments

6.7.1 Capital commitments

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Capital commitments authorised	**7 475**	6 186	**3 733**	2 887
Commitments against authorised capital expenditure	**3 562**	809	**2 701**	194
Authorised capital expenditure not yet contracted	**3 913**	5 377	**1 032**	2 693

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

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

The increase in capital commitments is mainly due to the three-year bulk purchase from Huawei for network equipment, licences and services, which was concluded in May 2024. The purchase is over a three-year period starting from the current financial year.

6.7.2 Lease commitments

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Future payments on leases committed but not yet commenced	**10**	—	**10**	—

In the prior year, there were no material lease commitments.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.8 Contingencies

Significant accounting judgements, estimates and assumptions
On an ongoing basis, the Group is party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognised where, based on the Group's legal views, advice and application of professional judgement, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. The disclosure of other contingent liabilities is made unless the possibility of a loss arising is considered remote.

Contingent liabilities
Other than the disclosures below, no significant movement or new matters have been noted on the contingent positions as reported in the 31 March 2025 annual financial statements.

Radio Surveillance Security Services (RSSS)
On 27 August 2020, RSSS served a new summons on Telkom based largely on the same events which gave rise to its previous unsuccessful action. RSSS is claiming the return of 444 disputed alarm systems, alternatively payment of R210 million and a payment of R319 million for alleged outstanding rentals for the disputed alarm monitoring systems. Telkom is defending the matter. Telkom placed RSSS into provisional liquidation on 16 May 2023, and Telkom is proceeding with the steps necessary to place RSSS into final liquidation.

Class action against Telkom and Mutual and Federal Risk Financing Ltd
During June 2021, Telkom received a High Court application to certify a class action against it. The application arises from minor billing discrepancies relating to VAT on device insurance premiums. Mutual and Federal Risk Financing Ltd acts as underwriter for the device insurance and has also been cited in the court proceedings. Telkom filed its answering affidavit in the application during July 2023. The applicants have taken no further steps to advance the matter since receiving Telkom's answering affidavit.

Phutuma Networks (Pty) Ltd (Phutuma)
In August 2009, Phutuma served a summons on Telkom claiming damages in the amount of R5.5 billion, arising from a tender published by Telkom in November 2007. The High Court granted absolution from the instance in Telkom's favour. The Supreme Court of Appeal (SCA) had initially dismissed Phutuma's application for leave to appeal in October 2014. On 4 November 2014, the SCA rescinded its order granted in October 2014. In early 2015, the SCA referred the application for leave to appeal back to the full bench of the North Gauteng High Court. The leave to appeal was heard in September 2016 and was upheld. The matter now needs to be re-enrolled for trial. To date, Phutuma has failed to set down the matter for hearing before the same judge who granted absolution. Telkom has proposed that the matter begins anew before another judge. Telkom has not heard from Phutuma and it has taken no further steps to advance the litigation since 2016.

Masstores (Pty) Ltd (Masstores)
During November 2021, Masstores launched arbitration proceedings against BCX. The claim is for an amount of approximately R166 million for alleged breach of contract. The matter is proceeding, with steps being taken to prepare for a hearing currently set to commence in August 2026.

Special Investigating Unit (SIU) – Appeal against High Court judgement setting aside Proclamation
On 19 July 2023, the Pretoria High Court handed down judgement setting aside Presidential Proclamation 49 of 2022 (the Proclamation). The Proclamation gave the SIU authority to investigate various historical matters including Telkom's contracting for network and advisory services, and the disposal of former Telkom subsidiaries. The High Court had declared the Proclamation unconstitutional, invalid and of no force or effect and awarded costs to Telkom.

On 11 December 2023, the High Court granted both the President and the SIU leave to appeal to the Supreme Court of Appeal. The appeal remains pending before the Supreme Court of Appeal, and Telkom will continue with steps to uphold the High Court order in its favour. Telkom currently expects the matter to be heard by the Supreme Court of Appeal in the latter part of 2025 or early 2026.

Telkom follows robust corporate governance principles and has done so in executing the Telkom strategy to consolidate its operations in South Africa. The aforementioned matters date back as far as 2006 and most of them have been repeatedly reported on in respective Telkom reports.

Therefore, at this point, Telkom expects no material impact on its annual financial statements resulting from the outcomes of the SIU investigation.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk

7.1 Financial instruments and risk management

Summary of material accounting policies

Recognition and initial measurement
Financial instruments are recognised when the Group becomes a party to the contractual arrangements.

All financial instruments are initially recognised at fair value plus or minus, in the case of financial assets and liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue. All regular way transactions are accounted for on settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification and subsequent measurement

Financial assets: classification and subsequent measurement
The Group classifies financial assets on initial recognition as measured at amortised cost or FVTPL on the basis of the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. Refer to note 7.1.2 for the categories of financial instruments.

Financial assets are subsequently measured at amortised cost where they are held with the objective to collect contractual cash flows that are solely payments of the principal amount outstanding and interest on the outstanding amount. These include cash and cash equivalents, trade and other receivables and loans to subsidiaries.

All other financial assets not measured at amortised cost, as described above, are subsequently measured at FVTPL. These include other investments.

Financial liabilities: classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities. Financial liabilities at amortised cost are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method. Any gain or loss on derecognition of the financial liabilities is also recognised in profit or loss.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group accounts for the transfer or factoring of the financial asset to the third parties as follows:

- If the entity transfers substantially all the risks and rewards of ownership of the financial asset, then the Group derecognises the financial asset.
- If the entity retains substantially all the risks and rewards of ownership, then the Group continues to recognise the financial asset.

Where the Group retains the right to service the derecognised financial asset for a fee, service fees are accounted for as follows:

- If the fee to be received is not expected to compensate the Group adequately for performing the servicing, a servicing liability for the servicing obligation shall be recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset shall be recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset. Where the benefits of servicing approximately compensate the service provider for its servicing responsibilities, there is no servicing asset or liability and the service contract's fair value is zero.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial asset or liability, the difference between the consideration and the carrying amount on the settlement date is included in finance charges and fair value movements for the year.

Hedge accounting
The Group uses derivative financial instruments (such as forward currency contracts, cross currency swaps and options) to hedge its foreign currency risks, variability in cash flows and interest rate risks. Derivative financial instruments, including forward currency contracts that are designated as hedging instruments in an effective hedge, are initially recognised at fair value on the date on which a derivative contract is entered into. Telkom applies fair value hedge accounting for firm commitments.

The Group has elected to continue applying the hedge accounting requirements of IAS 39.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

Hedge accounting continued

For fair value hedges, the designated hedging instruments and firm commitments are subsequently remeasured at fair value at each reporting date. The gain or loss relating to both the effective and ineffective portion of hedging instruments is recognised immediately in profit or loss on remeasurement. When a firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

7.1.1 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing debt, lease liabilities, trade and other payables and asset finance payables. The Group's financial liabilities are subjected to fair value measurements and adjustments.

The Group has finance lease receivables, trade and other receivables, contract assets, cash receivables, restricted cash and short-term deposits that arise directly from its operations. The main purpose of the interest-bearing debt is to raise finance for the Group's operations.
The Group is exposed to liquidity, credit and market risks. The Group's senior management oversees the management of these risks.

7.1.2 Risk management

Treasury policies, risk limits and control procedures are continuously monitored by the Board through the Audit Committee and Risk Committee.

The Group holds or issues financial instruments to finance its operations, for the investment of short-term funds and to manage currency and interest rate risks. In addition, financial instruments such as trade receivables and payables arise directly from the Group's operations.

The Group finances its operations primarily by a mixture of issued share capital, retained earnings, and long-term and short-term loans.
The Group uses derivative financial instruments to manage its exposure to market risks from changes in interest and foreign exchange rates. The derivatives used for this purpose are principally interest rate swaps and forward exchange contracts and the Group does not speculate in derivative instruments. The Group applied fair value hedge accounting in the current and prior financial years.

The table below sets out the Group's classification of financial assets and liabilities.

		Group	
		At fair value through profit or loss	At amortised cost
2025	Notes	Rm	Rm
Classes of financial instruments per statement of financial position			
Assets		**176**	**18 641**
Other investments[1]	7.2.3	**96**	**—**
Trade and other receivables[2]	4.3	**—**	**7 023**
SMME loans	7.3	**—**	**77**
Other financial assets	7.3	**63**	**—**
Forward exchange contracts		**35**	**—**
Firm commitments		**28**	**—**
Finance lease receivables	4.1.1	**—**	**464**
Cash and cash equivalents	4.4	**—**	**11 054**
Investment in equity fund	7.3	**10**	**—**
Investment in first-party cell captive	7.3	**7**	**—**
Restricted cash		**—**	**23**
Liabilities		**(137)**	**(22 034)**
Interest-bearing debt	6.4	**—**	**(11 617)**
Trade and other payables	4.5	**—**	**(9 944)**
Shareholders for dividend	9.4	**—**	**(19)**
Other financial liabilities	7.3	**(101)**	**—**
Forward exchange contracts		**(61)**	**—**
Firm commitments		**(31)**	**—**
Interest rate swaps		**(9)**	**—**
Contingent consideration	7.1.3	**(36)**	**—**
Asset finance payables	7.3	**—**	**(360)**
Supplier finance arrangements	7.3	**—**	**(94)**

1. *Other investments only include the investments in FutureMakers.*
2. *Trade and other receivables are disclosed excluding prepayments of R717 million (31 March 2024: R962 million) for the Group.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

		Group	
		At fair value through profit or loss	At amortised cost
2024	Notes	Rm	Rm
Classes of financial instruments per statement of financial position			
Assets		305	11 775
Other investments[1]	7.2.3	237	—
Trade and other receivables[2]	4.3	—	7 253
SMME loans	7.3	—	72
Other financial assets	7.3	51	84
Forward exchange contracts		35	—
Firm commitments		1	—
Interest rate swaps		15	—
Asset finance receivables		—	84
Finance lease receivables	4.1.1	—	579
Cash and cash equivalents	4.4	—	3 747
Investment in equity fund	7.3	10	—
Investment in first-party cell captive	7.3	7	—
Restricted cash		—	17
Short-term loans and advances		—	23
Liabilities		(76)	(23 732)
Interest-bearing debt	6.4	—	(14 217)
Trade and other payables	4.5	—	(8 996)
Shareholders for dividend	9.4	—	(24)
Other financial liabilities	7.3	(76)	—
Forward exchange contracts		(21)	—
Firm commitments		(55)	—
Asset finance payables	7.3	—	(323)
Supplier finance arrangements	7.3	—	(172)

[1] *Other investments only are disclosed net of investments accounted for using the equity method of R10 million (31 March 2024: R10 million) for the Group.*

[2] *Trade and other receivables are disclosed excluding prepayments of R717 million (31 March 2024: R962 million) for the Group.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

The table below sets out the Company's classification of financial assets and liabilities.

		Company	
		At fair value through profit or loss	At amortised cost
2025	Notes	Rm	Rm
Classes of financial instruments per statement of financial position			
Assets		**63**	**23 290**
Trade and other receivables[1]	4.3	**—**	**5 319**
SMME loans	7.3	**—**	**77**
Loans to subsidiaries	7.2.2	**—**	**8 712**
Other financial assets	7.3	**46**	**—**
Forward exchange contracts		**22**	**—**
Firm commitments		**24**	**—**
Finance lease receivables	4.1.1	**—**	**193**
Cash and cash equivalents	4.4	**—**	**8 989**
Investment in equity fund	7.3	**10**	**—**
Investment in first-party cell captive	7.3	**7**	**—**
Liabilities		**(70)**	**(20 647)**
Interest-bearing debt	6.4	**—**	**(11 617)**
Trade and other payables	4.5	**—**	**(9 011)**
Shareholders for dividend	9.4	**—**	**(19)**
Other financial liabilities	7.3	**(70)**	**—**
Forward exchange contracts		**(50)**	**—**
Firm commitments		**(11)**	**—**
Interest rate swaps		**(9)**	**—**

[1] *Trade and other receivables are disclosed, excluding prepayments of R317 million (31 March 2024: R413 million) for the Company.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

		Company	
		At fair value through profit or loss	At amortised cost
2024	Notes	Rm	Rm
Classes of financial instruments per statement of financial position			
Assets		205	16 744
Other investments	7.2.3	141	—
Trade and other receivables[1]	4.3	—	5 752
SMME loans	7.3	—	72
Loans to subsidiaries	7.2.2	—	9 018
Other financial assets	7.3	48	—
Forward exchange contracts		33	—
Interest rate swaps		15	—
Finance lease receivables	4.1.1	—	38
Cash and cash equivalents	4.4	(1)	1 864
Investment in equity fund	7.3	10	—
Investment in first-party cell captive	7.3	7	—
Liabilities		(49)	(22 349)
Interest-bearing debt	6.4	—	(14 217)
Trade and other payables	4.5	—	(8 108)
Shareholders for dividend	9.4	—	(24)
Other financial liabilities	7.3	(49)	—
Forward exchange contracts		(16)	—
Firm commitments		(33)	—

[1] *Trade and other receivables are disclosed, excluding prepayments of R317 million (31 March 2024: R413 million) for the Company.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair value of all financial instruments noted in the statement of financial position approximates their carrying value except as disclosed below.

The fair value of financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. The fair value of cash and short-term deposits, trade and other receivables, contract assets, finance leases, shareholders for dividend and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and market-related interest rates included in finance lease receivables. Long-term receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country factors and the individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at the reporting date, the carrying amount of such receivables, net of allowances, are not materially different from their calculated fair values. Fair values of quoted bonds are based on price quotations at the reporting date.

The carrying amount of financial instruments approximates fair value, with the exception of interest-bearing debt (at amortised cost) for the Company and Group, which has a fair value of R11 720 million (31 March 2024: R14 380 million) and a carrying amount of R11 617 million (31 March 2024: R14 217 million).

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

For financial assets and liabilities not traded in an active market, a valuation technique is applied to derive the fair value, which takes into account quoted prices for similar or identical liabilities in active markets using observable inputs where necessary.

Type of financial instrument - Group	Fair value at 31 March 2025 Rm	Valuation technique	Significant inputs
Derivative assets	**63**	Discounted cash flows	Yield curves Market interest rates
Derivative liabilities	**(101)**		
Investment in FutureMakers entities	**96**	Discounted cash flows	Cash flow forecasts and market-related discount rates
Investment in equity fund	**10**	Discounted cash flows	Cash flow forecasts and market-related discount rates
Investment in first-party cell captive	**7**	Discounted cash flows	Cash flow forecasts and market-related discount rates
Contingent consideration (refer to note 6.5)	**(36)**	Discounted cash flows	Weighted average cost of capital
Interest-bearing debt	**(11 720)**	Discounted cash flows and quoted bond prices	Market interest rates

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments continued

Fair value hierarchy
The following table presents the Group's assets and liabilities that are measured/disclosed at fair value at reporting date. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices that are observable for the asset or liability.
Level 3: Inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels in the current financial year.

		Group			
		Total	Level 1	Level 2	Level 3
31 March 2025	Notes	Rm	Rm	Rm	Rm
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	**35**	**—**	**35**	**—**
Firm commitments	7.3	**28**	**—**	**28**	**—**
Investment in FutureMakers entities	7.2.3	**96**	**—**	**—**	**96**
Investment in equity fund	7.3	**10**	**—**	**—**	**10**
Investment in first-party cell captive	7.3	**7**	**—**	**—**	**7**
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	**(61)**	**—**	**(61)**	**—**
Firm commitments	7.3	**(31)**	**—**	**(31)**	**—**
Interest rate swaps	7.3	**(9)**	**—**	**(9)**	**—**
Contingent consideration	7.1.2	**(36)**	**—**	**—**	**(36)**
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	**(11 720)**	**—**	**(11 720)**	**—**
31 March 2024					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	35	—	35	—
Firm commitments	7.3	1	—	1	—
Interest rate swaps	7.3	15	—	15	—
Investment made by FutureMakers	7.2.3	96	—	—	96
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(21)	—	(21)	—
Firm commitments	7.3	(55)	—	(55)	—
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	(14 380)	—	(14 380)	—

[1] *The carrying amount of interest-bearing debt is R11 617 million (31 March 2024: R14 217 million) for the Group. Interest-bearing debt is measured at amortised cost, however it is included in the fair value hierarchy table above to achieve the IFRS 13 disclosure requirements relating to the disclosure of fair value.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments continued

		Company			
		Total	Level 1	Level 2	Level 3
2025	Notes	Rm	Rm	Rm	Rm
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	**22**	**—**	**22**	**—**
Firm commitments	7.3	**24**	**—**	**24**	**—**
Investment in equity fund	7.3	**10**	**—**	**—**	**10**
Investment in first-party cell captive	7.3	**7**	**—**	**—**	**7**
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	**(50)**	**—**	**(50)**	**—**
Firm commitments	7.3	**(11)**	**—**	**(11)**	**—**
Interest rate swaps	7.3	**(9)**	**—**	**(9)**	**—**
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	**(11 720)**	**—**	**(11 720)**	**—**
2024					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	33	—	33	—
Interest rate swaps	7.3	15	—	15	—
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(16)	—	(16)	—
Firm commitments	7.3	(33)	—	(33)	—
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	(14 380)	—	(14 380)	—

[1] *The carrying amount of interest-bearing debt is R11 617 million (31 March 2024: R14 217 million) for the Company. Interest-bearing debt is measured at amortised cost, however it is included in the fair value hierarchy table above to achieve the IFRS 13 disclosure requirements relating to the disclosure of fair value.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk

Significant accounting judgements, estimates and assumptions

Impairment of financial assets (expected credit losses)

Trade receivables and finance lease receivables
IFRS 9 (Financial Instruments) requires the Group to recognise expected credit losses on financial assets that are measured at amortised cost (loans, trade receivables, other receivables and cash and cash equivalents) or at fair value through other comprehensive income, on a lease receivable and on a contract asset, either on a 12-month or lifetime basis.

The Group has elected the simplified approach to recognise lifetime expected losses for its trade receivables and lease receivables as permitted by IFRS 9. The historical loss rates are adjusted when their impact is material to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the financial asset.

For trade receivables, impairment losses calculated using the simplified approach are calculated using a provision matrix. The provision matrix is a probability-weighted model, which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances.

Trade receivables have been grouped together based on similar credit characteristics and a separate expected loss provision matrix has been calculated for each of the categories based on the net loss history associated with the specific category of receivables. Following the adoption of IFRS 9, the Group implemented a process whereby trade receivable balances are only written off when there is no longer any probable recovery on a trade receivable balance.

Whenever a finance lease receivable is billed, the amount is moved from finance lease receivables to trade receivables and forms part of the trade receivables balance. To determine an expected credit loss for the outstanding lease receivables, the total outstanding amounts are proportioned into the various ageing buckets based on the proportions experienced in trade receivables. The same loss rates that are used for the fixed-line trade receivables segment are then applied to the outstanding lease receivables balance to derive the expected loss on finance lease receivables over the lifetime of the instrument. The underlying assumption attached to this is that the exposure to the finance lease balance will realise as the balance is billed to the customer over the lifetime of the instrument and will thus follow the same pattern of expected loss as the trade receivable balance.

Contract assets
The Group has elected the simplified approach to recognise lifetime expected losses for its contract assets, as permitted by IFRS 9. The expected credit loss is calculated as a function of default rate multiplied by the balance of the contract asset. The expected loss is calculated using a probability weighted model, which applies an expected loss percentage based on the net write-off history experienced over the average remaining period of the contract.

Cash and cash equivalents
Expected credit losses on cash and cash equivalents are calculated using the general approach. As cash and cash equivalents are current assets, 12-month and lifetime expected losses are the same. For disclosure purposes, expected credit losses on cash and cash equivalents will be calculated based on a 12-month period if the debtors/bank has low credit risk. Impairment on cash and cash equivalents is calculated at each reporting date. However, no impairment loss is recognised on cash and cash equivalents where the calculated expected credit loss is not material.

Other receivables, loans and financial assets at amortised cost
The Group uses the general approach to calculate expected credit losses on all other receivables, loans and other financial assets that are measured at amortised cost or at fair value through other comprehensive income. The general approach is based on a stage approach – stage one being 12-month expected losses and stage two being lifetime expected losses. Impairments of all other financial assets that are not measured using the simplified approach will be calculated as the difference between the carrying value of the asset and the present value of the expected cash flows, discounted at the original effective interest rate of the instrument.

Forward-looking information consideration
Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Forward-looking information can be based on the future projections of macro-economics and other available market information. The Group uses macro-economics to calculate a forward-looking top-up.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management

Credit risk, or the risk of financial loss, is the risk that a counterparty will not meet its contractual obligations as they fall due per the stipulated contractual terms. The Group is exposed to credit risk from its operating activities and from investing activities, including deposits with banks and financial institutions. The Group is not exposed to significant concentrations of credit risk as credit limits are set on an individual basis and reviewed annually.

The Group's maximum exposure to credit risk is represented by the gross carrying amount of the financial assets that are exposed to credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each type of customer. Management reduces the risk of irrecoverable debt by improving credit management through credit checks and limits. To reduce the risk of counterparty failure, limits are set based on the individual ratings of counterparties by well-known rating agencies. Trade receivables comprise a large and widespread customer base covering residential, business, government, wholesale, global and corporate customer profiles.

Credit checks are conducted for all customers, except pre-paid customers, when applying for new services and on an ongoing basis, where appropriate.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed annually or when the need arises. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The Group and Company have the following types of assets that are subject to the expected credit loss model:

- Trade receivables from the Group's ordinary activities;
- Contract assets;
- Finance lease receivables;
- Other receivables;
- Loans;
- Cash and cash equivalents; and
- Restricted cash.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

The maximum exposure to credit risk for financial assets at the reporting date by type of instrument and counterparty was:

	Group - Carrying amount		Company - Carrying amount	
	2025	2024	**2025**	2024
	Rm	Rm	**Rm**	Rm
Trade receivables (refer to note 4.3)	**5 913**	6 174	**3 902**	3 874
Telkom SA	**9 221**	9 161	**7 046**	6 698
Business and residential	**4 555**	4 425	**4 273**	4 027
Global, corporate and wholesale	**3 946**	3 960	**2 068**	1 906
Government	**697**	774	**705**	765
Other customers	**23**	2	**—**	—
BCX subsidiaries - External	**210**	208	**—**	—
Impairment of trade receivables (refer to note 4.3)	**(3 518)**	(3 195)	**(3 144)**	(2 824)
Contract assets (refer to note 3.2.4.1)	**2 344**	2 204	**2 344**	2 204
Gross contract assets	**3 085**	2 808	**3 085**	2 808
Impairment of contract assets (refer to note 3.2.4.1)	**(741)**	(604)	**(741)**	(604)
Subtotal for trade receivables and contract assets	**8 257**	8 378	**6 246**	6 078
Other receivables (refer to note 4.3)	**1 110**	1 079	**1 417**	1 878
Gross other receivables	**1 132**	1 101	**1 439**	1 900
Impairment of other receivables (refer to note 4.3)	**(22)**	(22)	**(22)**	(22)
Loans to Openserve (refer to note 7.2.2)	**—**	—	**8 712**	8 662
Loans granted to Openserve	**—**	—	**8 743**	8 719
Accumulated impairment of Openserve loans	**—**	—	**(31)**	(57)
SMME loans (refer to note 7.3)	**77**	72	**77**	72
SMME loans granted	**77**	78	**77**	78
Impairment of SMME loans	**—**	(6)	**—**	(6)
Derivatives (refer to note 7.3)	**63**	36	**46**	33
Other investments (refer to note 7.2.3)	**96**	96	**—**	—
Finance lease receivables (refer to note 4.1.1)	**464**	615	**193**	48
Cash and cash equivalents (refer to note 4.4)	**11 054**	3 747	**8 989**	1 863
Restricted cash	**23**	17	**—**	—
	21 144	14 040	**25 680**	18 634

Impairment of financial assets
The Group's approach and methodology when calculating expected credit losses under IFRS 9 are shown in the sub-sections below. Refer to note 4.3 for the reconciliation of the expected credit loss balances recognised.

Trade receivables and contract assets
The Group's receivables are split between different customer segments. Lifetime expected credit losses are calculated per segment for trade receivables using the simplified approach as the instruments do not contain a significant financing component. This is calculated using a provision matrix which has been derived from the Group's historical ageing and write-off data by considering the expected provision of a debtor based on its age at the end of the reporting period, as well as a provision being raised for the debtor based on the likelihood of it ending up in the ageing category where the instrument is likely to be written off.

For contract asset debtors, the Group uses loss rates from the trade receivables ageing analysis. These are not applied at a segment level, but an average loss rate is calculated per ageing bucket, evenly weighting the various segments and applying these across the contract asset debtors.

Application of forward-looking information
The Group calculated expected credit losses on trade receivables, finance lease receivables, contract assets, cash and cash equivalents, and other receivables and loans, based on the IFRS 9 principles. In the current year, fuel prices and interest rates decreased and a more positive outlook is predicted thereby alleviating customer distress. Based on the above, the Group did not adjust the expected credit loss rates for forward-looking information as the impact was determined to be immaterial.

Post write-off recoveries
The Company's receivable and contract assets' book data indicates that a large proportion of recoveries relative to the write-off came through subsequent to an account being written off. Post write-off recoveries are considered in the expected credit loss model to better reflect the appropriate customer credit risk view.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

Default

Financial assets are in default when contractual payments are 90 days past due the contractual payment terms. This term of 90 days past due is viewed as appropriate considering the Group's collection processes, the volume of customers, as well as the customer relationship experience.

	Group - Carrying amount		Company - Carrying amount	
	2025	2024	**2025**	2024
Impairment of receivables, contract assets and loans	**Rm**	Rm	**Rm**	Rm
Impairment of receivables (refer to note 4.3)	**(838)**	(1 285)	**(849)**	(1 048)
Impairment of contract assets (refer to note 3.2.4.1)	**(375)**	(397)	**(375)**	(397)
Impairment of finance lease receivables (refer to note 4.1.1)[1]	**(129)**	—	**—**	—
Impairment reversal of Openserve loans (refer to note 7.2.2)	**—**	—	**25**	—
Impairment of SMME loans(refer to note 7.3)	**—**	(6)	**—**	(6)
	(1 342)	(1 688)	**(1 199)**	(1 451)

[1] *In the prior year, there was no movement in the impairment of finance lease receivables due to the low credit risks. The increase in the current year is attributable to BCX's finance lease receivables. No changes were recognised in the expected credit loss balance for Telkom Company in the current and prior year.*

	Group		Company	
Post write-off recoveries credited within the impairment of receivables, contract assets and loans	**2025**	2024	**2025**	2024
	Rm	Rm	**Rm**	Rm
Post write-off recoveries	**261**	233	**261**	233

During the current financial year, R515 million (31 March 2024: R998 million) for Group and R484 million (31 March 2024: R422 million) for Company of trade receivables and R238 million (31 March 2024: R301 million) for Group and Company of contract assets were written-off and are still subject to enforcement activity, such as external debt collection processes and Credit Bureau listing. Refer to note 4.3 and 3.2.4.1 for details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

	Group - Carrying amount 2025			Group - Carrying amount 2024		
The ageing of trade receivables at the reporting date was:	**Trade receivables ageing Rm**	**Allowance for expected credit losses ageing Rm**	**Average expected credit loss ratio %**	Trade receivables ageing Rm	Allowance for expected credit losses ageing Rm	Average expected credit loss ratio %
Current	**4 799**	**188**	**3.9**	4 618	200	4.3
21 to 60 days past due	**941**	**228**	**24.2**	1 091	340	31.2
61 to 90 days past due	**281**	**177**	**63.0**	306	186	60.8
91 to 120 days past due	**234**	**133**	**56.8**	283	180	63.6
121 days to 150 days past due	**257**	**180**	**70.0**	294	165	56.1
151 days to 240 days past due	**569**	**422**	**74.2**	500	428	85.6
241 days to 330 days past due	**417**	**350**	**83.9**	693	322	46.5
331 days to 361 days past due	**128**	**107**	**83.6**	170	147	86.5
361+ days past due	**1 805**	**1 733**	**96.0**	1 414	1 227	86.8
	9 431	**3 518**	**37.3**	9 369	3 195	34.1

	Company - Carrying amount 2025			Company - Carrying amount 2024		
The ageing of trade receivables at the reporting date was:	**Trade receivables ageing Rm**	**Allowance for expected credit losses ageing Rm**	**Average expected credit loss ratio %**	Trade receivables ageing Rm	Allowance for expected credit losses ageing Rm	Average expected credit loss ratio %
Current	**3 379**	**137**	**4.1**	3 311	162	4.9
21 to 60 days past due	**603**	**211**	**35.0**	757	322	42.5
61 to 90 days past due	**214**	**168**	**78.5**	201	172	85.6
91 to 120 days past due	**177**	**122**	**68.9**	215	151	70.2
121 days to 150 days past due	**170**	**159**	**93.5**	159	151	95.0
151 days to 240 days past due	**450**	**386**	**85.8**	389	365	93.8
241 days to 330 days past due	**355**	**320**	**90.1**	304	294	96.7
331 days to 361 days past due	**111**	**100**	**90.1**	154	134	87.0
361+ days past due	**1 587**	**1 541**	**97.1**	1 207	1 074	89.0
	7 046	**3 144**	**44.6**	6 697	2 825	42.2

Significant changes within ageing brackets

The decrease in trade receivables and allowance for expected credit loss in the 61 to 90 ageing bracket is due to the increase in collections in Telkom mobile. The increase in the average expected credit loss ratio in the 61 to 90, 121 to 150, 151 to 240 and 241 to 330 ageing brackets is mainly due to the reversal of previously written off debtors as a result of the new post write-off recoveries calculation in Telkom Company.

The increase in gross trade receivables of R62 million for Group was mainly due to an increase in mobile sales. Refer to note 4.3 for the explanation of the movement in expected credit loss.

The movement in the allowance for impairment in respect of trade receivables during the year is disclosed in note 4.3. Included in the allowance for impairment are individually impaired receivables with a balance of R440 million (31 March 2024: R462 million) for Group and R204 million (31 March 2024: R209 million) for Company, which have been identified as unable to service their debt obligation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the future cash flows. The Group does not hold any collateral over these balances.

The Group and Company do not age the contract assets, as none of the amounts related to the contract assets are past due. Telkom uses one rate across all the contract assets and that rate is the average of the contract assets over the average remaining life of the contract assets.

Cash and cash equivalents

As at the reporting date, the Group has not recognised any expected credit losses for cash and cash equivalents. This approach will only be reconsidered should there be a future downgrade of the banks with which the amounts are invested.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.5 Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group is exposed to liquidity risk as a result of variable cash flows as well as capital commitments of the Group.

The Group's treasury department manages liquidity risk in accordance with policies and guidelines formulated by the Group's Executive Committee. In terms of the borrowing requirements, the Group ensures that sufficient facilities exist to meet its immediate obligations. Short-term liquidity gaps may be funded through undrawn facilities and commercial paper bills.

The table below summarises the maturity profile of the Group's financial liabilities based on undiscounted contractual cash flows at the reporting date.

		Group							
2025	**Notes**	**Carrying amount Rm**	**Contractual cash flows Rm**	**0 - 12 months Rm**	**1 - 2 years Rm**	**2 - 3 years Rm**	**3 - 4 years Rm**	**4 - 5 years Rm**	**>5 years Rm**
Non-derivative financial liabilities									
Interest-bearing debt	6.4	**11 617**	**15 031**	**3 045**	**2 974**	**3 569**	**795**	**1 371**	**3 277**
Lease liabilities	6.3.2	**6 920**	**7 540**	**1 965**	**1 738**	**1 444**	**1 183**	**604**	**606**
Trade and other payables	4.5	**9 944**	**9 944**	**9 944**	**—**	**—**	**—**	**—**	**—**
Shareholders for dividend	9.4	**19**	**19**	**19**	**—**	**—**	**—**	**—**	**—**
Asset finance payables	7.3	**360**	**443**	**190**	**138**	**82**	**30**	**3**	**—**
Contingent consideration	7.1.2	**36**	**41**	**11**	**30**	**—**	**—**	**—**	**—**
Supplier finance arrangements	7.3	**94**	**94**	**94**	**—**	**—**	**—**	**—**	**—**
Derivative financial liabilities					**—**			**—**	
Interest rate swaps	7.3	**9**	**9**	**9**	**—**	**—**	**—**	**—**	**—**
Firm commitments	7.3	**31**	**31**	**31**	**—**	**—**	**—**	**—**	**—**
Forward exchange contracts	7.3	**61**	**61**	**61**	**—**	**—**	**—**	**—**	**—**
		29 091	**33 213**	**15 369**	**4 880**	**5 095**	**2 008**	**1 978**	**3 883**

		Group							
2024	**Notes**	**Carrying amount Rm**	**Contractual cash flows Rm**	**0 - 12 months Rm**	**1 - 2 years Rm**	**2 - 3 years[1] Rm**	**3 - 4 years[1] Rm**	**4 - 5 years[1] Rm**	**>5 years Rm**
Non-derivative financial liabilities									
Interest-bearing debt	6.4	14 217	18 161	3 795	3 334	2 892	3 228	1 035	3 877
Lease liabilities	6.3.2	6 461	8 995	2 965	1 716	1 463	1 153	878	820
Trade and other payables	4.5	8 996	8 996	8 996	—	—	—	—	—
Shareholders for dividend	9.4	24	24	24	—	—	—	—	—
Asset finance payables	7.3	323	357	150	109	98	—	—	—
Supplier finance arrangements	7.3	172	172	172	—	—	—	—	—
Derivative financial liabilities					—			—	
Firm commitments	7.3	55	55	55	—	—	—	—	—
Forward exchange contracts	7.3	21	21	21	—	—	—	—	—
		30 269	36 781	16 178	5 159	4 453	4 381	1 913	4 697

[1] *In the current year, the time band that was previously disclosed as 2 to 5 years has been disaggregated into three time bands, namely 2 to 3 years, 3 to 4 years and 4 to 5 years, to improve liquidity disclosure. The comparative has been re-presented for comparability purposes.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.5 Liquidity risk management continued

		Company							
		Carrying amount	Contractual cash flows	0 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	>5 years
2025	Notes	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	**11 617**	**15 031**	**3 045**	**2 974**	**3 569**	**795**	**1 371**	**3 277**
Lease liabilities	6.3.2	**5 375**	**6 578**	**1 876**	**1 690**	**1 136**	**852**	**506**	**518**
Trade and other payables	4.5	**9 011**	**9 011**	**9 011**	**—**	**—**	**—**	**—**	**—**
Shareholders for dividend	9.4	**19**	**19**	**19**	**—**	**—**	**—**	**—**	**—**
Derivative financial liabilities									
Interest rate swaps	7.3	**9**	**9**	**9**	**—**	**—**	**—**	**—**	**—**
Firm commitments	7.3	**11**	**11**	**11**	**—**	**—**	**—**	**—**	**—**
Forward exchange contracts	7.3	**50**	**50**	**50**	**—**	**—**	**—**	**—**	**—**
		26 092	**30 709**	**14 021**	**4 664**	**4 705**	**1 647**	**1 877**	**3 795**

		Company							
		Carrying amount	Contractual cash flows	0 - 12 months	1 - 2 years	2 - 3 years[1]	3 - 4 years[1]	4 - 5 years[1]	>5 years
2024	Notes	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	14 217	18 161	3 795	3 334	2 892	3 228	1 035	3 877
Lease liabilities	6.3.2	5 154	6 296	1 651	1 484	1 268	772	499	622
Trade and other payables	4.5	8 108	8 108	8 108	—	—	—	—	—
Shareholders for dividend	9.4	24	24	24	—	—	—	—	—
Derivative financial liabilities									
Firm commitments	7.3	33	33	33	—	—	—	—	—
Forward exchange contracts	7.3	16	16	16	—	—	—	—	—
		27 552	32 638	13 627	4 818	4 160	4 000	1 534	4 499

[1] *In the current year, the time band that was previously disclosed as 2 to 5 years has been disaggregated into three time bands, namely 2 to 3 years, 3 to 4 years and 4 to 5 years, to improve liquidity disclosure. The comparative has been re-presented for comparability purposes.*

Supplier finance arrangements (SFA)

Supplier finance arrangement with no extended payment terms

The supplier's participation in the arrangement is entirely at the supplier's discretion. The arrangement allows suppliers to trade invoice and receive funding earlier than the invoice due date. During the current reporting period, invoices amounting to R6 013 million were eligible for SFA and suppliers traded R3 714 million (31 March 2024: R3 674 million), which were paid by the funder to the suppliers. Of the traded invoices, the Group has settled R3 126 million (31 March 2024: R3 884 million) with the funders, while R1 076 million (31 March 2024: R488 million) being due after 31 March 2025. Refer to note 4.5 for details.

Supplier finance arrangement with extended payment terms

In this arrangement, BCX enters into an agreement with the financier and the financier pays the supplier based on the payment terms (30 days) and BCX repays the financier at a later date (90 days). These SFAs are subject to credit limits approved by the financier. Refer to note 7.3 for details.

During the current reporting period, the financier has paid the supplier invoices amounting to R514 million (31 March 2024: R688 million), representing the full amount subject to this type of SFA, of which BCX has settled R592 million (31 March 2024: R733 million) within the current financial period, with R94 million (31 March 2024: R172 million) being due after 31 March 2025.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposure. Market risks comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk.

Changes in the market prices have an impact on the values of the underlying derivatives, and an analysis has been prepared on the basis of changes in one variable and, with all other variables remaining constant.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated its intention to move away from the the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa. The SARB has indicated its initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. In November 2023, the SARB designated ZARONIA as the successor rate to replace JIBAR. The observation period for ZARONIA ended on 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward.

The SARB published an update on the JIBAR transition plan on 6 May 2024. The plan defines a transition path for the South African market defined along three key pillars. The transition plan maps out a clear and achievable strategy for creating robust demand for trading ZARONIA derivatives and ultimately catalysing the broader adoption of ZARONIA. Management continues to monitor the developments in this regard in order to determine the future impact on the Group.

Interest rate risk management
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from the repricing of the Group's forward cover and floating rate debt as well as incremental funding or new borrowings and refinancing of existing borrowings.

The Group's policy is to manage interest cost through the utilisation of a mix of fixed and floating rate debt. In order to manage this mix in a cost efficient manner and to hedge specific exposure in the interest rate repricing profile of the existing borrowings, the Group makes use of interest rate swaps. Fixed rate debt represents approximately 22% (2024: 32%) of the total debt. The debt has been maintained to limit the Group's exposure to interest rate increases. During the current year, management did not meet the target of fixed/floating debt because it was not an optimal time to take debt at a fixed interest rate, however, the interest rate risk was managed by obtaining more favourable and cost effective debt at a floating rate. This is part of the Treasury policy to manage interest rate risk.

The targeted fixed/floating debt ratio is 30:70, but it can be adjusted to market conditions. In a scenario of low interest rates, a higher ratio may be established.

The table below summarises the interest rate swaps outstanding as at the reporting date:

	Group		Company	
	Average maturity	Notional amount Rm	Average maturity	Notional amount Rm
2025				
Interest rate swaps outstanding				
Pay fixed and receive floating	**1.26 years**	**1 500**	**1.26 years**	**1 500**
2024				
Interest rate swaps outstanding				
Pay fixed and receive floating	1.38 years	2 777	1.38 years	2 777

The floating rate is based on the three-month JIBAR, and is settled quarterly in arrears. The interest rate swaps are used to manage interest rate risk on debt instruments. The South African financial market is transitioning from the JIBAR to the ZARONIA. The SARB is spearheading the transition from JIBAR to a new benchmark reference rate by 2026.

The Group is closely monitoring the SARB's transition guidelines and critical milestones leading to the formal cession of JIBAR, and is in the process of initiating a project team that will be responsible for determining the impact on all the affected contracts and assessing the system change requirements as the transition plan advances.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Foreign currency exchange rate risk management
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's foreign currency exposure arises in its procurement environment where opex and capex items are procured from international suppliers. The Group manages its foreign currency exchange rate risk by hedging all identifiable exposures via various financial instruments suitable to the Group's risk exposure.

The Group enters into forward exchange contracts to hedge foreign currency exposure of the Group's operations and liabilities.

Refer to note 7.3 for the balances recognised relating to hedging instruments and hedged items.

The following table details the forward exchange contracts outstanding at the reporting date:

	Group		Company	
Purchased	**Foreign contract value m**	**Contract value Rm**	**Foreign contract value m**	**Contract value Rm**
2025				
Currency				
United States dollar	**183**	**3 367**	**163**	**2 991**
Euro	**18**	**357**	**13**	**254**
British pound sterling[1]	**—**	**2**	**—**	**1**
Chinese yuan	**52**	**132**	**52**	**132**
Swiss franc[1]	**—**	**1**	**—**	**1**
		3 859		**3 379**
2024				
Currency				
United States dollar	129	2 451	111	2 098
Euro	8	167	6	133
British pound sterling[1]	1	13	—	1
Chinese yuan	45	117	45	117
		2 748		2 349

[1] *Foreign currency amount is less than one million and is disclosed as zero due to rounding to the nearest million.*

	Group		Company	
Sold	**Foreign contract value m**	**Contract value Rm**	**Foreign contract value m**	**Contract value Rm**
2025				
Currency				
United States dollar	**2**	**34**	**44**	**808**
Euro	**—**	**—**	**11**	**225**
Chinese yuan	**—**	**—**	**52**	**132**
		34		**1 165**
2024				
Currency				
United States dollar	2	34	34	645
Euro	—	—	6	131
Chinese yuan	—	—	43	114
		34		890

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Foreign currency exchange rate risk management continued

The Group has various monetary assets and liabilities in currencies other than the parent company's functional currency. The following table represents the net currency exposure (net carrying amount of foreign denominated monetary assets and liabilities) of the Group according to the different foreign currencies.

	Group				Company		
	Euro	United States dollar	Chinese yuan	British pound sterling	Euro	United States dollar	Chinese yuan
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
2025							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African rand	**(87)**	**(1 155)**	**(25)**	**(7)**	**(28)**	**(855)**	**—**
2024							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African rand	(3)	(1 058)	(32)	(1)	(1)	(718)	(3)

Sensitivity analysis

Interest rate risk

An interest rate sensitivity analysis is based on an increase or decrease of 1% (100 basis points) in the South African market interest rates and the prevailing information as at the reporting date.

The analysis assumes that all other variables remain constant. The analysis and changes in interest rates are performed on the same basis as was used in prior years.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the profit/loss for the year ended 31 March 2025 would decrease/increase by R13 million (31 March 2024: decrease/increase by R54 million) for the Group and R27 million (31 March 2024: decrease/ increase by R40 million) for the Company.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Sensitivity analysis continued

Interest rate risk *continued*

The following table illustrates the sensitivity to a 100 basis points (1%) change in the interest rates on profit/loss before taxes, with all other variables held constant:

	Group movement		Company movement	
	+ 1% Profit	- 1% Profit	+ 1% Profit	- 1% Profit
Classes of financial instruments per statement of financial position	**Rm**	**Rm**	**Rm**	**Rm**
2025				
Assets				
Other financial assets	**2**	**(2)**	**2**	**(2)**
Forward exchange contracts	**2**	**(2)**	**2**	**(2)**
Cash and cash equivalents	**13**	**(13)**	**—**	**—**
Finance lease receivables	**4**	**(4)**	**—**	**—**
Liabilities				
Other financial liabilities	**(21)**	**21**	**(18)**	**18**
Interest rate swaps	**(15)**	**15**	**(15)**	**15**
Forward exchange contracts	**(3)**	**3**	**(3)**	**3**
Asset finance payable	**(3)**	**3**	**—**	**—**
Interest-bearing debt	**(11)**	**11**	**(11)**	**11**
	(13)	**13**	**(27)**	**27**
2024				
Assets				
Other financial assets	48	(48)	31	(31)
Forward exchange contracts	3	(3)	2	(2)
Interest rate swaps	10	(10)	—	—
Cash and cash equivalents	29	(29)	29	(29)
Finance lease receivables	6	(6)	—	—
Liabilities				
Other financial liabilities	(3)	3	—	—
Asset finance payable	(3)	3	—	—
Interest-bearing debt	9	(9)	9	(9)
	54	(54)	40	(40)

Foreign exchange currency risk

The foreign currency sensitivity analysis is based on a 10% strengthening or weakening of the rand against all currencies from the rates applicable and prevailing information as at the reporting date.

If foreign exchange rates had been 10% higher/lower and all other variables were held constant, the Group and Company's profit/loss for the year ended 31 March 2025 would increase/(decrease) by R49 million for Group (31 March 2024: increase/(decrease) by R78 million) and R49 million for Company (31 March 2024: increase/(decrease) by R78 million).

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Sensitivity analysis continued

Foreign exchange currency risk *continued*

The following table illustrates the sensitivity to a 10% change in the exchange rates before taxes, with all other variables held constant:

	Group		Company	
	+ 10% movement (Depreciation)	- 10% movement (Appreciation)	+ 10% movement (Depreciation)	- 10% movement (Appreciation)
Classes of financial instruments per statement of financial position	**Rm**	**Rm**	**Rm**	**Rm**
2025				
Assets				
Other financial assets	**331**	**(331)**	**331**	**(331)**
Firm commitments	**229**	**(229)**	**229**	**(229)**
Forward exchange contracts	**102**	**(102)**	**102**	**(102)**
Liabilities				
Other financial liabilities	**(380)**	**380**	**(380)**	**380**
Firm commitments	**(98)**	**98**	**(98)**	**98**
Forward exchange contracts	**(282)**	**282**	**(282)**	**282**
	(49)	**49**	**(49)**	**49**
2024				
Assets				
Other financial assets	214	(214)	214	(214)
Forward exchange contracts	214	(214)	214	(214)
Liabilities				
Other financial liabilities	(136)	136	(136)	136
Firm commitments	(66)	66	(66)	66
Forward exchange contracts	(70)	70	(70)	70
	78	(78)	78	(78)

7.1.7 Equity price risk

The Group's investments are susceptible to market price risk arising from uncertainties about the future values of the investment securities. Changes in the fair value of equity securities held by the Group will fluctuate because of changes in market prices caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded on the market. The Group is not exposed to commodity price risk. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board reviews and approves all equity investment decisions above R100 million.

At the reporting date, the total amount for local equity investments was R105 million (31 March 2024: R102 million). A 10% increase (31 March 2024: 10% increase) in the local equity portfolios at the reporting date would have increased profit or loss by R10 million (31 March 2024: R10 million) before tax. An equal and opposite change would have decreased profit or loss. A 10% fluctuation represents management's assessment of the reasonably possible changes in equity prices.

There will be no other impact on equity, as the equity securities are classified as at FVTPL. The analysis assumes that all other variables remain constant and is performed on the same basis as in the prior year.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.8 Capital management

The Group's policy is to manage the capital structure to ensure maximisation of shareholders' return, growth and ability to meet its obligations. Capital comprises equity and net debt, which is monitored using, inter alia, a net debt to EBITDA ratio.

Net debt is defined as interest-bearing debt and credit facilities utilised, less restricted cash and cash and cash equivalents. EBITDA is defined as earnings before investment income and finance cost (which includes gains and losses on foreign exchange transactions), tax, depreciation, amortisation and write-offs, impairments and losses of property, plant and equipment and intangible assets, and is also presented inclusive of interest revenue and interest on overdue accounts.

The net debt (excluding lease liabilities) to EBITDA at reporting date was as follows:

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Non-current portion of interest-bearing debt	**9 368**	11 535	**9 368**	11 535
Current portion of interest-bearing debt	**2 249**	2 682	**2 249**	2 682
Less: Cash and cash equivalents	**(11 054)**	(3 747)	**(8 989)**	(1 863)
Less: Restricted cash	**(23)**	(17)	**—**	—
Net debt	**540**	10 453	**2 628**	12 354
EBITDA	**11 014**	9 428	**10 433**	4 385

7.2 Investments

7.2.1 Investment in subsidiaries

	Company	
	31 March 2025	31 March 2024
	Rm	Rm
Investment in subsidiaries	**13 477**	13 480
Openserve (Pty) Ltd	**6 685**	6 676
100% shareholding at cost	**11 296**	11 296
Accumulated impairment	**(4 655)**	(4 655)
Share-based compensation reserve (refer to note 9.2)	**44**	35
Trudon (Pty) Ltd	**17**	17
100% shareholding at cost	**326**	326
Impairment	**—**	(12)
Accumulated impairment	**(56)**	(44)
Return on investment[1]	**(253)**	(253)
Business Connexion Group Ltd (BCX)		
100% shareholding at cost	**6 579**	6 579
Gyro Properties (Pty) Ltd		
100% shareholding at cost (R100)	**129**	129
Gyro Group (Pty) Ltd		
100% shareholding at cost (R100)	**5**	5
Investment in the FutureMakers Fund	**62**	74
Shareholding at cost	**100**	100
Disinvestment	**(12)**	—
Impairment	**—**	(16)
Accumulated impairment	**(26)**	(10)

[1] *Return on investment is due to the operations of Trudon being integrated with Telkom in the 2023 financial year.*

Impairment considerations
The Company holds a 100% interest in BCX, Openserve and Trudon and accounts for these investments as subsidiaries in terms of IAS 27 (Separate Financial Statements). Under IAS 36 (Impairment of Assets), the Group is required to test investments in subsidiaries carried at cost for impairment if there is an indicator of impairment. In the current year, management identified impairment indicators in the Openserve and BCX investments but no impairment loss was recognised. Refer to note 5.3 for the impairment indicators.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.2 Loans to subsidiaries

	Company	
	Carrying value	
	31 March 2025	31 March 2024
	Rm	Rm
Loans to subsidiaries	**8 712**	9 018
Loan to Swiftnet	**—**	356
Non-current portion of Swiftnet loan	**—**	225
Current portion of Swiftnet loan	**—**	131
Loans to Openserve	**8 712**	8 662
Loans granted to Openserve	**8 743**	8 719
Non-current portion of loans granted to Openserve	**8 363**	8 717
Current portion of loans granted to Openserve	**380**	2
Accumulated impairment loss on loans to Openserve	**(31)**	(57)

Loan to Swiftnet
The Telkom Board approved a R500 million loan from Telkom to Swiftnet on 31 March 2022. The loan was provided to Swiftnet to finance capital expenditure requirements and/or discharge indebtedness incurred for the purposes of financing such capital expenditure requirements. The loan is payable in 5.5 years and accrues interest at a rate of three-month JIBAR plus a margin of 1.65%. The payments against the loan are on a voluntary basis by the borrower. The loan to Swiftnet was settled effective 31 January 2025 as part of the disposal of Swiftnet. Refer to note 12.2 for details.

Loans to Openserve
As part of the Openserve carve-out transaction, Telkom and Openserve have agreed to fund Openserve's capital structure through two intercompany loans, granted in July 2022.

The first loan is a R4.2 billion loan which is payable over 5 years and 6 months and accrues interest at a rate of three-month JIBAR plus a margin of 1.65%. Quarterly interest payments will be made against the loan. The capital is repayable in five instalments, with the next instalment of R380 million due on 31 March 2026.

The second loan of R4.8 billion is payable over 10 years and accrues interest at a rate of three-month JIBAR plus a margin of 1.85%. Capital will be paid as a bullet repayment at the end of the loan period.

Loans to subsidiaries key assumptions
All the loans made by Telkom to its subsidiaries are accounted for at amortised cost. Loans to subsidiaries are considered to have low credit risk as the subsidiaries are performing well and there has been no deterioration of credit risk since the loans were originated. Therefore, the loss allowance recognised during the period was limited to the 12-month expected credit loss.

Telkom used the general approach methodology to calculate the expected loss of 0.88% (31 March 2024: 1.62%) and 40% loss given default on the Openserve loans. The expected loss percentage is calculated using Telkom rating agency credit risk rate percentage as a base, adjusted by the borrowing subsidiary specific credit risk using the credit rating agency's notching analysis model. During the current financial year, an expected credit loss reversal of R25 million (31 March 2024: Rnil) was accounted for on the loans to Openserve.

BCX loan
In March 2024, Telkom and its wholly owned subsidiary, BCX, entered a term loan and Revolving Credit Facility agreement, in terms of which Telkom commits to set aside R1 billion for BCX. The committed funds can be drawn by BCX over 3 years and 6 months, commencing from the date when Telkom notifies BCX that the conditions precedent are met. Any amount drawn will incur interest at JIBAR plus an additional margin of 1.65%. On 31 March 2025, BCX had not drawn on either facility.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments

Significant accounting judgements, estimates and assumptions

Determination of an onerous contract
A contract is onerous at initial recognition where the expected fulfilment cash flows, any previously recognised acquisition cash flows and any cash flows arising from the contract, at the date of initial recognition, in total, are a net outflow. The Group uses estimates to determine future expected cash flows. The estimation considers available historical information about claims and statistical data relating to events that affect the loss ratio such as crime rate, mortality rate, etc. The insurance contracts were determined to be non-onerous on initial recognition.

Summary of material accounting policies

FutureMakers Fund
This fund is an enterprise and supplier development (ESD) programme. In partnership with Identity FutureFund (Pty) Ltd, the fund was created in terms of the Department of Trade and Industry's Code of Good Practice on Black Economic Empowerment 2007, as amended, and specifically in terms of the information and technology charter.

The Company accounts for this at cost as an investment in a subsidiary. The Group consolidates the fund and holds the investments within the fund at fair value. The underlying investments in the fund have been designated as at fair value through profit or loss as this more appropriately reflects the basis on which management measures and monitors the performance of the investment. No change was made to this designation following the adoption of IFRS 9. In 2018, the partnership agreement was amended to also include BCX. BCX invested an amount of R100 million, which is reflected as a financial asset in the BCX stand-alone annual financial statements and included in cash and cash equivalents in the Group annual financial statements.

Investment in associate
The Number Portability Company (Pty) Ltd was incorporated in response to Regulations of 2005 that required a national centralised database of ported numbers for mobile numbers. The investment has been classified as an associate in line with the requirements of the revised IAS 28 (Investments in Associates and Joint Ventures). The year-end of the associate, 31 December, is different to that of the Company and the impact is not material.

Investment in insurance first-party cell captive
Telkom has entered into a first-party cell captive arrangement with Guardrisk. The first-party cell is to insure the life of Telkom's employees and their related parties. Telkom will pay insurance premiums to Guardrisk periodically. In the event that a life is lost, the claims will be paid from the cell captive.

The first-party cell is not subject to IFRS 17 as it is not an insurance contract as defined in IFRS 17. The Telkom share subscription is accounted for as an IFRS 9 financial asset at fair value through profit or loss.

Investment in insurance third-party cell captive
Telkom is a cell captive owner for two third-party cell captive arrangements with Mutual and Federal Risk Financing Limited (MFRF) and Guardrisk. Both MFRF and Guardrisk are licensed insurance companies. MFRF underwrites the Telkom device insurance and Guardrisk underwrites the Telkom life insurance.

The device insurance allows Telkom's customers to insure their devices against theft, accidental loss, and accidental physical damage.
The life insurance allows customers to insure lives with the main product being the death benefit cover.

Both third-party cells are ring-fenced insurance businesses and Telkom's participation is restricted to the results of the insurance businesses.

Based on the nature of the shareholder and subscription and intermediary contracts between Telkom and MFRF and Guardrisk, Telkom compensates the underwriters for claims arising from the contracts issued to the public when the premiums cannot cover those claims. The contract between Telkom and the underwriters is classified as reinsurance contracts issued.

In the Group, the cell captive arrangements effectively represent investments in a separate class of shares in the cell captive insurer (Guardrisk and MFRF). The Group concluded that its cell captive arrangement does not satisfy the criteria to be a deemed separate entity and, accordingly, is not subject to consolidation.

Telkom will derecognise the cell captive asset from its statement of financial position in the event that the contract is cancelled, expired or upon liquidation of the insurer.

Classification
Insurance contracts are contracts under which the Group accepts significant insurance risk from its cell captive underwriters (MFRF and Guardrisk) by agreeing to compensate the underwriters if a specified uncertain future event covered by the insurance adversely affects the third-party policyholders. The contracts issued by the underwriters to the policyholders meet this definition.

Contract boundary period
The measurement of the insurance contracts only considers cash flows within the boundary. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services.

Measurement
The Group applies the premium allocation approach (PAA) on the device and life insurance contracts as they have a coverage period of one year or less. Both the device insurance and life insurance do not meet the definition of insurance contracts with direct participating rights.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

Investment in insurance third-party cell captive continued

Measurement continued
The Group manages insurance contracts by product lines, i.e. device insurance and life insurance, within the Consumer operating segment. Insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further assessed and grouped into three cohorts, namely:

- Contracts that are onerous at initial recognition;
- Contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- Remaining group contracts.

All the insurance contracts were determined to be non-onerous on initial recognition.

Insurance liability measurement
The insurance cell recognises the insurance contracts with the policyholders at the earlier of the beginning of the coverage period, date when the first payment from a policyholder is due or when the first payment is received, if there is no due date, and when the insurance cell becomes onerous in relation to onerous insurance contracts.

Liability of remaining coverage
Using the PAA measurement, the liability for remaining coverage is measured as:

- Insurance premiums received at initial recognition;
- Less insurance acquisition cash flows incurred at initial recognition.

Subsequently:

- Opening liability of remaining coverage as per the previous reporting period;
- Add insurance revenue received;
- Less insurance revenue recognised;
- Less acquisition costs paid;
- Add acquisition cash flows incurred in the period; and
- Add interest attributed to the profit share account/investment income over a period.

Insurance acquisition cash flows incurred
Insurance acquisition cash flows incurred consist of cash flows that arise from costs of selling, underwriting, insurance acquisition and other insurance business operating expenses.

Liability for Incurred Claims (LIC)
LIC consists of claims incurred but not yet honoured and paid. The Group does not adjust for the time value of money as the time between providing the insurance service and the related claim date are not more than a year. The fulfilment cash flows are determined on an unbiased basis and reflect the Group's estimate of the claims liability. The estimate considers all information available without undue costs relating to the cash flows arising from substantive rights and obligations that exist during the reporting period.

Acquisition costs
The Group accounting policy choice is to expense insurance acquisition cash flows as and when they are incurred, as the insurance coverage period is 12 months or less.

Insurance risk
Insurance risk is the risk that the premiums received to cover the insured events are not sufficient to cover the claims liability.

Telkom is exposed to the risk that should there be insufficient capital available to honour the claims made by the policyholders in the cell captive arrangement, it has to recapitalise the cell captive. Therefore, Telkom has accepted significant insurance risk from the underwriters in a controlled manner by investing in the businesses that are liable to compensate the third party in the event that a specified risk occurs.

Insurance contract risk is unpredictable by nature. To determine the insurance premiums, the underwriters use available historical claims information and actuarial science techniques.

The underwriter's risk is that the actual insurance claims liability exceeds the premiums collected from the policyholders.

The number of claims at any given boundary period cannot be predicted with certainty and is affected by the following unforeseen events that may lead to insufficient capital being available to honour the customer claims:

- Loss rate risk: Risk that the actual experienced loss/claims are higher than that assumed and cannot be covered by collected insurance premiums. For device insurance, this relates to claims due to loss of devices or accidental physical damage or theft. For life insurance, this relates to loss of insured life/assumed mortality rate.
- Business volume risk: Risk that the insurance business may not attract and sell sufficient volumes to cover the fixed costs of running the business.
- Lapse risk: Risk that customers will terminate their contracts prior to contractual maturity.
- Crime rate: Risk that the level of crime gets out of control, resulting in frequent high number of claims due to death, for life insurance, and theft, for device insurance.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

Investment in insurance third-party cell captive continued

Insurance risk *continued*
As the cell owner of both cell captives, Telkom is obliged to ensure that the cell always maintains financially sound requirements (solvency and liquidity). Where the cell's solvency and liquidity requirements are adversely affected, Telkom is required to inject capital into the cell. The insurance business risk exposure is currently within the Group's risk appetite on both cell captives. Therefore, Telkom has opted not to reinsure its insurance risk on both cell captives.

Telkom develops an annual business plan and its performance is reviewed monthly, including the assessment of annual financial statements of the respective cell to monitor the financial performance and position. The claims ratio is closely monitored to ensure that they have considered all the possible risks, and mitigation actions are implemented.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Non-current other investments				
Unlisted investment	**106**	106	**—**	—
FutureMakers Fund	**96**	96	**—**	—
Investment	**96**	96	**—**	—
Investment in associates	**10**	10	**—**	—
Current other investments	**251**	141	**251**	141
Insurance contract assets	**251**	141	**251**	141

7.2.3.1 Reconciliation of insurance contract assets

	Group and Company			
	31 March 2025		31 March 2024	
Device insurance	**Liability of Remaining Coverage (LRC) - Excluding Loss Component** **Rm**	**Liability of Incurred Claim (LIC)** **Rm**	Liability of Remaining Coverage (LRC) - Excluding Loss Component Rm	Liability of Incurred Claim (LIC) Rm
Insurance contract assets/(liability) balance as at 1 April	**497**	**(362)**	255	(199)
Insurance revenue	**284**	**—**	273	—
Insurance service expenses	**(9)**	**(137)**	(16)	(163)
Incurred claims and directly attributable costs	**—**	**(75)**	—	(130)
Insurance acquisition cash flows	**(9)**	**—**	(16)	—
Insurance operating costs	**—**	**(32)**	—	(33)
Preference dividends paid	**—**	**(30)**	—	—
Insurance service result	**275**	**(137)**	257	(163)
Insurance finance income	**19**	**—**	15	—
Taxation	**(51)**	**—**	(30)	—
Total recognised in the statement of profit or loss and other comprehensive income	**243**	**(137)**	242	(163)
Cash flows				
Premiums received	**(284)**	**—**	(273)	—
Premiums recognised	**284**	**—**	273	—
Incurred claims and directly attributable costs recognised	**—**	**137**	—	163
Incurred claims and directly attributable costs paid	**—**	**(137)**	—	(163)
Insurance acquisition cash flows recognised	**9**	**—**	16	—
Insurance acquisition cash flows paid	**(9)**	**—**	(16)	—
Total cash flows	**—**	**—**	—	—
Insurance contract assets/(liability) balance as at 31 March	**740**	**(499)**	497	(362)

There was no loss component in FY2024 and FY2025.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

7.2.3.1 Reconciliation of insurance contract assets continued

	Group and Company			
	31 March 2025		31 March 2024	
Life insurance	**Liability of Remaining Coverage (LRC) - Excluding Loss Component** Rm	**Liability of Incurred Claim (LIC)** Rm	Liability of Remaining Coverage (LRC) - Excluding Loss Component Rm	Liability of Incurred Claim (LIC) Rm
Insurance contract assets/(liability) balance as at 1 April	**17**	**(11)**	9	(5)
Insurance revenue	**8**	**—**	8	—
Insurance service expenses	**—**	**(4)**	—	(6)
Incurred claims and related costs	**—**	**(4)**	—	(5)
Insurance operating costs	**—**	**—**	—	(1)
Insurance service result	**8**	**(4)**	8	(6)
Insurance finance income	**1**	**—**	1	—
Taxation	**(1)**	**—**	(1)	—
Total recognised in the statement of profit or loss and other comprehensive income	**8**	**(4)**	8	(6)
Cash flows				
Premiums received	**(8)**	**—**	(8)	—
Premiums recognised	**8**	**—**	8	—
Incurred claims and directly attributable costs recognised	**—**	**5**	—	6
Incurred claims and directly attributable costs paid	**—**	**(5)**	—	(6)
Insurance contract assets/(liability) balance as at 31 March	**25**	**(15)**	17	(11)

There was no loss component in FY2024 and FY2025.

For both cell captives the adjustment for non-financial risk is considered to be immaterial.

7.3 Other financial assets and liabilities

Significant accounting judgements, estimates and assumptions

Cash flow treatment of asset finance transactions
The cash flows from BCX asset finance transactions are accounted for in operating activities within the statement of cash flows. Significant judgement was involved in concluding the above, which included the following considerations:

- BCX has a principal revenue-producing activity of providing financing to customers. The provision of financing to customers provides an advantage in the overall customer value proposition from which further opportunities for revenue generation arise. Financing to customers is managed on a back-to back basis with the financier, with full disclosure in the customer contracting of the identity of the financier on deals. Financing is managed at a customer level, which is also the level at which performance within the business unit can be assessed.
- Margins on deals are actively managed with a track record of gross profit and EBITDA margins enabled through profitable margins between the lending rate to the customer and the rate from the financier (over and above the typical equipment outright sale deals). Where BCX assumes the credit risk on deals (deals with recourse), the credit risk is managed in line with the Company's credit risk policies and practices.

Summary of material accounting policies

Investment in equity fund

In 2016, the private sector formed the SA SME Fund, the purpose of which is to stimulate investments in high-potential small and medium enterprises (SMEs). This partnership of the fund and the accredited companies will also build a high-quality mentorship cohort to support said enterprises and entrepreneurs. Pursuant to the aforesaid initiative, various leading private sector entities committed to provide equity funding to the fund.

In the 2022 financial year, Telkom entered into an agreement with this fund in terms of which Telkom will provide equity funding through share subscriptions at a value of R10 million. Telkom does not have control over the fund as it only holds 0.72% interest in the fund. The investment is classified at fair value through profit or loss. The fair value of the investment is equivalent to its cost price.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.3 Other financial assets and liabilities continued

Asset finance payables
The Group leases equipment to certain customers. These leases are accounted for as either operating leases or finance leases. In certain cases, BCX finances the purchase of the underlying equipment through securitisation of the underlying rental schedules. Where the derecognition criteria for the sale of the lease receivable to the financial institution in terms of IFRS 9 has been met, the lease receivable is derecognised. If the derecognition criteria are not met and the Group does not transfer all risks and rewards (i.e. credit risk), the lease receivable is not derecognised. The Group accounts for the liability related to the inflow from the financial institutions for the financing of these leases as asset finance payables.

BCX supplier finance arrangements with extended payment terms
BCX participates in SFAs with extended payment terms and the trade payables subject to this arrangement is classified as other financial liabilities. The assessment of SFAs, and whether they result in changes to the trade payable classification to interest-bearing debt, takes into consideration numerous factors, which include the impact of the arrangement on the supplier's payment term, nature of relationships between the Group and the funders, changes in cash flows, whether there are any guarantees provided by the Group to the funders, as well as whether the supplier has discharged the Group from its obligation.

Considering the above assessment at reporting date, the Group had invoices subject to the SFAs that met the requirements to be reclassified as other financial liabilities.

R94 million (31 March 2024: R172 million) of the total other financial liabilities is subject to supplier financing with extended payment terms. Refer to note 7.1.5 for liquidity risk disclosure.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Other financial assets				
Non-current other financial assets	**94**	173	**94**	89
Other financial assets at amortised cost	**77**	156	**77**	72
Asset finance receivables	**—**	73	**—**	—
SMME loans	**77**	72	**77**	72
Long-term loans and advances	**—**	11	**—**	—
Other financial assets at fair value through profit or loss	**17**	17	**17**	17
Investment in equity fund	**10**	10	**10**	10
Investment in first-party cell captive	**7**	7	**7**	7
Current other financial assets	**63**	63	**46**	48
Other financial assets at amortised cost				
Short term loans and advances	**—**	12	**—**	—
Other financial assets at fair value through profit or loss				
Derivative instruments used for hedging	**63**	51	**46**	48
Forward exchange contracts	**35**	35	**22**	33
Firm commitments	**28**	1	**24**	—
Interest rate swaps	**—**	15	**—**	15
Other financial liabilities				
Non-current other financial liabilities	**(205)**	(202)	**—**	—
Other financial liabilities at amortised cost				
Asset finance payables	**(205)**	(202)	**—**	—
Current other financial liabilities	**(350)**	(369)	**(70)**	(49)
Other financial liabilities at amortised cost	**(249)**	(293)	**—**	—
Asset finance payables	**(155)**	(121)	**—**	—
Supplier finance arrangement	**(94)**	(172)	**—**	—
Other financial liabilities at fair value through profit or loss	**(101)**	(76)	**(70)**	(49)
Derivative instruments used for hedging	**(101)**	(76)	**(70)**	(49)
Forward exchange contracts	**(61)**	(21)	**(50)**	(16)
Firm commitments	**(31)**	(55)	**(11)**	(33)
Interest rate swaps	**(9)**	—	**(9)**	—

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.3 Other financial assets and liabilities continued

SMME loans
The Group grants interest-free loans for Broad-Based Black Economic Empowerment (B-BBEE) scorecard purposes. Based on the Group's business model of managing the interest-free loans for SMMEs, subsequently interest-free loans are measured at amortised cost as they are held with the objective to collect contractual cash flows that are solely payments of the principal amount outstanding and/or interest on the outstanding amount.

As required by IFRS 9, interest-free loans are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue. The SMME loans are not granted at fair value as they are interest-free.

On initial recognition, the difference between the fair value and the transaction price (loan amount) is recognised as a loss in the statement of profit or loss and other comprehensive income. Although the loans are granted for B-BBEE purposes, due to points being earned through financing the SMMEs, the loss is recognised as a finance cost.

In the 2023 financial year, Absa Group Ltd, on behalf of Telkom, entered into loan agreements with seven SMMEs/borrowers. Telkom has appointed Absa Group Ltd to act as its agent for the purposes of managing and administering the ESD funding loans.

The loan amounts for the seven borrowers range from a minimum of R2.5 million to a maximum of R10 million. The loans are all at a zero-interest rate and have different instalments and period terms.

Aligned with IFRS 9 principles, Telkom uses the general approach in calculating expected credit losses on loans. The SMMEs' credit risk scores are not publicly available and there is currently no history available in which the credit risk can be assessed. Based on the nature and size of the SMMEs, their credit risk is regarded as significant, thus a lifetime expected credit loss will be calculated. In the current financial year, an expected credit loss of Rnil (31 March 2024: R6 million) was recognised on the loans.

Derivatives
Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or economic hedges that do not meet the hedge accounting requirements. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives that do not meet the hedge accounting requirements
The Group uses forward exchange contracts and interest rate swaps to economically hedge its foreign exchange and interest rate exposures. This relates to the "Other" category of forward exchange contracts as referred to in note 7.1.6. These derivative instruments are measured at fair value through profit or loss.

Derivatives that meet the hedge accounting requirements
The Group uses forward exchange contracts to hedge its exposure to changes attributable to movements in the spot exchange rate of its firm commitments. These derivatives are designated as fair value hedges.

Fair value hedge
The foreign forward exchange contracts, designated as fair value hedges, are being used to hedge the exposure to changes attributable to movement in the spot exchange rate of firm commitments.

The Group implements fair value hedge accounting where the hedging relationship meets the requirements of IAS 39.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period-end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

The critical terms of the hedging instrument entered into exactly match the terms of the hedged item. As such, the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative, where appropriate.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.3 Other financial assets and liabilities continued

Derivatives that meet the hedge accounting requirements:

	Group				
	Nominal amount of the hedging instrument Rm	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge effectiveness Rm
		Assets Rm	Liabilities Rm		
2025					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	**3 859**	**35**	**(61)**	**Other financial assets and other financial liabilities**	**164**
2024					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	2 748	35	(21)	Other financial assets and other financial liabilities	121

	Company				
	Nominal amount of the hedging instrument Rm	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge effectiveness Rm
		Assets Rm	Liabilities Rm		
2025					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	**3 379**	**22**	**(50)**	**Other financial assets and other financial liabilities**	**119**
2024					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	2 349	33	(16)	Other financial assets and other financial liabilities	121

A decrease in the fair value of the forward exchange contracts designated as fair value hedges, amounting to R164 million (31 March 2024: R121 million) has been recognised in finance charges and fair value movements and offset with a similar gain on the hedged items (property, plant and equipment and inventory). The ineffective portion recognised in the current financial year was immaterial.

Notes to the annual financial statements continued

for the year ended 31 March 2025

8. Taxation

8.1 Income tax expense

Significant accounting judgements, estimates and assumptions

Management determines the income tax charge in accordance with the applicable tax laws and rules which are subject to interpretation. The calculation of the Group's total tax charge involves judgements and estimations in respect of certain items whose tax treatment cannot be finalised until resolution has been reached with the involved parties. The resolution of some items may give rise to material profits, losses and/or cash flows. Where the effect of tax is not certain, management makes taxation liability estimates based on the available information, using either the most likely outcome approach or the expected value approach. Tax assets are only recognised when amounts receivable are virtually certain. The resolution of taxation issues is not always within the control of the Group and, as a result, there can be substantial differences between the taxation charge in the statement of profit or loss and other comprehensive income and the current tax payments.

Summary of material accounting policies

Current tax is calculated as amounts that are expected to be paid (or recovered), using the tax rates and laws that have been enacted or substantively enacted by the reporting period date. Deferred tax is calculated on all taxable temporary differences that exist at the reporting date, except those that are exempted based on IAS 12.

Telkom periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. The Group establishes provisions where the position is considered more likely than not to occur. The provision is recognised and measured based on the single most likely outcome approach.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Taxation[1]	**(858)**	(655)	**(442)**	(59)
Discontinued operation	**(199)**	(158)	**—**	—
Continuing operations	**(659)**	(497)	**(442)**	(59)
South African normal company taxation	**(282)**	(258)	**(86)**	(30)
Current taxation	**(280)**	(258)	**(86)**	(30)
Underprovision for prior year	**(2)**	—	**—**	—
Deferred taxation (refer to note 8.2)	**(376)**	(239)	**(357)**	(29)
Capital allowances	**(892)**	(1 115)	**(419)**	(362)
Provisions and other allowances	**674**	412	**350**	(131)
Tax losses	**(236)**	458	**(344)**	471
Acquisition of BCX[2]	**9**	9	**—**	—
Overprovision/(underprovision) for prior year[3]	**69**	(3)	**56**	(7)
Reconciliation of taxation rate	**%**	%	**%**	%
South African normal rate of taxation	**27.0**	27.0	**27.0**	27.0
Decreased by the following adjustments:	**(7.9)**	(1.5)	**(21.2)**	(25.4)
Non-taxable income	**(7.4)**	(3.1)	**(23.2)**	(25.0)
Dividends received[4]	**(0.2)**	—	**(4.5)**	(24.5)
Profit on sale of assets and investments[5]	**(5.8)**	—	**(18.0)**	(0.3)
Cell captive fair value adjustments	**—**	—	**(0.7)**	(0.2)
Other exempt income	**(1.4)**	(3.1)	**—**	—
Non-deductible expenditure	**2.6**	2.0	**0.2**	(0.4)
Capital expenditure	**2.0**	3.4	**0.4**	0.2
IFRS 2 share-based payment adjustments	**(1.0)**	(2.0)	**(0.5)**	(1.2)
Interest and penalties	**0.3**	0.1	**—**	—
Other disallowed expenditure	**1.3**	0.5	**0.3**	0.6
Prior year adjustments	**(1.9)**	(0.4)	**(0.9)**	—
Prior year overprovision/(underprovision) tax expense[3]	**(1.9)**	(0.4)	**(0.9)**	—
Other taxes	**(1.2)**	—	**2.7**	—
Discontinued operation effect	**(9.9)**	—	**—**	—
Capital gains tax	**8.7**	—	**2.7**	—
Effective rate[6]	**19.1**	25.5	**5.8**	1.6

[1] *The Group tax expense increased by R203 million to R858 million in the current year primarily due to the increase in the Group's taxable profits.*
[2] *This relates to non-deductible write-offs in respect of the previous acquisition of BCX.*
[3] *The movement in the overprovision/underprovision is mainly due to adjustments that related to capital allowances on fixed assets that were recognised in prior years and reversed in the current year as they did not have any impact going forward.*
[4] *The movement in dividends received for Group is mainly due to dividends received from the insurance cell captive. The Company received less dividends from subsidiaries in the current financial year.*
[5] *The movement in the Group tax rate relating to profit on sale of assets is mainly due to the increase in profits related to property disposals that took place in FY2025. The increase in Company is mainly due to the sale of Swiftnet which is subject to a capital gain inclusion of 80% compared to the full accounting profit that is non-taxable.*
[6] *The decrease of 6.4% in the effective tax rate for Group is primarily attributable to property disposals that are subject to a capital gain inclusion of 80% compared to the full accounting profit that is non-taxable. The increase in the effective tax rate for Telkom Company is mainly due to the lower amount of dividends received in FY2025.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

8 Taxation continued

8.2 Deferred taxation

Significant accounting judgements, estimates and assumptions

Deferred taxation asset
Management's judgement is exercised when determining the probability of future taxable profits, which will determine whether deferred taxation assets should be recognised or derecognised. The realisation of deferred taxation assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the length and nature of the taxation asset. When deciding whether to recognise unutilised deferred taxation credits as deferred tax assets, management needs to determine the extent that the future obligations are likely to be available for set-off against the deferred taxation asset. In the event that the assessment of the future obligation and future utilisation changes, the change in the recognised deferred taxation asset is recognised in profit or loss. The carrying amount of the deferred tax asset is reviewed at each reporting date and adjusted to reflect changes in the probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Source of estimation uncertainty
Deferred tax assets are recognised for unused tax losses, unused tax credit and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available.

Future taxable profits are determined based on business plans for individual entities in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. In the current year, the Group recognised deferred tax assets amounting to R3 736 million (31 March 2024: R4 160 million).

Based on the five-year business plan, it is envisaged that Telkom will have future taxable profits available against which the deferred tax asset can be used.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Deferred taxation[1]	**3 637**	3 873	**1 029**	1 386
Opening balance	**3 873**	4 064	**1 386**	1 415
Profit and loss and opening balance movements	**(385)**	(248)	**(357)**	(29)
Capital allowances[2]	**(891)**	(1 115)	**(420)**	(362)
Provisions and other allowances[3]	**673**	412	**351**	(131)
Tax losses	**(236)**	458	**(344)**	471
Overprovision/(underprovision) prior year	**69**	(3)	**56**	(7)
Common control transactions/business combinations	**9**	8	**—**	—
Sale of Swiftnet	**143**	48	**—**	—
Other comprehensive income deferred tax impact	**(3)**	1	**—**	1
The balance comprises:	**3 637**	3 873	**1 029**	1 386
Capital allowances[2]	**(2 305)**	(1 669)	**(2 966)**	(2 604)
Provisions and other allowances[3]	**4 745**	4 053	**3 151**	2 736
Business combination	**(23)**	(31)	**—**	—
Tax losses	**1 675**	1 977	**1 302**	1 712
Other comprehensive income tax impact	**(455)**	(457)	**(458)**	(458)
Deferred taxation balance is made up as follows:[1]	**3 637**	3 873	**1 029**	1 386
Deferred taxation assets[1]	**3 736**	4 160	**1 029**	1 386
Deferred taxation liabilities	**(99)**	(287)	**—**	—

[1] *The Group considered the following factors in assessing whether it is probable that the Group will have future taxable profits against which the deferred tax asset (DTA) can be utilised:*

- *It is expected that the circumstances resulting in the Group's tax losses will not continue and that no additional tax losses will arise within the foreseeable future.*
- *The DTA that arose as a result of the impairment of property, plant and equipment and intangible assets during the 2023 financial year will continue to be utilised within approximately six years through the use of the assets. The commencement of the utilisation in the prior year is evident in the reduction of the DTA attributable to the movement in capital allowances as well as the utilisation of the assessed loss due to the sale of Swiftnet.*

[2] *The increase in capital allowances is mainly due to the increase in the carrying amount of property, plant and equipment as a result of higher additions in the current year.*

[3] *The increase in provisions and other allowances is mainly driven by the higher bonus provision in the 2025 financial year.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

8. Taxation continued

8.3 Taxation paid

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Taxation paid[1]	**(396)**	(422)	**(66)**	—
Net tax receivable at the beginning of the year	**117**	77	**—**	—
Current taxation	**(610)**	(443)	**(86)**	(31)
Interest, withholding taxes and other	**20**	—	**—**	—
Cell captive tax	**—**	31	**—**	31
Discontinued operation	**75**	30	**—**	—
Net tax payable/(receivable) at the end of the year	**2**	(117)	**20**	—

[1] *Taxation paid for Telkom Company in the current year is due to the payment of the capital gains tax due to the sale of Swiftnet.*

9. Equity structure

9.1 Share capital

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Authorised and issued share capital is made up as follows:				
Authorised				
1 000 000 000 ordinary shares of R10 each	**10 000**	10 000	**10 000**	10 000
Issued				
504 975 439 (31 March 2024: 504 975 439) ordinary shares of R10 each (fully paid up)	**5 050**	5 050	**5 050**	5 050
6 164 800 (31 March 2024: 6 164 800) shares of no consideration[1]	**—**	—	**—**	—

[1] *This relates to shares issued in terms of the employee share scheme.*

The following table illustrates the movement within the number of shares issued:	**Number of shares**		**Number of shares**	
Shares in issue at the beginning of the year	**511 140 239**	511 140 239	**511 140 239**	511 140 239
Shares repurchased and cancelled during the year	**—**	—	**—**	—
Shares in issue at the end of the year	**511 140 239**	511 140 239	**511 140 239**	511 140 239

There is only one class of shares, namely ordinary shares. Each share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of Telkom. Other than voting rights, there are no other preferences attached to the shares.

The unissued shares are under the control of the Directors until the next annual general meeting. The Directors have been given the authority by the shareholders to buy back Telkom's own shares up to a limit of 10% of the current issued share capital.

Capital management
Refer to note 7.1.8 for the detailed capital management disclosure.

Notes to the annual financial statements continued

for the year ended 31 March 2025

9 Equity structure continued

9.2 Share-based compensation reserve

Telkom's shareholders approved the Group share scheme at the September 2013 annual general meeting. The scheme covers certain operational and management employees and is aimed at giving shares to Group employees, at a Rnil exercise price at the end of the vesting period. Although the number of shares awarded to employees was communicated at the grant date, the ultimate number of shares that vest may differ based on certain performance conditions being met (refer to note 10.7).

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
The movement within the share-based compensation reserve is:	**Rm**	Rm	**Rm**	Rm
Balance at the beginning of the year	**1 535**	1 414	**1 321**	1 250
Net increase in equity	**75**	121	**53**	71
Employee expenses (refer to note 3.4.4)	**69**	121	**38**	36
Openserve share-based compensation reserve[1]	**—**	—	**9**	35
Transfer of Gyro share-based compensation reserve	**6**	—	**6**	—
Balance at the end of the year	**1 610**	1 535	**1 374**	1 321

[1] *From 1 September 2022, Openserve is a 100% owned subsidiary of the Group. For shares granted before 1 September 2022, where Openserve does not have an obligation to pay for the shares, it has been assessed that these shares need to be equity-settled in Telkom Company. This is because Telkom has the obligation to settle for the services rendered to Openserve. For services rendered by the Openserve employees after the carve-out date, the share-based compensation reserve was increased in the current financial year by R9 million (31 March 2024: R35 million), with a corresponding entry to the investment in Openserve.*

9.3 Non-distributable reserves

Summary of material accounting policies

Non-distributable reserves
Non-distributable reserves include reserves that have been grouped together as these are accounting reserves, which have arisen as a result of the specific requirements in the accounting standards.

Non-distributable reserves include the following:

- Translation reserve: This reserve comprises foreign currency translation differences arising from the translation of annual financial statements of the Group's foreign entities into South African rand;
- Treasury shares: This reserve also represents the treasury shares as well as the amounts paid by Telkom to its subsidiary, Rossal No 65 (Pty) Ltd, for the acquisition of Telkom's shares to be utilised in terms of the Telkom share scheme; and
- Shares repurchased for the purpose of the Telkom Group employee share scheme.

Treasury shares
Where the Group acquires shares for its employee share scheme, these shares are measured at acquisition cost and disclosed as a reduction of equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Such shares are not remeasured for changes in fair value. Any difference between the historical par value of the shares acquired and the consideration transferred for the acquisition of the shares is accounted for as an adjustment to retained earnings.

Where the Group chooses or is required to buy equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement by delivery of its own shares, the transaction is accounted for as equity-settled. This applies regardless of whether the employees' rights to the equity instruments were granted by the Group itself, or by its shareholders, or were settled by either the Group or its shareholders.

Notes to the annual financial statements continued

for the year ended 31 March 2025

9. Equity structure continued

9.3 Non-distributable reserves continued

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Non-distributable reserves	**585**	750	**171**	278
Opening balance	**750**	739	**278**	278
Movement during the year	**(165)**	11	**(107)**	—
(Decrease)/increase in foreign currency translation reserve	**(13)**	11	**—**	—
Movement in treasury shares for Telkom and subsidiaries share scheme	**(107)**	—	**(107)**	—
Increase in treasury shares from BCX	**(45)**	—	**—**	—

The reserve also represents amounts paid by Telkom to subsidiary, Rossal No 65 (Pty) Ltd, for the acquisition of Telkom's shares to be utilised in terms of the Telkom Group share scheme.

	2025		2024	
Fair value of ordinary shares in Telkom are held as follows:	**Number of shares**	**Rm**	Number of shares	Rm
Treasury shares in Escrow	**12 118 701**	**451**	17 008 725	510
Rossal No 65 (Pty) Ltd	**6 738 959**	**251**	5 166 604	155
Total	**18 857 660**	**702**	22 175 329	665

All shares will be allocated to employees as part of the share scheme.

9.4 Dividend paid

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Dividend paid	**(6)**	(3)	**(5)**	(1)
Dividend payable at the beginning of the year	**(24)**	(25)	**(24)**	(25)
Dividends declared to non-controlling interests	**(1)**	(2)	**—**	—
Dividend payable at the end of the year	**19**	24	**19**	24

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits

10.1 Employee benefits summary

Significant judgements, estimates and assumptions
The Group provides defined benefit plans for certain post-employment benefits. The obligation and assets related to each of the post-retirement benefits are determined through an actuarial valuation. The actuarial valuation relies heavily on assumptions as disclosed in note 10.1. The assumptions determined by management make use of information obtained from the Group's employment agreements with staff and pensioners, market-related returns on similar investments, market-related discount rates and other available information. The assumptions concerning the interest on assets and expected change in liabilities are determined on a uniform basis, considering long-term historical returns and future estimates of returns and medical inflation expectations. In the event that further changes in assumptions are required, the future amounts of post-employment benefits may be affected materially.

The discount rate reflects the average timing of the estimated defined benefit payments. The discount rate is based on long-term South African Government bonds with the longest maturity period as reported by the JSE debt market. The discount rate is expected to follow the trend of inflation.

The interest cost on the defined benefit obligation and the interest on assets are accounted for through the net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

The forfeitable share incentives are allocated to employees based on vesting conditions linked to time and performance measures. The total shareholder return is considered in estimating the fair value of the grant at grant date. The Group allocates the number of shares per employee based on a formula taking into account the annual guaranteed package, percentage of gross profit and share price at grant date. The shares to be allocated are limited to approximately 5% of the issued share capital and vest between three and five years. The additional share scheme award provides for the granting of shares to eligible participating employees, equivalent in value to the increase in share price from the grant date (based on the specific grant price) to the vesting date.

Summary of material accounting policies

Post-employment benefits
The Group provides defined benefit and defined contribution plans for the benefit of the employees. These plans are funded by the employees and the Group, taking into account the recommendations of the independent actuaries. The post-retirement telephone rebate liability is unfunded.

Defined benefit plans
The Group provides defined benefit plans for pension, retirement, post-retirement medical aid benefits and telephone rebates to qualifying employees. The Group's net obligation in respect of defined benefits is calculated separately for each plan by estimating the amount of future benefits earned in return for services rendered.

The amount reported in the statement of financial position represents the present value of the defined benefit obligations, using the projected credit unit method, reduced by the fair value of the related plan assets. To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised. The effects of this asset limitation and actuarial gains and losses are recognised in other comprehensive income. Interest, service cost, settlement gains or losses and curtailment gains or losses related to the defined benefit plan are recognised in the statement of profit or loss and other comprehensive income.

Telkom Retirement Fund reserves
In terms of its rules, the TRF operates a number of reserve accounts, namely a member share account, risk and expense reserve account, processing error account, pension reserves account and solvency reserve account.

The risk and expense reserve account comprises the funds required to support fluctuations in the payment of the in-service death and disability benefits and administration expenses. The processing error reserve account comprises the balance as identified at 31 March 2008 plus all investment returns and appreciation earned by the fund less investment-related expenses, taxation and all amounts allocated to members, pensioners and reserve accounts. The member surplus account comprises the actuarial surplus allocated to members and pensioners. Solvency reserve is held within the pensions account to act as a buffer against worse-than-expected experience and equal to an amount set by the actuary of the fund from time to time to ensure a prudent funding level that is subject to affordability. The pensions account comprises the funds required to pay each pension that has been granted in terms of the rules. All these reserves are taken into account by the actuaries in determining the net value of the fund (fund assets less the fund obligation). In the current year, the TRF has been settled. Refer to notes 2.5.1 and 10.3 for details.

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Employee benefits	Rm	Rm	Rm	Rm
Non-current assets	**993**	1 283	**993**	1 283
Telkom Pension Fund asset	**13**	17	**13**	17
Post-retirement medical aid recognition of net plan asset	**980**	1 266	**980**	1 266

The decrease in employee benefits, specifically the plan assets, is largely due to the withdrawal of R330 million from the post-retirement medical aid plan asset for the settlement of the TRF provision. Refer to notes 2.5.1 and 10.3 for more details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.1 Employee benefits summary continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025** Rm	31 March 2024 Rm
Defined benefit plan actuarial (loss)/gains	**(2)**	4	**2**	5
Telkom Pension Fund net actuarial (loss)/gain	**(5)**	1	**(5)**	1
Telkom Retirement Fund net actuarial gain/(loss)[1]	**154**	(18)	**154**	(18)
Medical aid net actuarial loss	**(103)**	(28)	**(102)**	(28)
Telephone rebate net actuarial (loss)/gain	**(44)**	49	**(44)**	49
Long service award net actuarial (loss)/gain	**(4)**	—	**(1)**	1

[1] *The net actuarial loss/gain on the TRF is up until 1 July 2024, the date of the settlement of the TRF. Refer to notes 2.5.1 and 10.3.*

The Group provides benefits for its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership to one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

Actuarial valuations were performed by qualified actuaries to determine the benefit obligation, plan asset and service costs for the pension and retirement funds for each of the financial periods presented.

General information applicable to all funds

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Telkom Pension Fund duration	**4.3 years**	10 years	**4.3 years**	10 years
Telkom Retirement Fund duration[1]	**—**	10 years	**—**	10 years
Medical aid duration	**6.5 years**	10 years	**6.5 years**	10 years
Telephone rebate duration	**7.9 years**	10 years	**7.9 years**	10 years
Long service award duration	**4.1 years**	10 years	**4.1 years**	10 years

[1] *This was the duration applied up until the settlement of the TRF with effect from 1 July 2024. Refer to note 10.3 for further details.*

During the prior year, the weighted average duration across all post-employment benefit plans was used. This estimate has changed during the current year to rather use individual plan-specific durations. The weighted average duration is impacted by the size of each liability. The impact of this change in estimate was not material and was applied prospectively. The next full valuations for all funds will be performed at 31 March 2026.

Principal actuarial assumptions were as follows:
Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Males over 65 (years)	**17.00**	17.00	**17.00**	17.00
Females over 65 (years)	**21.30**	21.30	**21.30**	21.30
Telkom Pension Fund discount rate (%)	**9.20**	12.40	**9.20**	12.40
Telkom Retirement Fund discount rate (%)[1]	**—**	12.40	**—**	12.40
Medical aid discount rate (%)	**10.20**	12.40	**10.20**	12.40
Telephone rebate discount rate (%)	**10.80**	12.40	**10.80**	12.40
Long service award discount rate (%)	**9.10**	12.40	**9.10**	12.40
Telkom Pension Fund interest on plan assets (%)	**9.20**	12.40	**9.20**	12.40
Telkom Retirement Fund interest on plan assets (%)[1]	**—**	12.40	**—**	12.40
Medical aid interest on plan assets (%)	**10.20**	12.40	**10.20**	12.40
Salary inflation rate (%)	**5.00**	6.60	**5.00**	6.60
Telkom Pension Fund pension increase allowance (%)	**6.30**	5.59	**6.30**	5.59
Telkom Retirement Fund pension increase allowance (%)[1]	**—**	5.59	**—**	5.59
Medical inflation rate (%)	**6.70**	8.60	**6.70**	8.60
Contractual retirement age	**65**	65	**65**	65
Average retirement age	**56**	56	**56**	56

[1] *The TRF was derecognised in the current financial year. Refer to notes 2.5.1 and 10.3 for details.*

The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) ultimate table, minus one year age rating, as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.2 The Telkom Pension Fund

The Telkom Pension Fund is a defined benefit fund that was created in terms of the Post Office Amendment Act, 85 of 1991.

The latest actuarial valuation performed at 31 March 2025 indicates that the pension fund is in a surplus position of R32 million (31 March 2024: R30 million). The recognition of the surplus is limited due to the application of the asset limitation criteria in IAS 19 (Employee Benefits). The Telkom Pension Fund is closed to new members. The pension plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The funded status of the Telkom Pension Fund is disclosed below.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
The Telkom Pension Fund	**Rm**	Rm	**Rm**	Rm
The net periodic pension costs include the following components:				
Interest cost on projected benefit obligations	**2**	6	**2**	6
Service cost on projected benefit obligations	**1**	1	**1**	1
Interest on plan assets after asset restriction	**(2)**	(10)	**(2)**	(10)
Curtailment	**—**	(8)	**—**	(8)
Net periodic pension expense/(income) recognised in profit or loss	**1**	(11)	**1**	(11)
The net periodic other comprehensive income includes the following components:				
Actuarial (loss)/gain from financial assumption changes	**(2)**	1	**(2)**	1
Actuarial gain/(loss) due to demographic assumption changes	**1**	(1)	**1**	(1)
Asset ceiling in terms of IAS 19.64	**(4)**	1	**(4)**	1
Net periodic pension (expense)/income recognised in other comprehensive income	**(5)**	1	**(5)**	1
Cumulative actuarial gain	**31**	36	**31**	36
The status of the pension plan obligation is as follows:				
At the beginning of the year	**47**	51	**47**	51
Interest cost	**5**	6	**5**	6
Current service cost	**1**	1	**1**	1
Benefits paid	**—**	(1)	**—**	(1)
Actuarial loss/(gain)	**1**	(3)	**1**	(3)
Curtailment	**—**	(7)	**—**	(7)
Benefit obligation at the end of the year	**54**	47	**54**	47

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.2 The Telkom Pension Fund continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Plan assets at fair value:				
At the beginning of the year	**77**	81	**77**	81
Interest on plan assets	**9**	10	**9**	10
Benefits paid	**—**	(1)	**—**	(1)
Actuarial loss	**—**	(3)	**—**	(3)
Curtailment	**—**	(10)	**—**	(10)
Plan assets at the end of the year	**86**	77	**86**	77
Present value of funded obligation	**(54)**	(47)	**(54)**	(47)
Fair value of plan assets	**86**	77	**86**	77
Fund surplus	**32**	30	**32**	30
Asset ceiling in terms of IAS 19.64	**(19)**	(13)	**(19)**	(13)
Recognised net asset	**13**	17	**13**	17
Interest on plan assets after asset restriction	**2**	2	**2**	2
Actuarial loss on plan assets	**—**	(3)	**—**	(3)
Actual return on plan assets	**2**	(1)	**2**	(1)
Plan assets balance comprises:				
Cash and cash equivalents	**3**	2	**3**	2
Equity securities	**31**	30	**31**	30
Property	**2**	2	**2**	2
Bonds	**14**	11	**14**	11
Commodities	**1**	1	**1**	1
Foreign investments	**35**	31	**35**	31
Total	**86**	77	**86**	77

Funding arrangements
The Telkom Pension Fund invests its funds in South Africa and internationally. Two fund managers invest in South Africa and globally through their balanced funds. The Telkom Pension Fund is a closed defined benefit fund that is no longer open to new employees.

There is no material investment in Telkom shares included in the Telkom Pension Fund assets.

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Funding level per statutory actuarial valuation (%)	**100**	100	**100**	100
The number of employees registered under the Telkom Pension Fund	**14**	14	**14**	14
The fund portfolio consists of the following percentages:				
Cash (%)	**4**	3	**4**	3
Equities (%)	**36**	39	**36**	39
Property (%)	**3**	2	**3**	2
Bonds (%)	**16**	15	**16**	15
Commodities (%)	**1**	1	**1**	1
Foreign Investments (%)	**40**	40	**40**	40
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the pension fund by the employer for the year ending 31 March 2026 is R0.4 million.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund

Significant accounting judgement in the settlement of the TRF
During the current financial year, the TRF met the IAS 19 (Employee Benefits) criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules, which was approved by the FSCA with effect from 1 July 2024.

Management considered whether Telkom has eliminated all further obligations for all the benefits provided under the TRF in order to achieve full derecognition of the obligation.

The rules of the TRF were amended to remove the employer's obligation to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account.

The amendment of the TRF rules has resulted in Telkom having no further obligation to fund any deficit unless it freely enters into a future agreement in writing, creating a future obligation. The views stipulated above were supported by both the pension fund specialist legal counsel and actuarial specialists.

Settlement of the TRF
The TRF is a hybrid fund which was established on 1 July 1995. The TRF is a defined contribution plan in respect of in-service members and a defined benefit plan in respect of pensioners, i.e. members' benefits accrue on a defined contribution basis until retirement. At retirement, members have the option to purchase a guaranteed pension from the TRF, at which point they become defined benefit pensioners. Prior to 1 July 2024, the option to purchase a pension from the fund was limited to those who joined employment before 1 September 2009, but a rule amendment in the TRF extended this benefit option to all retiring employees.

A rule amendment was registered by the FSCA with effect from 1 July 2024 to remove the employer's obligations to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account.

As a result of the rule amendment, no obligation exists in any scenario for Telkom to make contributions or any other payments to fund any deficit in the fund as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall. The rule amendment prescribes an investment strategy which mitigates against future deficits. Thus, the amounts available for in-fund pensions will always be equal to the amount available in the pensions account. Due to this matching, Telkom will never have any obligation towards the TRF. Therefore, Telkom settled the TRF liability as it had no further obligation for part or all of the benefits provided under a defined benefit plan.

Linked to the rule amendment is an in-principle decision made by the Telkom Board to pay a once-off amount to strengthen the pensioner reserves following the rule amendment. This resulted in Telkom having to pay the TRF the once-off amount on approval of the rule amendment by the FSCA. In November 2024, the once-off amount of R330 million was paid to the TRF, funded through the post-retirement medical aid (refer to note 10.4) to settle the provision raised in September 2024. Refer to note 2.5.1 for significant transaction disclosure in relation to the settlement of the TRF.

The gain or loss on settlement is the difference between:

- The present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- The settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement. In Telkom's case, the R330 million will form part of the amount that the entity pays in connection with the settlement.

The amendment has changed the nature of the liabilities relating to the fund from a defined benefit to a defined contribution plan (as no further Company obligation remains) according to IAS 19, with effect from 1 July 2024.

	Rm
Derecognition of the TRF plan asset as at 1 July 2024	**(42 580)**
Derecognition of the TRF obligation as at 1 July 2024	**42 292**
Settlement of the provision for payment to the TRF	**(330)**
Loss on settlement (refer to note 3.4.4)	**618**

Included in the loss on settlement of the TRF is the non-cash portion of R288 million resulting from the recognition of the asset ceiling which is appropriately accounted for in the cash generated from operations note in the increase/decrease in provisions line item. Refer to note 3.6.

The loss on settlement after tax is R451 million.

Effective 1 July 2024, Telkom is accounting for the TRF as a defined contribution plan.

Fund rules
The Telkom Retirement Fund was established on 1 July 1995 as a hybrid defined benefit and defined contribution plan. Existing employees were given the option to either remain in the Telkom Pension Fund or to be transferred to the Telkom Retirement Fund. All pensioners of the Telkom Pension Fund and employees who retired after 1 July 1995 were transferred to the Telkom Retirement Fund. Upon transfer, the government ceased to guarantee the deficit in the Telkom Retirement Fund. Subsequent to 1 July 1995, further transfers of existing employees occurred. As from 1 September 2009, all new appointments are on a defined contribution scheme. These members would be required to purchase their pensions from an insurance company.

The pensioner pool of the Telkom Retirement Fund only consists of pensioners and requires that at least 60% of the best-estimate liability in respect of pensioners be invested in a liability matching portfolio.

Pensioner increases are subject to affordability, targeting 0% to 80% of CPI. However, from 1 July 2024 Telkom's obligation to make special contributions to fund any actuarial shortfall was removed. Actuarial shortfall can be funded by reducing the pension increase or allow for a possible reduction in the pensions.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

The funded status of the Telkom Retirement Fund prior to 1 July 2024 is disclosed below:

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
The Telkom Retirement Fund	**Rm**	Rm	**Rm**	Rm
The net periodic retirement costs include the following components:				
Interest cost on projected benefit obligations	**1 346**	4 905	**1 346**	4 905
Interest on plan assets	**(1 356)**	(4 941)	**(1 356)**	(4 941)
Service cost on projected benefit obligations	**153**	517	**153**	517
Curtailment	**—**	135	**—**	135
Net periodic pension expense recognised in profit or loss	**143**	616	**143**	616
The net periodic other comprehensive income includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(46)**	1 118	**(46)**	1 118
Actuarial gain/(loss) due to experience adjustments	**517**	(1 045)	**517**	(1 045)
Actuarial loss due to demographic assumptions changes	**(29)**	(91)	**(29)**	(91)
Actuarial loss due to the recognition of asset ceiling on derecognition	**(288)**	—	**(288)**	—
Net periodic pension income/(expense) recognised in other comprehensive income	**154**	(18)	**154**	(18)
Cumulative actuarial loss	**(398)**	(552)	**(398)**	(552)
Benefit obligation:				
At the beginning of the year	**41 702**	41 179	**41 702**	41 179
Interest cost	**1 346**	4 905	**1 346**	4 905
Current service cost	**153**	517	**153**	517
Employee contributions	**73**	287	**73**	287
Benefits paid	**(605)**	(3 191)	**(605)**	(3 191)
Transfers in	**44**	105	**44**	105
Actuarial gain	**(421)**	(893)	**(421)**	(893)
Curtailment	**—**	(1 206)	**—**	(1 206)
Transfers out	**—**	(1)	**—**	(1)
Derecognition of the TRF obligation as at 1 July 2024 (refer to note 2.5.1)	**(42 292)**	—	**(42 292)**	—
Benefit obligation at the end of the year	**—**	41 702	**—**	41 702

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Plan assets:				
At the beginning of the year	**41 772**	42 190	**41 772**	42 190
Interest on plan assets	**1 358**	5 017	**1 358**	5 017
Employer contributions[1]	**278**	518	**278**	518
Employee contributions	**71**	287	**71**	287
Benefits paid	**(605)**	(3 191)	**(605)**	(3 191)
Transfers in	**44**	105	**44**	105
Actuarial loss	**(338)**	(1 815)	**(338)**	(1 815)
Actuarial gain on asset ceiling	**71**	—	**71**	—
Curtailment	**—**	(1 340)	**—**	(1 340)
Transfers out	**—**	1	**—**	1
Movement in asset ceiling	**(71)**	—	**(71)**	—
Derecognition of the TRF plan assets as at 1 July 2024 (refer to note 2.5.1)	**(42 580)**	—	**(42 580)**	—
Plan assets at the end of the year	**—**	41 772	**—**	41 772
Present value of funded obligation	**—**	41 702	**—**	41 702
Fair value of plan assets	**—**	41 772	**—**	41 772
Fund surplus	**—**	(70)	**—**	(70)
Asset ceiling in terms of IAS 19.64	**—**	70	**—**	70
Net liability	**—**	—	**—**	—
Interest on plan assets	**1 358**	5 017	**1 358**	5 017
Actuarial loss on plan assets	**(338)**	(1 815)	**(338)**	(1 815)
Actual return on plan assets	**1 020**	3 202	**1 020**	3 202
Plan asset balance comprises:				
Equities	**—**	4 784	**—**	4 784
Property	**—**	2 717	**—**	2 717
Bonds	**—**	17 034	**—**	17 034
Africa	**—**	3 085	**—**	3 085
Cash	**—**	4 073	**—**	4 073
Foreign investments	**—**	10 079	**—**	10 079
Total	**—**	41 772	**—**	41 772

[1] *This relates to contributions made before the derecognition of the TRF.*

The total employer contributions made to the TRF for the 2025 financial year is R474 million for Group and R95 million for Company.

Funding arrangements
The Telkom Retirement Fund pensioner portfolio's strategic asset allocation (SAA) is determined by an asset liability model based on the fund's unique liabilities, as determined by its member data and fund rules. The SAA is a reflection of the fund's targeted post-retirement interest rate, and the investment strategy is built around the target of providing consistent annual pension increases of between 0% to 80% of CPI.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Included in the fair value of plan assets are:	**Rm**	Rm	**Rm**	Rm
Telkom shares	**—**	38	**—**	38

The Telkom Retirement Fund investment strategy was implemented through the appointment of several asset managers with local and global segregated mandates. Within these mandates, the managers are responsible for and have sole discretion of determining the asset allocation, i.e. the mix of the various asset classes based on their investment views. In addition, a portion was allocated to Africa Equity and SA cash asset classes were added to further diversify the portfolio and to enhance returns.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Funding level per statutory actuarial valuation (%)	—	100	—	100
The number of pensioners registered under the Telkom Retirement Fund	—	12 912	—	12 912
The number of in-service employees entitled to retire in the Telkom Retirement Fund	—	9 773	—	9 773
The fund portfolio consists of the following percentages:				
Equities (%)	—	11	—	11
Property (%)	—	7	—	7
Bonds (%)	—	41	—	41
Africa (%)	—	7	—	7
Cash (%)	—	10	—	10
Foreign investments (%)	—	24	—	24
Total	—	100	—	100

10.4 Medical benefits

Telkom makes certain contributions to medical aid funds in respect of current and retired employees. The scheme is a defined benefit plan. The expense in respect of current employees' medical aid is disclosed in note 3.4.4. The amounts due in respect of post-retirement medical benefits to current and retired employees have been actuarially determined and provided for as set out in note 6.5. Telkom has terminated future post-retirement medical benefits in respect of employees joining after 1 July 2000.

There are three major categories of members entitled to the post-retirement medical aid: pensioners who retired before 1994 (Pre-94); those who retired after 2013; and the in-service members. The pensioners retiring post 2013 and the in-service members' liabilities are subject to a rand cap, which increases as per the Board's approval.

Eligible employees must be employed by Telkom until retirement age to qualify for the post-retirement medical aid benefit. The most recent actuarial valuation of the benefit was performed as at 31 March 2025.

The medical aid plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.4 Medical benefits continued

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Medical aid	**Rm**	Rm	**Rm**	Rm
Benefit obligation:				
At the beginning of the year	**1 262**	1 386	**1 240**	1 364
Interest cost	**136**	154	**136**	154
Service cost	**1**	1	**1**	1
Actuarial loss/(gain)	**84**	(99)	**84**	(99)
Curtailment	**—**	(1)	**—**	(1)
Benefits paid from plan assets	**(177)**	(179)	**(177)**	(179)
Benefit obligation at the end of the year	**1 306**	1 262	**1 284**	1 240
Plan assets at fair value:				
At the beginning of the year	**2 528**	2 516	**2 528**	2 516
Interest on plan assets	**283**	299	**283**	299
Benefits paid from plan assets	**(178)**	(179)	**(178)**	(179)
Employer withdrawal	**(332)**	—	**(332)**	—
Actuarial loss	**(15)**	(108)	**(15)**	(108)
Plan assets at the end of the year	**2 286**	2 528	**2 286**	2 528
Present value of funded obligation	**(1 306)**	(1 262)	**(1 284)**	(1 240)
Fair value of plan assets	**2 286**	2 528	**2 286**	2 528
Fund surplus	**980**	1 266	**1 002**	1 288
Liability as disclosed in the statement of financial position (refer to note 6.5)	**(7)**	(7)	**—**	—
Asset as disclosed in the statement of financial position	**973**	1 273	**1 002**	1 288
The net periodic other comprehensive expense includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(74)**	57	**(74)**	57
Actuarial loss due to experience adjustments	**(17)**	(37)	**(17)**	(37)
Actuarial loss due to demographic assumptions changes	**(12)**	(48)	**(12)**	(48)
Net periodic pension expense recognised in other comprehensive income	**(103)**	(28)	**(103)**	(28)
Cumulative actuarial loss	**(1 679)**	(1 576)	**(1 685)**	(1 582)
Plan assets at fair value:				
Interest on plan assets	**283**	299	**283**	299
Actuarial loss on plan assets	**(15)**	(108)	**(15)**	(108)
Actual return on plan assets	**268**	191	**268**	191
Plan asset balance comprises:				
Cash and cash equivalents	**57**	55	**57**	55
Equity securities	**1 081**	1 203	**1 081**	1 203
Bonds	**1 111**	1 217	**1 111**	1 217
Foreign investments	**37**	53	**37**	53
Total	**2 286**	2 528	**2 286**	2 528

All equity securities and government bonds have quoted prices in active markets.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.4 Medical benefits continued

Funding arrangements

The general funding arrangements from the plan assets is to maximise long-term capital growth and long-term total return on Telkom's portfolio. The portfolios are managed as a segregated portfolio, including international investments. The investment objective is to provide an absolute return, measured over a 36-month period, in excess of CPI-X plus 5% per annum. The funding arrangements of the plan assets are driven by designated asset managers to manage Telkom's portfolios by applying a flexible approach, which includes holding equities, property, fixed income or money market assets as part of the investment strategy, in variable weightings, at any point in time.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Included in the fair value of plan assets is:				
Telkom shares	—	0.5	—	0.5
The fund portfolio consists of the following percentages:				
Cash and money market investments (%)	**2**	2	**2**	2
Equities (%)	**47**	47	**47**	47
Bonds (%)	**49**	49	**49**	49
Foreign investments (%)	**2**	2	**2**	2
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the post-retirement medical aid by the employer for the year ending 31 March 2026 is Rnil as the liability is currently significantly over funded.

10.5 Telephone rebates

Telkom provides telephone rebates to its pensioners who joined prior to 1 August 2009. The most recent actuarial valuation was performed as at 31 March 2025. Eligible employees must be employed by Telkom until retirement age to qualify for the telephone rebates. The scheme is a defined benefit plan.

The telephone rebate benefit exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The status of the telephone rebate liability is disclosed below:

	Group		Company	
Telephone rebates	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Benefit obligation:				
At the beginning of the year	**316**	356	**316**	356
Current service cost	**1**	1	**1**	1
Interest cost	**39**	39	**39**	39
Actuarial loss/(gain)	**44**	(49)	**44**	(49)
Curtailment loss	**—**	(1)	**—**	(1)
Benefits paid	**(30)**	(30)	**(30)**	(30)
Liability as disclosed in the statement of financial position (refer to note 6.5)	**370**	**316**	**370**	**316**
The net periodic other comprehensive (expense)/income includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(54)**	38	**(54)**	38
Actuarial gain due to experience adjustments	**10**	12	**10**	12
Actuarial loss due to demographic assumptions changes	**—**	(1)	**—**	(1)
Net periodic pension (expense)/income recognised in other comprehensive income	**(44)**	49	**(44)**	49
Cumulative actuarial loss	**141**	185	**141**	185
Number of members	**3 645**	3 664	**3 645**	3 664
Number of pensioners	**13 726**	13 746	**13 726**	13 746

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.6 Sensitivity analysis

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025** Rm	31 March 2024 Rm
	Increase/(decrease) in the post-employment liability			
The Telkom Pension Fund				
Increase in discount rate by 0.5%	**(1)**	(1)	**(1)**	(1)
Decrease in discount rate by 0.5%	**1**	1	**1**	1
Increase in inflation rate by 1%	**2**	2	**2**	2
Decrease in inflation rate by 1%	**(2)**	(2)	**(2)**	(2)
Increase in salary inflation by 1%	**2**	2	**2**	2
Decrease in salary inflation by 1%	**(2)**	(2)	**(2)**	(2)
Change in post-retirement mortality rating from -1 to -3 years	**1**	—	**1**	—
Change in post-retirement mortality rating from -1 to 0 years	**(1)**	(1)	**(1)**	(1)
The Telkom Retirement Fund[1]				
Increase in discount rate by 0.5%	**—**	(1 213)	**—**	(1 213)
Decrease in discount rate by 0.5%	**—**	1 313	**—**	1 313
Increase in inflation rate by 1%	**—**	2 874	**—**	2 874
Decrease in inflation rate by 1%	**—**	(2 395)	**—**	(2 395)
Increase in net TRF fund rate by 0.5%	**—**	368	**—**	368
Decrease in net TRF fund rate by 0.5%	**—**	(364)	**—**	(364)
Increase in TRF take-up ratio from 55.6% to 100%	**—**	387	**—**	387
Medical benefits				
Increase in discount rate by 0.5%	**(36)**	(33)	**(36)**	(33)
Decrease in discount rate by 0.5%	**38**	35	**38**	35
Increase in inflation rate by 1%	**59**	56	**59**	56
Decrease in inflation rate by 1%	**(53)**	(51)	**(53)**	(51)
Change in post-retirement mortality rating from -1 to -3 years	**56**	52	**56**	52
Change in post-retirement mortality rating from -1 to 0 years	**(55)**	(51)	**(55)**	(51)
Telephone rebates				
Increase in discount rate by 0.5%	**(12)**	(9)	**(12)**	(9)
Decrease in discount rate by 0.5%	**13**	9	**13**	9
Increase in inflation rate by 5%	**192**	139	**192**	139
Change in post-retirement mortality rating from -1 to -3 years	**6**	4	**6**	4
Change in post-retirement mortality rating from -1 to 0 years	**(6)**	(4)	**(6)**	(4)
Increase in normal retirement age from 56 years to 60 years	**(22)**	(19)	**(22)**	(19)
Decrease in normal retirement age from 56 years to 50 years	**16**	16	**16**	16

[1] *The TRF was derecognised in the current financial year. Refer to notes 2.5.1 and 10.3 for details.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme

Summary of material accounting policies
The Group has a share-based payment compensation plan. The plan is an equity-settled plan, consisting of the long-term incentive plan (LTIP), the employee share ownership plan (ESOP) and an additional share award (ASA).

The expense relating to the services rendered by the employees, and the corresponding increase in equity, is measured at the fair value of the equity instruments at their grant date based on the market price at that date. This compensation cost is recognised over the vesting period, based on the best available estimate at each reporting date of the number of equity instruments that are expected to vest.

During the vesting period, participants have all the shareholders' rights, including the right to vote and share in any dividend distribution.

Telkom's shareholders approved the Telkom forfeitable share plan (FSP) and the ASA at the September 2013 AGM.

In the FSP, employees acquire shareholder rights on the grant date on the forfeitable shares (these include dividends and voting rights).

An employee turnover assumption of 2.6% to 7.9% has been used in calculating the expected number of shares that will vest. The turnover relates to the various entities within the Group.

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Telkom share scheme are as follows:

	Vesting financial year			
Telkom LTIP grants	**2025**	**2026**	**2027**	**2028**
Telkom LTIP - 2020 financial year				
Vesting timelines	**20%**	**—**	**—**	**—**
Probability of meeting non-market-related criteria	**92%**	**—**	**—**	**—**
Telkom LTIP - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**—**
Probability of meeting non-market-related criteria	**92%**	**92%**	**92%**	**—**
Telkom LTIP 2 - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**—**
Probability of meeting non-market-related criteria	**93%**	**93%**	**93%**	**—**
Telkom LTIP - 2023 financial year				
Vesting timelines	**—**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**—**	**94%**	**94%**	**94%**
Telkom LTIP 2 - 2023 financial year				
Vesting timelines	**—**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**—**	**94%**	**94%**	**94%**
Telkom LTIP - 2025 financial year				
Vesting timelines	**—**	**—**	**—**	**100%**
Probability of meeting non-market-related criteria	**—**	**—**	**—**	**40%**

Telkom ESOP grants				
Telkom ESOP - 2022 financial year				
Vesting timelines	**100%**	**—**	**—**	**—**
Probability of meeting non-market-related criteria	**92%**	**—**	**—**	**—**
Telkom ESOP - 2023 financial year				
Vesting timelines	**—**	**100%**	**—**	**—**
Probability of meeting non-market-related criteria	**—**	**94%**	**—**	**—**

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the BCX share scheme are as follows:

	Vesting financial year			
BCX LTIP grants	**2025**	**2026**	**2027**	**2028**
BCX grant - 2020 financial year				
Vesting timelines	**20%**	**—**	**—**	**—**
Probability of meeting non-market-related criteria	**92%**	**—**	**—**	**—**
BCX grant - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**—**
Probability of meeting non-market-related criteria	**92%**	**92%**	**92%**	**—**
BCX grant - 2023 financial year				
Vesting timelines	**—**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**—**	**94%**	**94%**	**94%**
BCX grant 2 - 2023 financial year				
Vesting timelines	**—**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**—**	**94%**	**94%**	**94%**
BCX grant - 2025 financial year				
Vesting timelines	**—**	**—**	**—**	**100%**
Probability of meeting non-market-related criteria	**—**	**—**	**—**	**40%**
BCX ESOP grants				
BCX grant - 2022 financial year				
Vesting timelines	**100%**	**—**	**—**	**—**
Probability of meeting non-market-related criteria	**92%**	**—**	**—**	**—**
BCX grant - 2023 financial year				
Vesting timelines	**—**	**100%**	**—**	**—**
Probability of meeting non-market-related criteria	**—**	**94%**	**—**	**—**

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Trudon share scheme are as follows:

	Vesting financial year			
Trudon grants	**2025**	**2026**	**2027**	**2028**
Trudon grant - 2023 financial year				
Vesting timelines	**—**	**100%**	**—**	**—**
Probability of meeting non-market-related criteria	**—**	**94%**	**—**	**—**

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Gyro share scheme are as follows:

	Vesting financial year			
Gyro LTIP grants	**2025**	**2026**	**2027**	**2028**
Gyro grant - 2020 financial year				
Vesting timelines	**20%**	**—**	**—**	**—**
Probability of meeting non-market-related criteria	**92%**	**—**	**—**	**—**
Gyro grant - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**—**
Probability of meeting non-market-related criteria	**92%**	**92%**	**92%**	**—**
Gyro grant 2 - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**—**
Probability of meeting non-market-related criteria	**93%**	**93%**	**93%**	**—**
Gyro grant - 2023 financial year				
Vesting timelines	**—**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**—**	**94%**	**94%**	**94%**
Gyro ESOP grants				
Gyro grant - 2022 financial year				
Vesting timelines	**100%**	**—**	**—**	**—**
Probability of meeting non-market-related criteria	**92%**	**—**	**—**	**—**
Gyro grant - 2023 financial year				
Vesting timelines	**—**	**100%**	**—**	**—**
Probability of meeting non-market-related criteria	**—**	**94%**	**—**	**—**

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Openserve share scheme are as follows:

	Vesting financial year			
Openserve LTIP grants	**2025**	**2026**	**2027**	**2028**
Openserve grant - 2023 financial year				
Vesting timelines	**—**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**—**	**94%**	**94%**	**94%**
Openserve grant - 2025 financial year				
Vesting timelines	**—**	**—**	**—**	**100%**
Probability of meeting non-market-related criteria	**—**	**—**	**—**	**40%**
Openserve ESOP grants				
Openserve grant - 2023 financial year				
Vesting timelines	**—**	**100%**	**—**	**—**
Probability of meeting non-market-related criteria	**—**	**94%**	**—**	**—**

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The probabilities were independently verified by the actuaries.

Certain BCX employees were granted shares in terms of a BCX share scheme. Based on the BCX Group achieving the performance conditions, the shares will vest between the 2025 and 2028 financial years.

Certain Trudon employees were granted shares in terms of a Trudon share scheme. Based on Trudon achieving the performance conditions, the shares will vest in the 2026 financial year. The Trudon shares will be included as part of the Telkom shares.

Certain Gyro employees were granted shares in terms of a Gyro share scheme. Based on Gyro achieving the performance conditions, the shares will vest between the 2025 and 2028 financial years.

Certain Openserve employees were granted shares in terms of an Openserve share scheme. Based on Openserve achieving the performance conditions, the shares will vest between the 2025 and 2028 financial years.

For the vesting to occur, the targets (including performance conditions) must be met. The targets are measured in each financial year after the grant date.

The weighted average remaining vesting period for all the shares outstanding as at 31 March 2025 is 0.54 years (31 March 2024: 0.89 years).

The following table illustrates the movement in the maximum number of shares that were granted to employees:

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Beginning of the year	**17 008 725**	24 025 672	**10 736 908**	16 550 047
Vested shares during the year	**(5 538 227)**	(2 629 020)	**(4 048 687)**	(2 420 247)
Forfeited shares and other movements during the year	**(5 034 117)**	(4 387 927)	**(3 146 632)**	(3 392 892)
Granted during the year	**5 682 320**	—	**4 020 506**	—
Outstanding at the end of the year	**12 118 701**	17 008 725	**7 562 095**	10 736 908

In relation to market-related performance criteria, IFRS 2 requires a fair value to be placed on employee share grants/options. Fair value is measured as the market price of the entity's share grants/options adjusted for the terms and conditions applicable to the grant/option. Since employee share grants/options are not traded, there is no market price available. For this reason, the fair value of the grants/options must be determined by using an option pricing model.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The following tables represent the assumptions used in the valuation of the share scheme:

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Telkom			
Grant 9 (2022 financial year)			
- Vesting 30 June 2024	**48.11**	**40%**	**4.98%**
- Vesting 30 June 2025	**48.11**	**40%**	**5.51%**
- Vesting 30 June 2026	**48.11**	**40%**	**6.01%**
Grant 10 (2022 financial year)			
- Vesting 30 June 2024	**47.12**	**45%**	**5.99%**
- Vesting 30 June 2025	**47.12**	**45%**	**6.53%**
- Vesting 30 June 2026	**47.12**	**45%**	**6.94%**
Grant 11 (2023 financial year)			
- Vesting 30 June 2025	**36.20**	**50%**	**7.09%**
- Vesting 30 June 2026	**36.20**	**50%**	**7.40%**
- Vesting 30 June 2027	**36.20**	**50%**	**7.69%**
Grant 11 (2) (2023 financial year)			
- Vesting 30 June 2025	**33.79**	**52%**	**7.82%**
- Vesting 30 June 2026	**33.79**	**52%**	**7.90%**
- Vesting 30 June 2027	**33.79**	**52%**	**8.04%**
Grant 12 (2025 financial year)[1]			
- Vesting 30 June 2027	**36.30**	**53%**	**7.14%**
BCX			
Grant 3 (2020 financial year)			
- Vesting 30 June 2024	**83.70**	**35%**	**7.26%**
Grant 4 (2022 financial year)			
- Vesting 30 June 2024	**48.11**	**40%**	**4.98%**
- Vesting 30 June 2025	**48.11**	**40%**	**5.51%**
- Vesting 30 June 2026	**48.11**	**40%**	**6.01%**
Grant 5 (2023 financial year)			
- Vesting 30 June 2025	**36.20**	**50%**	**7.09%**
- Vesting 30 June 2026	**36.20**	**50%**	**7.40%**
- Vesting 30 June 2027	**36.20**	**50%**	**7.69%**
Grant 5 (2) (2023 financial year)			
- Vesting 30 June 2025	**32.80**	**52%**	**7.96%**
- Vesting 30 June 2026	**32.80**	**52%**	**8.10%**
- Vesting 30 June 2027	**32.80**	**52%**	**8.25%**
Grant 6 (2025 financial year)[1]			
- Vesting 30 June 2027	**36.30**	**53%**	**7.14%**

[1] *On 10 December 2024, Telkom granted 5 682 320 shares to a certain group of employees in terms of the LTIP. The LTIP scheme provides for the granting of a fixed number of shares to eligible participating employees at the vesting date. The vesting date is 30 June 2027, at which point the award vests 100% if the performance conditions have been met and if the employee is still in the employment of the Telkom Group.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Trudon			
Grant 5 (2023 financial year)	**36.20**	**50%**	**7.09%**
Gyro			
Grant 3 (2020 financial year)			
- Vesting 30 June 2024	**93.82**	**35%**	**7.53%**
Grant 4 (2022 financial year)			
- Vesting 30 June 2024	**48.11**	**40%**	**4.98%**
- Vesting 30 June 2025	**48.11**	**40%**	**5.51%**
- Vesting 30 June 2026	**48.11**	**40%**	**6.01%**
Grant 5 (2022 financial year)			
- Vesting 30 June 2024	**47.12**	**45%**	**5.99%**
- Vesting 30 June 2025	**47.12**	**45%**	**6.53%**
- Vesting 30 June 2026	**47.12**	**45%**	**6.94%**
Grant 6 (2023 financial year)			
- Vesting 30 June 2025	**36.20**	**50%**	**7.09%**
- Vesting 30 June 2026	**36.20**	**50%**	**7.40%**
- Vesting 30 June 2027	**36.20**	**50%**	**7.69%**
Openserve			
Grant 1 (2023 financial year)			
- Vesting 30 June 2025	**36.20**	**50%**	**7.09%**
- Vesting 30 June 2026	**36.20**	**50%**	**7.40%**
- Vesting 30 June 2027	**36.20**	**50%**	**7.69%**
Grant 2 (2025 financial year)[1]			
- Vesting 30 June 2027	**36.30**	**53%**	**7.14%**

[1] *On 10 December 2024, Telkom granted 5 682 320 shares to a certain group of employees in terms of the LTIP. This LTIP scheme provides for the granting of a fixed number of shares to eligible participating employees at the vesting date. The vesting date is 30 June 2027, at which point the award vests 100% if the performance conditions have been met and if the employee is still in the employment of the Telkom Group.*

The key performance indicators related to all the share scheme grants are headline earnings per share, free cash flow, return on invested capital, social impact, emissions and total shareholder return.

The share price volatility is based on the five-year average volatility observed for the Telkom share price.

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties

11.1 Directors' interest and Prescribed Officers

	Group and Company			
	Beneficial		Non-Beneficial	
Directors' shareholding	**Direct**	**Indirect**	**Direct**	**Indirect**
Number of shares				
2025				
Executive				
S Taukobong (Group Chief Executive Officer)	**265 689**	—	—	—
N Dlamini (Group Chief Financial Officer)	—	—	—	—
	265 689	—	—	—
Non-executive				
B Kennedy	**200**	—	—	—
K Rayner	**2 500**	—	—	—
	2 700	—	—	—

There has been no change in the above since 31 March 2025 to the date of approval of the annual financial statements.

2024				
Executive				
S Taukobong (Group Chief Executive Officer)	47 857	—	—	—
DJ Reyneke (Group Chief Financial Officer)	9 377	—	—	—
N Dlamini (Group Chief Financial Officer)	—	—	—	—
	57 234	—	—	—
Non-executive				
B Kennedy	200	—	—	—
	200	—	—	—

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

	Group and Company				
Emoluments per director:	**Retainer fees** R	**Committee fees** R	**Performance bonus** R	**Fringe and other benefits** R	**Total** R
2025					
Non-executive	**8 261 582**	**5 657 538**	**—**	**—**	**13 919 120**
MG Qhena	**2 120 083**	**—**	**—**	**—**	**2 120 083**
PCS Luthuli	**493 500**	**565 838**	**—**	**—**	**1 059 338**
LL Von Zeuner[1]	**195 833**	**256 250**	**—**	**—**	**452 083**
S Sibisi	**493 500**	**396 026**	**—**	**—**	**889 526**
KA Rayner	**493 500**	**817 984**	**—**	**—**	**1 311 484**
H Singh	**493 500**	**527 633**	**—**	**—**	**1 021 133**
O Ighodaro	**493 500**	**603 863**	**—**	**—**	**1 097 363**
E Matenge-Sebesho	**493 500**	**515 083**	**—**	**—**	**1 008 583**
IO Selele	**493 500**	**354 909**	**—**	**—**	**848 409**
B Kennedy	**493 500**	**669 458**	**—**	**—**	**1 162 958**
KP Lebina	**493 500**	**462 922**	**—**	**—**	**956 422**
SH Yoon	**771 750**	**293 438**	**—**	**—**	**1 065 188**
M Msimang[2]	**366 208**	**97 067**	**—**	**—**	**463 275**
M Booi[2]	**366 208**	**97 067**	**—**	**—**	**463 275**

	Remuneration[3] R	**Performance bonus** R	**Fringe and other benefits** R	**Total** R
Executives who held office during 31 March 2025	**16 747 500**	**16 142 461**	**12 589**	**32 902 550**
S Taukobong (Group Chief Executive Officer)	**9 922 500**	**10 000 000**	**12 293**	**19 934 793**
N Dlamini (Group Chief Financial Officer)	**6 825 000**	**6 142 461**	**296**	**12 967 757**
Total emoluments - paid by Telkom				**46 821 670**

[1] *Retired with effect from 20 August 2024.*

[2] *Appointed with effect from 1 July 2024.*

[3] *Remuneration includes basic salary, company contribution to the TRF and flexible benefits.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

	Group and Company				
	Retainer fees	Attendance fees	Performance bonus	Fringe and other benefits	Total
Emoluments per Director	R	R	R	R	R
2024					
Non-executive	7 949 334	5 033 314	—	—	12 982 648
MG Qhena	2 069 039	—	—	—	2 069 039
PCS Luthuli	470 000	465 000	—	—	935 000
LL Von Zeuner	470 000	615 000	—	—	1 085 000
S Sibisi	470 000	300 000	—	—	770 000
KA Rayner	470 000	710 000	—	—	1 180 000
H Singh	470 000	365 000	—	—	835 000
O Ighodaro	470 000	300 000	—	—	770 000
E Matenge-Sebesho	470 000	510 000	—	—	980 000
IO Selele	470 000	260 000	—	—	730 000
B Kennedy	470 000	550 000	—	—	1 020 000
KP Lebina	470 000	365 000	—	—	835 000
SH Yoon	735 000	300 000	—	—	1 035 000
N Ford-Hoon	210 295	163 314	—	—	373 609
M Nyati	235 000	130 000	—	—	365 000
		Remuneration[1]	Performance bonus	Fringe and other benefits	Total
		R	R	R	R
Executives who held office during 31 March 2024		15 693 467	3 517 809	20 587	19 231 863
S Taukobong (Group Chief Executive Officer)		9 450 000	2 972 575	12 293	12 434 868
DJ Reyneke (Group Chief Financial Officer)		4 076 800	—	8 195	4 084 995
N Dlamini (Group Chief Financial Officer)		2 166 667	545 234	99	2 712 000
Total emoluments - paid by Telkom					32 214 511

[1] *Remuneration includes basic salary, company contribution to the TRF and flexible benefits.*

Refer to the remuneration report for appointments and resignations.

Included in fringe and other benefits is motor car insurance for S Taukobong of R11 997.

S Taukobong was granted 418 002 shares (31 March 2024: nil shares) and the total IFRS 2 expense was R7 296 183 (31 March 2024: R5 750 929). N Dlamini was granted 311 036 shares and the total IFRS 2 expense was R1 608 056. The IFRS 2 expense includes previously granted shares. The Group reassessed the estimated number of shares that will vest for executives based on the current performance against vesting targets.

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

	Group and Company				
	Remuneration[1]	Incentive bonus	Fringe and other benefits[2]	Total	Pension - TRF 13%[3]
Emoluments per Prescribed Officer:	R	R	R	R	R
2025					
AC Beukes[4]	**5 985 000**	**—**	**7 466 350**	**13 451 350**	**544 635**
PJ Bogoshi	**5 956 856**	**2 251 937**	**296**	**8 209 089**	**580 794**
NM Lekota	**4 656 161**	**4 190 767**	**296**	**8 847 224**	**488 897**
L Siyo	**6 001 338**	**5 679 695**	**12 293**	**11 693 326**	**348 078**
DJ Reyneke	**6 420 960**	**4 367 627**	**12 293**	**10 800 880**	**726 211**
S Mmakau[5]	**4 250 000**	**3 940 910**	**908 629**	**9 099 539**	**331 500**
M McNamee[6]	**2 855 244**	**2 740 642**	**2 999**	**5 598 885**	**225 165**
Total emoluments - granted by Telkom	**36 125 559**	**23 171 578**	**8 403 156**	**67 700 293**	**3 245 280**

	Group and Company				
	Remuneration[1]	Incentive bonus	Fringe and other benefits[2]	Total	Pension - TRF 13%[3]
Emoluments per Prescribed Officer:	R	R	R	R	R
2024					
AC Beukes	5 700 000	1 448 296	12 292	7 160 588	518 700
PJ Bogoshi	5 783 355	967 553	296	6 751 204	563 877
NM Lekota	4 351 552	1 269 718	296	5 621 566	456 913
LTS Maloba	4 119 500	—	2 337 481	6 456 981	348 098
L Siyo	5 608 727	1 760 996	12 292	7 382 015	325 306
DJ Reyneke	4 076 800	1 643 795	8 195	5 728 790	461 086
Total emoluments - granted by Telkom	29 639 934	7 090 358	2 370 852	39 101 144	2 673 980

[1] *Remuneration includes basic salary and has been apportioned based on the period served by prescribed officers. Comparative information has been provided for members identified as prescribed officers.*

[2] *Fringe and other benefits include motor car insurance, relocation benefits, separation packages, notional completion bonuses and leave payments.*

[3] *The pension contribution is a company contribution.*

[4] *Resigned effective 13 December 2024.*

[5] *Appointed as the Chief Digital Officer effective 1 April 2024.*

[6] *Appointed as the Chief of Corporate Affairs effective 15 July 2024.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

Share allocation per Prescribed Officer:	Total vested shares year to date	Number of shares FY2019/20	Number of shares FY2020/21	Number of shares FY2021/22	Number of shares FY2022/23	Number of shares FY2024/25	IFRS 2 expense R
2025							
AC Beukes	**365 884**	**36 275**	**505 561**	**99 344**	**99 419**	**—**	**1 937 277**
PJ Bogoshi	**425 139**	**63 364**	**517 998**	**291 284**	**100 872**	**83 648**	**3 267 580**
NM Lekota	**278 070**	**46 583**	**380 816**	**76 230**	**75 899**	**130 766**	**2 234 598**
L Siyo	**316 489**	**37 106**	**404 449**	**171 051**	**97 827**	**168 544**	**2 908 063**
DJ Reyneke	**259 282**	**14 900**	**345 893**	**108 146**	**106 660**	**108 198**	**2 194 743**
S Mmakau	**—**	**—**	**—**	**—**	**—**	**119 359**	**617 086**
M McNamee	**—**	**—**	**—**	**—**	**—**	**112 338**	**580 787**
	1 644 864	**198 228**	**2 154 717**	**746 055**	**480 677**	**722 853**	**13 740 134**

Share allocation per Prescribed Officer:	Total vested shares year to date	Number of shares FY2017/18	Number of shares FY2018/19	Number of shares FY2019/20	Number of shares FY2020/21	Number of shares FY2021/22	Number of shares FY2022/23	IFRS 2 expense R
2024								
AC Beukes	413 257	—	45 455	36 275	505 561	99 344	99 419	2 158 495
PJ Bogoshi	422 368	—	62 611	63 364	517 998	291 284	100 872	3 553 676
NM Lekota	394 544	67 994	46 542	46 583	380 816	76 230	75 899	1 734 221
LTS Maloba	407 859	—	22 085	46 356	404 449	79 475	78 384	1 290 533
L Siyo	285 416	—	—	37 106	404 449	171 051	97 827	2 460 848
DJ Reyneke	331 089	17 693	24 221	14 900	345 893	108 146	106 660	1 658 395
	2 254 533	85 687	200 914	244 584	2 559 166	825 530	559 061	12 856 168

11.2 Related party transactions and balances

The South African Government, represented by the Department of Communication and Digital Technologies, exercises significant influence over the Group. Telkom is classified as a schedule 2 major public entity in terms of the Public Finance Management Act. Telkom is part of the national sphere of government, and its related parties in that sphere include national departments, constitutional institutions and public entities (schedule 1, 2 and 3). Telkom is therefore related to major public entities, national government departments and all other entities within the national sphere of government. A list of related parties is provided by National Treasury on its website (www.treasury.gov.za).

Related parties include subsidiaries and associates of the Group. It also includes Directors and key management personnel of Telkom and close family members of these related parties. Key management personnel and Directors for Telkom include the Group's Board of Directors and Exco.

The Group has applied the exemption in IAS 24 paragraph 25 in respect of related party transactions and outstanding balances with government-related entities. The nature of the Group's transactions with these entities are within the ordinary course of operations.

	Group		Company	
Details of material transactions and balances with related parties not disclosed separately in the financial statements were as follows:	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
With national entities:				
Related party transactions				
Spectrum	—	972	—	972

At 31 March 2025, the Government of South Africa held 40.5% (31 March 2024: 40.5%) of Telkom's shares and had the ability to exercise significant influence, and the Public Investment Corporation held 8.44% (31 March 2024: 15.89%) of Telkom's shares.

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.2 Related party transactions and balances continued

	Company	
	31 March 2025 Rm	31 March 2024 Rm
With subsidiaries:		
Business Connexion Group Ltd		
Related party balances		
Trade receivables	**206**	184
Other receivables	**45**	325
Trade and other payables	**(1 487)**	(1 306)
Related party transactions		
Revenue and other income	**(640)**	(498)
Expenses	**620**	643
Interest expense	**—**	62
Dividend received	**(279)**	(2 436)
Openserve (Pty) Ltd		
Related party balances		
Other receivables	**639**	1 097
Loans, preference shares and other facilities	**8 743**	8 719
Trade and other payables	**(625)**	(631)
Related party transactions		
Revenue and other income	**(800)**	(747)
Expenses	**5 286**	5 716
Interest received	**(903)**	(932)
Trudon (Pty) Ltd		
Related party balances		
Trade and other payables	**(7)**	(12)
Swiftnet SOC Ltd[1]		
Related party balances		
Other receivables	**—**	39
Loans, preference shares and other facilities	**—**	356
Trade and other payables	**—**	(106)
Related party transactions		
Expenses	**339**	260
Dividend received	**(365)**	(483)
Interest received	**(35)**	(37)
Interest expense	**1**	3
Acajou Investments (Pty) Ltd t/a VS Gaming		
Related party balances		
Other receivables	**(92)**	(92)
Trade and other payables	**92**	92
Telkom Foundation		
Related party balances		
Trade and other payables	**(12)**	(11)
Related party transactions		
Expenses	**55**	64
Interest expense	**2**	2

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.2 Related party transactions and balances continued

	Company	
	31 March 2025 Rm	31 March 2024 Rm
Gyro Group (Pty) Ltd		
Related party balances		
Trade receivables	**8**	(16)
Other receivables	**38**	8
Trade and other payables	**(116)**	(143)
Related party transactions		
Expenses	**—**	2
Other income	**(92)**	—
Interest expense	**5**	5
Dividend received	**—**	(240)
Gyro Properties (Pty) Ltd		
Related party balances		
Other receivables	**13**	4
Trade and other payables	**(20)**	(21)
Related party transactions		
Expenses	**—**	8
Interest expense	**2**	3
Dividend received	**(586)**	(107)

[1] *Swiftnet was sold effective 31 January 2025. Refer to notes 2.5.3 and 12.2 for details.*

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Key management personnel compensation (including Directors and Prescribed Officers' remuneration):				
Related party transactions				
Short-term employee benefits	**270**	198	**208**	162
Post-employment benefits	**15**	11	**11**	10
Termination benefits	**9**	6	**7**	6
Equity compensation benefits	**21**	35	**24**	32

Terms and conditions of transactions and balances with related parties

Except as indicated above, outstanding balances at 31 March 2025 are unsecured, include interest and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Except as indicated above, for the year ended 31 March 2025, the Group has not impaired any of the amounts owed by the related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition

12.1 Group interest in subsidiaries and associates

Set out below is a list of the significant subsidiaries and associates of the Group at 31 March 2025, held directly by Telkom SA SOC Ltd. Unless otherwise stated, the entities as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interest held equals to the voting rights held by the Group.

	Country of incorporation	Issued share capital 2025 R	Interest in issued ordinary share capital 2025 %	Ownership interest held by non-controlling interest 2025 %	Issued share capital 2024 R	Interest in issued ordinary share capital 2024 %	Ownership interest held by non-controlling interest 2024 %
Business Connexion Group Ltd	RSA	**2 280 500**	**100**	**—**	2 280 500	100	—
Openserve (Pty) Ltd	RSA	**11 212 194 372**	**100**	**—**	11 212 194 372	100	—
Trudon (Pty) Ltd	RSA	**100 000**	**100**	**—**	100 000	100	—
Rossal No 65 (Pty) Ltd	RSA	**100**	**100**	**—**	100	100	—
Acajou Investments (Pty) Ltd t/a VS Gaming	RSA	**100**	**100**	**—**	100	100	—
Swiftnet SOC Ltd[1]	RSA	**—**	**—**	**—**	5 000 000	100	—
Number Portability Company[2]	RSA	**100**	**20**	**—**	100	20	—
Gyro Properties (Pty) Ltd	RSA	**100**	**100**	**—**	100	100	—
Gyro Group (Pty) Ltd	RSA	**100**	**100**	**—**	100	100	—

[1] *Telkom sold its 100% shareholding in Swiftnet. Refer to note 12.2 for details.*

[2] *There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.*

	31 March 2025	31 March 2024
The disclosure of the interest in Number Portability Company is as follows:	**Rm**	Rm
Closing carrying value	**12**	12

The total non-controlling interest for the year is R16 million (31 March 2024: R21 million) and relates to Business Connexion and Trudon and is not considered material to the Group.

Interest in operating profits, before eliminations, from subsidiaries	Revenue	EBITDA	EBIT	Net profit/ (loss)
2025	**Rm**	**Rm**	**Rm**	**Rm**
Business Connexion Group Ltd	**12 345**	**1 189**	**599**	**406**
Openserve (Pty) Ltd	**12 349**	**4 005**	**1 525**	**363**
Swiftnet SOC Ltd[1]	**1 221**	**912**	**819**	**576**
Telkom Foundation[2]	**74**	**5**	**5**	**7**
Gyro Properties (Pty) Ltd	**8**	**544**	**534**	**453**
Gyro Group (Pty) Ltd	**161**	**(12)**	**(24)**	**(19)**
2024				
Business Connexion Group Ltd	12 915	1 348	849	532
Openserve (Pty) Ltd	12 511	3 952	1 428	160
Swiftnet SOC Ltd[1]	1 321	990	919	659
Telkom Foundation[2]	64	(9)	(9)	(7)
Gyro Properties (Pty) Ltd	59	8	—	3
Gyro Group (Pty) Ltd	274	76	66	54

[1] *Telkom sold its 100% shareholding in Swiftnet effective 31 January 2025. The above interest in operating profits, before eliminations, is for a period of 10 months up until 31 January 2025. Refer to note 12.2.*

[2] *Non-profit making trust.*

None of the Group's equity-accounted investees are publicly listed entities and consequently do not have published price quotations.

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition continued

12.2 Changes in shareholding

Disposal of Swiftnet

In March 2024, Telkom SA SOC Ltd entered into a sale agreement to dispose of its entire equity shares in Swiftnet to TowerCo BidCo. Prior to the disposal, Telkom held 100% of the shares in Swiftnet. Telkom lost its control of Swiftnet through the sale of its 100% equity shareholding to TowerCo BidCo on 31 January 2025. The gain on disposal of Swiftnet is recognised in profit from discontinued operation for Group and other income for Company in the statement of profit or loss and other comprehensive income. The Group and Company recognised a gain on disposal of R4 408 million and R4 998 million, respectively. Refer to notes 3.3 and 12.3.

TowerCo BidCo paid R6 618 million as the cash consideration and R21 million as the non-cash consideration for the purchase of the shares and loan claims of the Swiftnet loan from Telkom Company. Of the R6 618 million, R6 259 million related to the purchase of the shares while the balance related to the settlement of the loan. The consideration received is applied firstly against the loan claims and the balance to the equity interest sold in Swiftnet. Refer to note 7.2.2.

The carrying amounts of major classes of assets and liabilities disposed as at 31 January 2025 are as follows:

	31 January 2025 Rm
Assets	**2 284**
Property, plant and equipment	**1 563**
Right-of-use assets	**250**
Intangible assets	**11**
Trade and other receivables	**283**
Cash and cash equivalents	**177**
Liabilities	**649**
Lease liabilities	**243**
Deferred taxation	**61**
Trade and other payables	**230**
Provisions	**2**
Deferred revenue	**41**
Current tax liability	**72**

The gain on disposal of Swiftnet is calculated as follows for the Telkom Group and Company:

	Group 31 March 2025 Rm	Company 31 March 2025 Rm
Cash consideration received	**6 618**	**6 618**
Non-cash consideration received	**21**	**21**
Final consideration adjustment	**(19)**	**(19)**
Investment in Swiftnet (refer to note 7.2.1)	**—**	**(1 239)**
Settlement of loan to Swiftnet (refer to note 7.2.2)	**—**	**(359)**
Telkom assets derecognised	**(24)**	**(24)**
Swiftnet assets derecognised	**(2 284)**	**—**
Swiftnet liabilities derecognised	**649**	**—**
Group consolidation adjustments	**(553)**	**—**
Total gain on disposal of Swiftnet before taxation	**4 408**	**4 998**
Taxation on gain on disposal of Swiftnet	**(61)**	**(203)**
Total gain on disposal of Swiftnet after taxation (refer to note 3.3 for Company)	**4 347**	**4 795**

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition continued

12.3 Discontinued operation

Non-current assets held for sale

During the 2023 financial year, the Telkom Board approved the disposal of Swiftnet SOC Ltd (Swiftnet), a 100% owned subsidiary. The disposal is part of the Group's Value Unlock Strategy, which aims at realising the intrinsic value of the underlying business.

Swiftnet was classified as held for sale and a discontinued operation in the 2024 financial year and has successfully been sold in the current financial year, effective 31 January 2025. Refer to note 12.2 for further details. Therefore, as at 31 March 2025, Swiftnet is no longer a disposal group classified as held for sale.

Discontinued operation assessment

In addition to being classified as held for sale in 2024, it was confirmed that Swiftnet is a separate component of Telkom and represents a separate major line of business and therefore met the discontinued operation classification until 31 January 2025 prior to its disposal.

Consequently, Swiftnet's operating results (revenue and expenses) have been separately disclosed as a single line item in the consolidated statement of profit or loss and other comprehensive income for the 10-month period from 1 April 2024 to 31 January 2025.

	31 January 2025	31 March 2024
Statement of profit or loss and other comprehensive income	**Rm**	Rm
Operating revenue	**692**	767
Gain on disposal of Swiftnet (refer to notes 3.3 and 12.2)	**4 408**	—
Other expenses	**1**	—
Maintenance	**(1)**	(2)
Employee expenses	**(23)**	—
Impairment of receivables	**—**	4
Service fees	**(150)**	(152)
Lease-related expenses	**(2)**	(4)
EBITDA	**4 925**	613
Depreciation of property, plant and equipment	**—**	(20)
Depreciation of right-of-use assets	**—**	(12)
Amortisation of intangible assets	**—**	(3)
Write-offs and impairments of property, plant and equipment and intangible assets	**(5)**	(1)
Operating profit	**4 920**	577
Investment income	**13**	24
Net finance charges and fair value movements	**(14)**	(16)
Profit from discontinued operation before taxation	**4 919**	585
Taxation	**(199)**	(158)
Profit from discontinued operation[1]	**4 720**	427

[1] *Presented net of intercompany transactions between Swiftnet and other Telkom Group entities.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition continued

12.3 Discontinued operation continued

Statement of financial position	31 March 2024 Rm
The carrying amount of assets and liabilities in this disposal group for the prior year is as follows:	
Assets	
Non-current assets	1 551
Property, plant and equipment	1 360
Right-of-use assets	179
Intangible assets	12
Current assets	418
Trade and other receivables	224
Cash and cash equivalents	192
Income tax receivable	2
Assets included in disposal group classified as held for sale	1 969
Liabilities	
Non-current liabilities	189
Lease liabilities	141
Deferred taxation	48
Current liabilities	292
Trade and other payables	219
Lease liabilities	39
Deferred revenue	34
Liabilities included in disposal group classified as held for sale	481

Statement of cash flows	31 January 2025 Rm	31 March 2024 Rm
Cash flows generated by Swiftnet for the reporting period under review are as follows:		
Cash flows from operating activities	**405**	14
Cash flows utilised for investing activities	**(398)**	(210)
Cash flows from financing activities	**(22)**	(20)
Net decrease in cash and cash equivalents from discontinued operation	**(15)**	(216)
Cash and cash equivalents at 1 April	**192**	408
Net cash and cash equivalents at the end of the year of the discontinued operation	**177**	192

	31 March 2024 Rm
Investment in Swiftnet SOC Ltd disclosed as an asset held for sale	1 239

Notes to the annual financial statements continued

for the year ended 31 March 2025

13. Significant events

Results of the Telkom AGM regarding Directors' reappointments
On 20 August 2024, the following Board members were elected or re-elected as per the AGM ordinary resolutions:

- M Booi
- B Kennedy
- KP Lebina
- EG Matenge-Sebesho
- M Msimang
- H Singh

Vesting of shares
In terms of the Telkom share scheme rules and IFRS 2 (Share-based Payments), 531 699 shares vested to Mr S Taukobong and will be exercised after the closed period and no shares vested to Ms N Dlamini in June 2024.

Retirement of Non-executive Director
Telkom announced on 14 June 2024 that Mr LL Von Zeuner, an independent Non-executive Director, had retired from the Board with effect from 20 August 2024.

Appointment of Non-executive Directors
Telkom announced on 14 June 2024 that Mr M Booi and Ms M Msimang had been appointed to the Board of Directors as independent Non-executive Directors with effect from 1 July 2024.

14. Events after the reporting date

Interest-bearing debt repayment
During the period between 25 April 2025 and 16 May 2025, Telkom repaid a sum of R4.75 billion of different interest-bearing debt using the Swiftnet proceeds. The debt repaid was a combination of maturing debt and prepayment of other bi-lateral term facilities.

Dividend declaration
On 6 June 2025, the Board approved an ordinary dividend of R833 million (R1.63 per share) and a special dividend of R500 million (R0.98 per share) for FY2025.

Other matters
The Directors are not aware of any other matter or circumstance since the financial year ended 31 March 2025 and the date of this report, or otherwise dealt with in the annual financial statements, which significantly affects the financial position of the Group and the results of its operations.

Annexures to the financial statements 3

Annexure A – Shareholder analysis	140
Abbreviations	142
Administration	143



Annexure A – Shareholder analysis

	Number of shareholders	Percentage	Holdings	Percentage
Range of shareholders				
1 - 100 shares	59 823	71.33	1 902 242	0.37
101 - 1 000 shares	21 168	25.24	5 621 365	1.10
1 001 - 10 000 shares	2 241	2.67	6 037 076	1.18
10 001 - 50 000 shares	327	0.39	7 446 029	1.46
50 001 - 100 000 shares	92	0.11	6 669 220	1.30
100 001 - 1 000 000 shares	159	0.19	49 311 925	9.65
1 000 001 shares and over	55	0.07	434 152 382	84.94
	83 865	100	511 140 239	100
Type of shareholder				
Banks/brokers	78	0.09	86 135 672	16.85
Close corporations	31	0.04	48 723	0.01
Endowment funds	90	0.11	288 368	0.06
Individuals	80 707	96.23	16 389 377	3.21
Insurance companies	36	0.04	9 490 573	1.86
Investment companies	3	—	1 227 557	0.24
Medical schemes	20	0.02	1 030 741	0.20
Mutual funds	239	0.28	87 326 390	17.08
Other corporations	119	0.14	207 098 437	40.52
Private companies	139	0.17	1 017 932	0.20
Sovereign Wealth Funds	4	—	1 007 944	0.20
Retirement funds	299	0.36	74 847 956	14.64
Telkom treasury stock	4	—	22 652 020	4.43
Trusts	2 096	2.50	2 578 549	0.50
	83 865	100	511 140 239	100
Geographical holdings by owner				
South Africa	83 650	99.74	440 170 953	86.12
United States	42	0.05	49 493 994	9.68
United Kingdom	25	0.03	9 599 474	1.88
Europe	32	0.04	6 988 202	1.37
Other	116	0.14	4 887 616	0.96
	83 865	100	511 140 239	100

	Holdings	%
Beneficial shareholders of more than 2%		
Government of the Republic of South Africa	207 038 059	40.51
Government Employees Pension Fund	43 136 835	8.44
PSG Financial Services	23 401 061	4.58
Telkom SA Soc Ltd	22 652 020	4.43
M&G Investments	13 385 561	2.62
Old Mutual	16 318 291	3.19
	325 931 827	63.77
Foreign custodians holding 2% or more		
Citibank (Custodian)	17 716 154	3.47
State Street Bank & Trust Co (Custodian)	12 819 603	2.51
	30 535 757	5.98

Annexure A – Shareholder analysis continued

Public and non-public shareholders	Number of shareholders	Percentage	Holdings	Percentage
Non-public shareholders	**17**	**0.01**	**229 917 152**	**44.98**
Government of the Republic of South Africa	**1**	**0.00**	**207 038 058**	**40.51**
Government buffer account	**1**	**0.00**	**9 461**	**0.00**
Telkom Treasury Stock	**4**	**0.00**	**22 652 020**	**4.43**
Executive and Non-executive Directors and Prescribed Officers[1]	**4**	**0.00**	**57 434**	**0.01**
Subsidiaries' Directors[1]	**7**	**0.01**	**160 179**	**0.03**
Public shareholders				
Institutional and retail investors	**83 848**	**99.98**	**281 223 087**	**55.02**
	83 865	**100**	**511 140 239**	**100**

[1] *Directors' holdings comprise direct and indirect beneficial holdings.*

The information above is based on registered shareholders, except where only beneficial shareholders' information was available as at 31 March 2025.

Abbreviations

AGM	Annual General Meeting
ASA	Additional share award
BCX	Business Connexion (Pty) Ltd
B-BBEE	Broad-Based Black Economic Empowerment
CAE	Chief Internal Audit Executive
Capex	Capital expenditure
CGU	Cash-generating unit
CODM	Chief operating decision maker
CPI	Consumer price index
CPE	Customer premises equipment
CWIP	Capital work in progress
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation, write-offs, impairments and losses
ECA	Export Credit Agency
ESD	Enterprise and supplier development
ESOP	Employee share ownership plan
Exco	Group Executive Committee
FCF	Free cash flow
FEC	Foreign exchange contract
FSCA	Financial Sector Conduct Authority
FSP	Forfeitable share plan
FVTPL	Fair value through profit or loss
GCFO	Group Chief Financial Officer
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board of Auditors
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LTIP	Long-term incentive plan
MFRF	Mutual and Federal Risk Finance
Opex	Operating expenses
PABX	Private automatic branch exchange
POTN	Packet Optical Transport Network
ROU	Right-of-use
SAA	Strategic asset allocation
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SIU	Special Investigating Unit
SMB	Small and Medium Business
SMME	Small, medium and micro enterprise
SMS	Short Message Service
TKG	The Telkom Group's JSE share code
TRF	Telkom Retirement Fund
USD	United States dollar
VAT	Value-Added Tax
ZARONIA	South African Rand Overnight Index Average

Administration

Company registration number
1991/005476/30

Head office
61 Oak Avenue
Centurion, 0157

Postal address
Telkom SA SOC Ltd
Private Bag X881
Pretoria, 0001

Telkom register helpline
0861 100 948

Group Company Secretary
Ephy Motlhamme
Tel: +27 12 311 0345
secretariat@telkom.co.za

Investor relations
Nondyebo Mqulwana
Tel: +27 12 311 1041
telkomir@telkom.co.za

Auditor
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Jukskei View, 2090
Tel: +27 11 797 4000

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
Private Bag X9000,
Saxonwold, 2132

Sponsor
Nedbank Corporate and Investment Banking
a division of Nedbank Ltd
135 Rivonia Road
Sandown
Sandton, 2196

United States ADR depository
The Bank of New York Mellon
Shareholder Relations Department
PO Box 11258
New York
NV 10286-1258
Tel: +1 888 643 4269
Shareowner-svcs@bankofny.com




Telkom
Consumer
open serve
BCX
Gyro