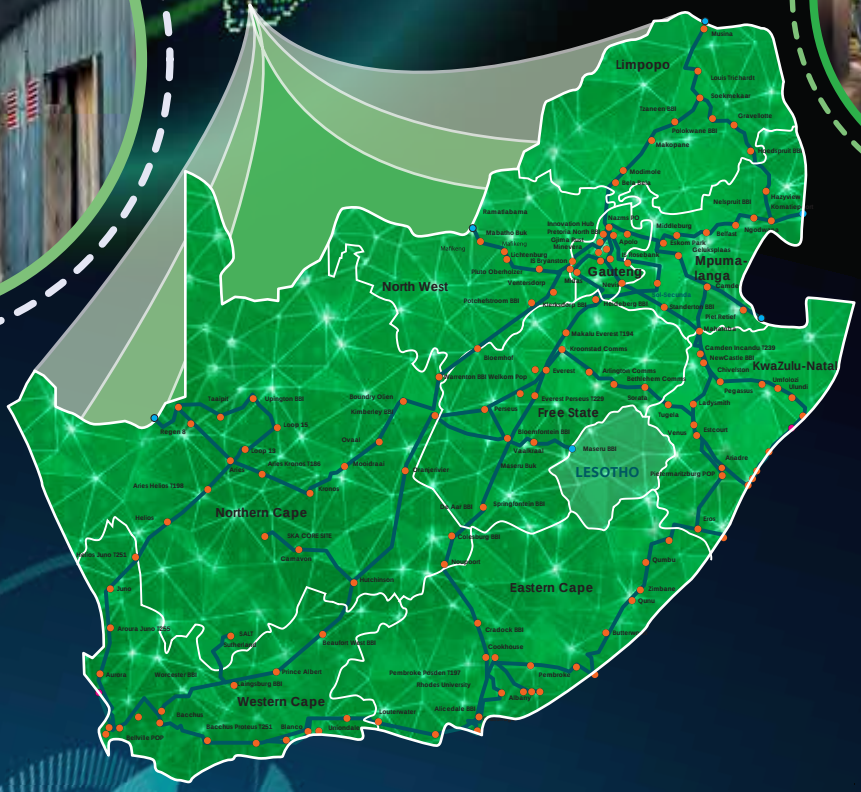
Broadband Infraco

Connect. **Growth, UNLOCKED.**

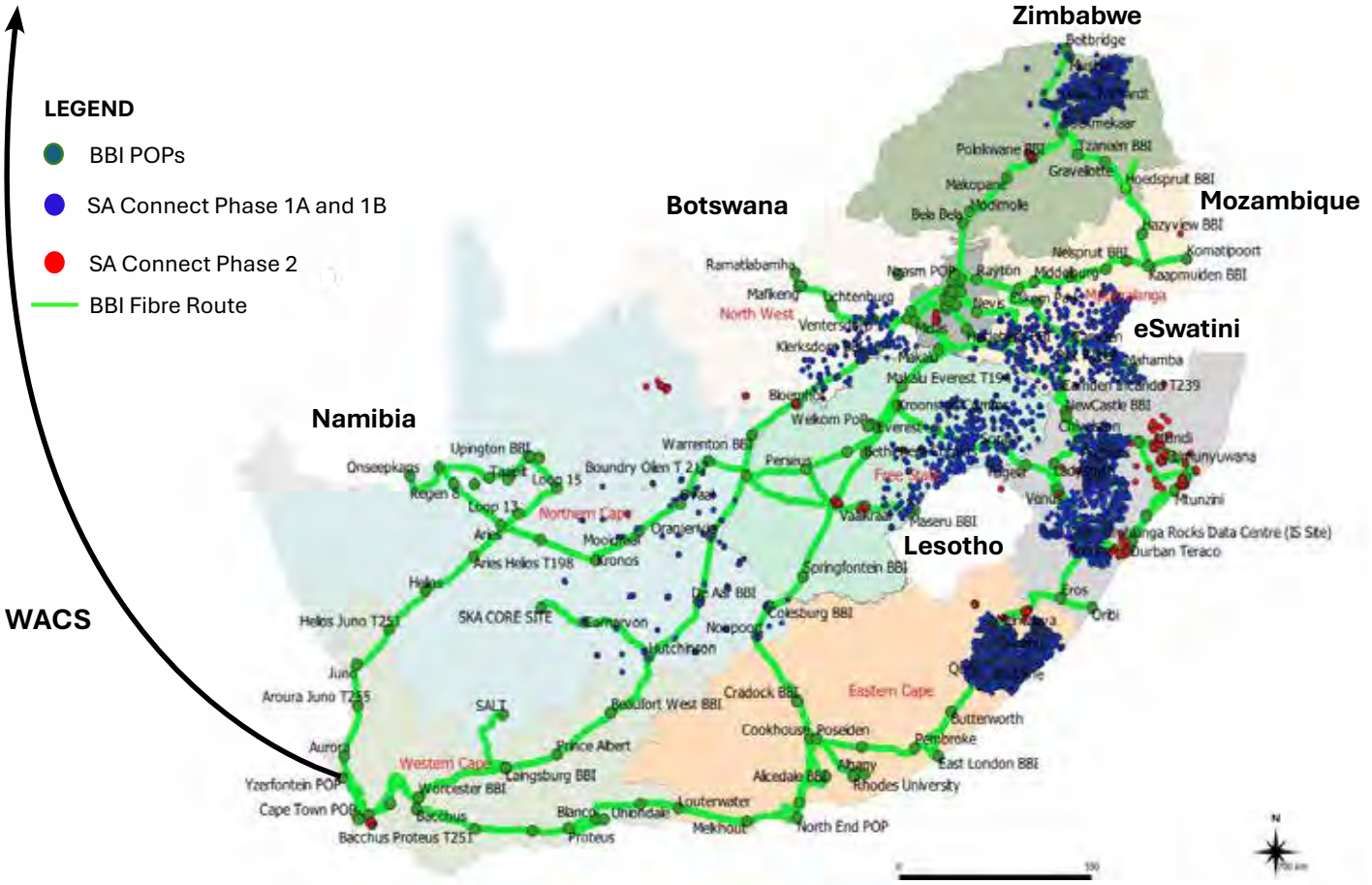


Bridging Digital Divides... Accelerating National Connectivity

INTEGRATED ANNUAL REPORT 2024/25

Bridging Digital Divides...
Accelerating National Connectivity

SA CONNECT


LEGEND
BBI POPs
SA Connect Phase 1A and 1B
SA Connect Phase 2
BBI Fibre Route
WACS
Zimbabwe
Botswana
Namibia
Mozambique
eSwatini
Lesotho
Polokwane BBI
Tzaneen BBI
Gravelotte
Hoedspruit BBI
Makopane
Modimolle
Bela Bela
Hazyview BBI
Nelspruit BBI
Komatipoort
Kaapmuiden BBI
Ramatlabama
Naasm POP
Rayton
Middelburg
Mafikeng
Lichtenburg
North West
Klerksdorp
Makalu Everest T194
Ashamba
Camden Ulundi T239
NewCastle BBI
Bloemfontein
Welkom POP
Warrenton BBI
Upington BBI
Onseepkans
Boundry Olem T 2.1
Loop 15
Loop 13
Northern Cape
Orangia
Aries
Aries Helios T198
Kronos
Helios
Helios Juno T251
SKA CORE SITE
Carnarvon
Hutchinson
Juno
Aroura Juno T255
SALT
Beaufort West BBI
Springfontein BBI
Colesburg BBI
Noupoort
Cradock BBI
Eastern Cape
Cookhouse Poseden
Butterworth
Pemboroke
East London BBI
Rhodes University
Aurora
Prince Albert
Western Cape
Langsburg BBI
Worcester BBI
Yzerfontein POP
Cape Town POP
Bacchus
Bacchus Proteus T251
Proteus
Melkhout
North End POP
Paseru BBI
Durban Teraco
Eros
Oribi
Mtunzini

Directors' Approval: Statement of Responsibility

The Board of Directors of Broadband Infraco SOC Ltd (BBI) acknowledges its responsibility for overseeing the integrity and completeness of this Integrated Annual Report (IAR) for the financial year (FY) ended 31 March 2025.

In line with the principles of the King IV™ Code and the International Integrated Reporting (<IR>) Framework, the Board has applied its collective mind to the preparation and presentation of the report. It confirms that the report fairly presents BBI's strategy, performance, governance, and material risks and opportunities in the context of sustainable value creation.

The Board is satisfied with the following:

- All material matters have been appropriately disclosed,
- The reported performance information is reliable, based on a combined assurance process, and
- The report provides stakeholders with a balanced and informed view of BBI's ability to deliver long-term value.

A summary of the key frameworks and standards adhered to in our reporting is contained on pages 16 and 95.

The Board, after considering the completeness of the material matters addressed and the reliability of information presented based on the integrated assurance process followed, approved the 2025 IAR and Annual Financial Statements on 31 July 2025.

Signed by:

Ms Zandile Kabini
Chairperson:
Board

Ms Bojane Segooa
Chairperson:
Audit and Risk Committee

Mr Patrick Makape
Chairperson:
Investment Financing and Procurement Committee

Ms Mathapelo Mzizi
Chairperson:
Human Resources and Remuneration Committee

Ms Ulandi Exner
Chairperson:
Technology Knowledge, and Information Management Committee

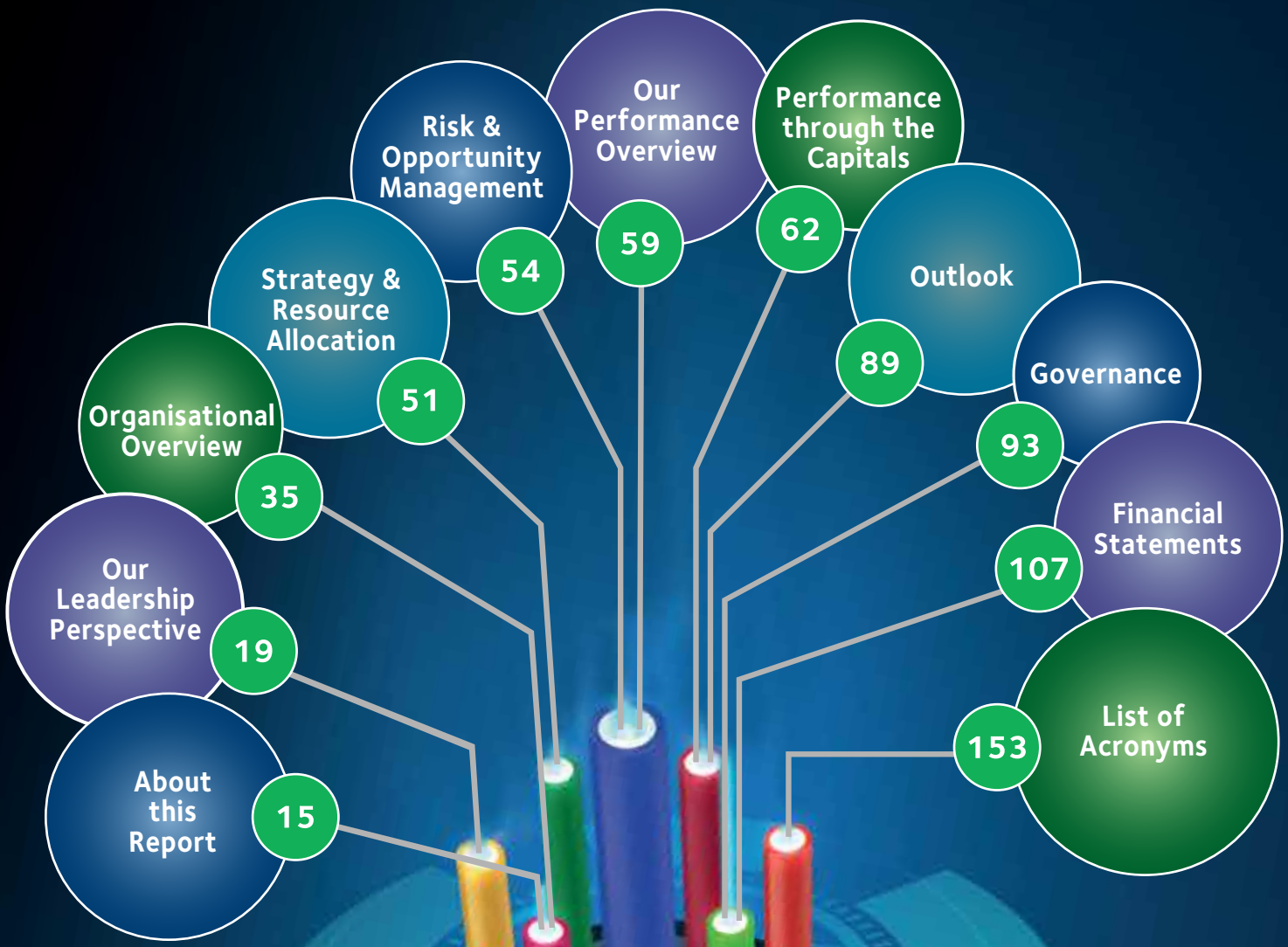
Mr Lungile Mabece
Chairperson:
Social and Ethics Committee

Mr Ithembekil'nkosi
Member

Mr Loyiso Tyira
Member

Mr Gift Zowa
Chief Executive Officer

Ms Thuli Phakedi
Chief Financial Officer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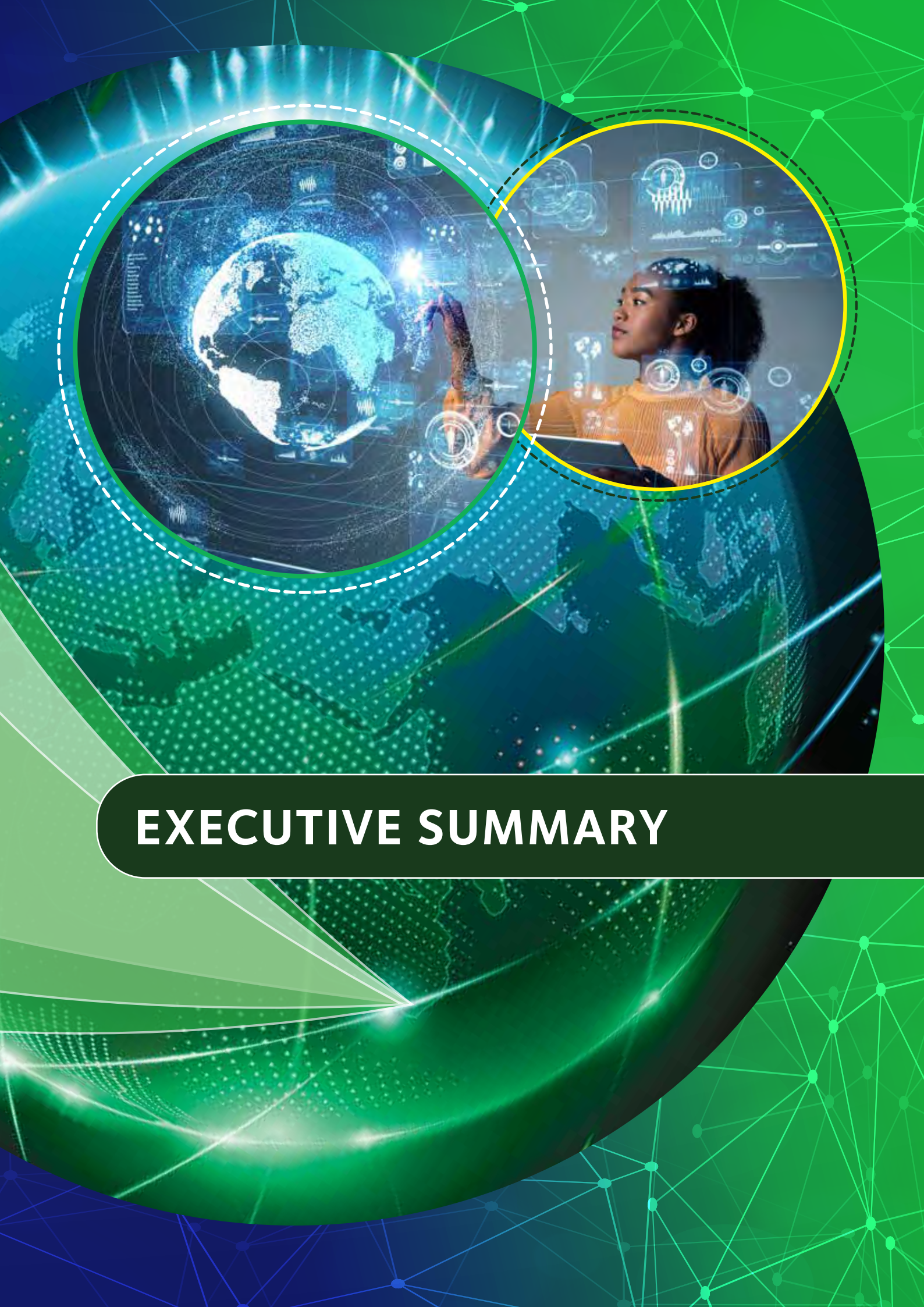
Bridging Digital Divides, Accelerating National Connectivity



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The 2024/25 reporting period marked a year of both challenge and resilience for BBI to fulfill our public mandate to deliver reliable, affordable broadband infrastructure in support of South Africa's digital transformation goals. We have completed the Broadband Access Fund (BAF) project, exceeding the targets significantly. In total, 53 279 households and 3 401 Wi-Fi hotspots were connected for sixteen months.

The BAF model proved to be a highly effective, scalable, and rapid deployment mechanism for broadband infrastructure in historically underserved areas. It demonstrated the potential of public-private partnerships in overcoming last-mile connectivity barriers.

The project, however, also revealed a significant shortfall between existing broadband demand and what was feasible within the scope of the current intervention. Many communities in rural and peri-urban South Africa remain digitally excluded. Without further investment and policy support, the country risks falling short of its National Development Plan (NDP) 2030 broadband targets.

This outcome underscores the urgent need to institutionalise and scale models such as BAF to accelerate universal access. It also highlights the importance of targeted funding, regulatory support, and the National Development Plan (NDP) to drive inclusive digital transformation at a national level.

BBI experienced continued financial pressures despite a moderate increase in revenue. Gross profit margins declined year-on-year as the cost of sales rose significantly by 33%, while revenue only increased by 13%. This imbalance reflects ongoing challenges between BBI and key fibre suppliers who continue to compete against BBI, amidst efforts to grow service delivery.

Operating expenses increased by 27% compared to the previous financial year. The primary cost drivers were higher employee-related expenses, increased travel requirements linked to project deployments, and various other operational overheads. These pressures, coupled with rising cost-of-service delivery, contributed to a deterioration in the Company's profitability.

The Company reported a negative Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of R137 million for the year, highlighting the strain on core operations. The operational loss widened to R290 million, from a loss of R194 million in the previous year. This performance decline was driven by shrinking gross margins and operating costs that outpaced revenue growth.

Despite the subdued financial performance, strategic investments in underserved areas and infrastructure upgrades continue to lay the foundation for long-term sustainability. BBI management remains focused on improving operational efficiency, rationalising costs, and pursuing new revenue streams to stabilise and ultimately reverse the current trajectory.

Operating in a constrained fiscal environment and against the backdrop of persistent power supply disruptions, licensing complexities, and intensifying market competition, BBI remained focused on infrastructure expansion, regulatory compliance, and innovation-driven performance improvement. Notably, we made measurable progress under SA Connect Phase 2, extending broadband reach to underserved communities and improving national fibre connectivity.

BBI's strategic direction is underpinned by a robust Enterprise-Wide Risk Management Framework and a governance structure that ensures proactive oversight. Our top strategic risks range from cybersecurity to employee morale and licensing delays central to operational planning and resource allocation. Through focused mitigation efforts, the number of risks in the critical red zone has declined, reflecting an upward trajectory in organisational resilience.

The organisation has also strengthened its business continuity and cyber defence posture, responding to the growing threat landscape by increasing backup power capacity, deploying intrusion tests, and training employees across all levels. At the same time, the Safety, Health, Environment, and Quality (SHEQ) framework has matured, with no major injuries or fatalities recorded during the year and improved incident response governance.

Non-financial information, BBI evaluates value creation through a holistic lens—considering not only financial performance but also its impact across all six capitals: financial, manufactured, intellectual, human, social and relationship, and natural. We implemented advanced initiatives in employee development, stakeholder engagement, and innovation skunkworks building capability for future-readiness and strengthening our human and intellectual capital base. Our social and relationship capital was also enhanced through ongoing collaboration with state-owned entities, government departments, and industry stakeholders.

Looking ahead, BBI will continue to prioritise infrastructure growth, policy alignment, and long-term sustainability. Critical focus areas include resolving Individual Electronic Communications Service (I-ECS) licensing issues, improving Eskom load shedding mitigation, scaling internal innovation, and advancing regional connectivity opportunities. We remain committed to creating inclusive public value through digital infrastructure, guided by our strategic objectives and national development priorities.

Through dedicated leadership, ethical governance, and cross-sector collaboration, BBI is well-positioned to remain a key enabler of South Africa's digital future.

Bridging Digital Divides, Accelerating National Connectivity

BBI's JOURNEY

BBI'S JOURNEY

2007 to 2008

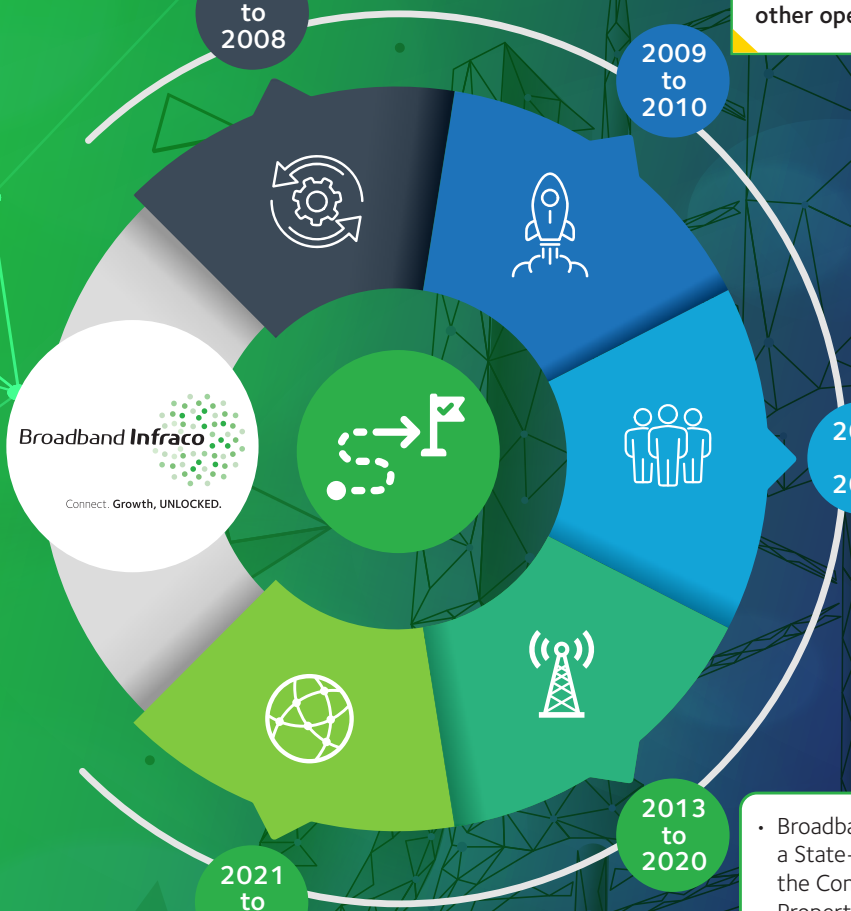
- Broadband Infraco Act enacted and published and the Company established.
- Rights to Eskom and Transnet.
- Servitudes Operations setup to service the Second Network Operator.

Non-ICT SOCs competing with BBI and the maintenance costs are high.

2009 to 2010

- Individual Electronic Communications Network Services (I-ECNS) licence issued by ICASA.
- Launched commercially.

I-ECS licence not granted, whilst other SOEs have two dormant licences and other operators have both licenses.



2011 to 2012

- Rights of use for the Second National Operator (SNO) terminated.
- Insourced Network Operations Centre (NOC).
- Last tranche of Shareholder Funding.

BBI survived on cash generated from operations.

2013 to 2020

- Broadband Infraco was registered as a State-Owned Company (SOC) with the Companies and Intellectual Property Commission (CIPC).
- West Africa Cable System (WACS) cable.
- Karoo Array Telescope.
- SA Large Telescope.
- Kilometre Array.
- 14 892km Fibre.
- 150 Point of Pressence (POP).
- ISO 9001:2015 Accreditation.
- 713 SA Connect Sites.

2021 to 2025

- 76 USAASA* sites.
- Eight schools adopted for Corporate Social Investment (CSI) programme.
- 53 379 Households and 3 140 Wi-Fi Hotspots connect broadband networks.
- SA Connect project: - 10 149 Wi-Fi Hotspots connected.
- 76 ISP/Analytic Network Process (ANP) empowered.
- Commercialisation plan approved.
- Reviewed the business model.

Universal Service and Access Agency of South Africa

Figure 1 BBI's Journey

PERFORMANCE SNAPSHOT

INDICATOR	2025	STATUS
Sales volume contracts	R56m	
Revenue year increase	13%	
Cash and cash equivalents	R127m	
Operating loss	-R113m	
Debtors' days	133 days	
Small, Micro and Medium Enterprises (SMME) days paid	15 days	
Skills development	3%	
Internship	5	
SMMEs allocated installation work	27	
External Audit opinion	Unqualified audit opinion	
Mean Time to Restore (MTR)	6.99 hrs	
Fibre Km added	170 km	
Number of SA Connect sites	5 175 HS	
Number of BAF sites	38 329 HH/2 601 HS	
Rebates paid	0.3%	
Targeted procurement	45%	
Broad-Based Black Economic Empowerment (B-BBEE)	Level 3	
USSASA	202	
Corporate Social Responsibility (CSR)	Two schools	

These highlights reflect BBI's continued momentum in enabling inclusive connectivity, building network resilience, and reinforcing its role as a key catalyst in South Africa's digital transformation journey.

Bridging Digital Divides, Accelerating National Connectivity

ABOUT THIS REPORT

ABOUT THIS REPORT

Basis of Preparation and Presentation (King IV P5)

This IAR has been prepared following the principles and requirements of the International <IR> Framework published by the International Integrated Reporting Council (IIRC). It provides a comprehensive, balanced, and concise account of BBI's performance for the FY ended 31 March 2025, including the organisation's strategy, governance, risks, and outlook.

It is aimed at informing stakeholders, including government, regulators, investors, and the public, about how BBI creates value over time.

This IAR should be read in conjunction with the Annual Financial Statements (AFS) for a complete and comprehensive view of the organisation's financial and operational performance.

Reporting Scope and Boundary (King IV P5)

The report covers the full scope of BBI's operations within the Republic of South Africa, focusing primarily on activities that materially affect our ability to create long-term value. The financial and non-financial data presented reflect the period from 1 April 2024 to 31 March 2025, unless otherwise clearly stated.

In line with the principles of Integrated Thinking, the information disclosed in this report is based on a comprehensive analysis of BBI's business context and operating environment. It primarily considers the five integrated reporting capitals that influence our operations, enabling a holistic perspective on its strategy, its key drivers, and the internal and external factors that impact the sustainability and long-term value creation of the business.

The BBI IAR is prepared and published annually, following tabling in Parliament. The previous IAR for the FY 2023/24 financial year was approved by the Shareholders on 14 February 2025. The finalisation of the 2024 AFS experienced a delay due to a reassessment and valuation of fixed assets.

Reporting Frameworks and Standards Applied

This report integrates a range of global and national reporting standards, including:

1. The International Framework, and
2. Other Frameworks.

The International <IR> Framework

BBI adopted the <IR> Framework's six capitals model as the foundation for integrated thinking and value creation. These capitals represent the essential resources and relationships that the Company depends on to deliver sustained value to stakeholders. Our business model is designed to transform this capital through its operations, strategy, and governance into tangible outcomes over the short, medium, and long term. The six capitals as applied are:

1. Intellectual Capital

Organisational knowledge, systems, processes, and intellectual property, including engineering expertise and industry-specific technologies that drive innovation and operational excellence.

2. Financial Capital

The pool of funds available to the organisation from operations, investments, and financing activities. BBI aims to maintain financial sustainability to support infrastructure expansion and innovation.

3. Manufactured Capital

Our physical infrastructure assets (such as national long-distance fibre networks and transmission systems) form the backbone of digital connectivity in South Africa.

4. Social and Relationship Capital

Our relationships with key stakeholders, including government, customers, regulators, and communities. Trust and collaboration are vital to delivering on our public mandate and expanding digital inclusion.

5. Human Capital

The skills, experience, and well-being of our employees. The Company invests in employee development and a culture of accountability, inclusion, and performance.

6. Natural Capital

The environmental resources that BBI depends on or impacts through its operations. BBI is committed to responsible energy use and minimising its environmental footprint in line with sustainability goals.

Through its integrated strategy and responsible stewardship of these capitals, BBI seeks to create enduring value that aligns with national development goals, stakeholder expectations, and sustainable business practices.

Other Frameworks

- Relevant Principles from the King Report on Corporate Governance for South Africa (King IV).
- Applicable elements of the Global Reporting Initiative (GRI) for sustainability performance.
- Public Finance Management Act (PFMA) and Treasury Regulations.
- Companies Act 71 of 2008 of South Africa (where applicable to State-Owned Companies (SOCs)).

Materiality and Assurance (King IV P2, P5, P8, P11, P13 and P15)

Materiality

Material issues included in this report were determined using our internal materiality assessment process, which involves input from executive leadership, risk management, stakeholder engagement, and the Board of Directors. The Company focuses on matters that substantively affect its ability to create value over the short, medium, and long term, and have therefore included our top 11 strategic risks, stakeholder priorities, and performance outcomes.

Combined Assurance Approach

BBI applies a combined assurance model to ensure the integrity of information presented in this report. Oversight is provided by internal and external audit functions, as well as risk and compliance teams. While the report has not been independently assured in its entirety, key components, the financial statements and selected SHEQ indicators have undergone internal validation and oversight by the Board and the Audit and Risk Committee (ARC).

The levels of assurance are as follows:

Line	Function	Role and Scope in Assurance
1st Line	Line Managers and Executives	Owns and manages risks, implements controls, and prepares information used in the report.
2nd Line	Internal oversight functions	Provides expertise, support, and monitoring of risk and control frameworks, including Risk Management, Compliance.
3rd Line	Internal audit	Conducts independent reviews of governance, risk management, and internal controls. Reports to ARC.
4th Line	External assurance providers	Offers independent assurance on financials and selected non-financial disclosures (e.g., external auditors).
5th Line	Audit and Risk Committee (ARC) and the Board	Oversight of reporting integrity and assurance effectiveness

Table 1 Assurance

Statement of Stakeholder Commitment (King IV P16, AA1000, AA1000SES)

BBI has adopted King IV, principle 16, as well as International Standards AA1000 and AA1000SES, as standards to adhere to insofar as Stakeholder Engagement is concerned. We strive to communicate with stakeholders robustly and regularly. Our core values, as encapsulated on page 37, guide us in our interactions with stakeholders. To meet stakeholder commitments, we commit to engage with our stakeholders and adhere to the following Principles of being:

- Purposeful.
- Inclusive.
- Timely.
- Honest.
- Respectful.

Going concern status (King IV P2)

In adopting the going concern assumption, the Board reviewed the Company's performance for the year and considered the budgets and cash flow projections for the 15 months ending 30 June 2026, cost-saving efforts, the cost of sales and related optimisation opportunities, the funding plan, and the national project of interest. The Board is satisfied that BBI will remain a going concern for the foreseeable future. For details see note 27 on page 146.

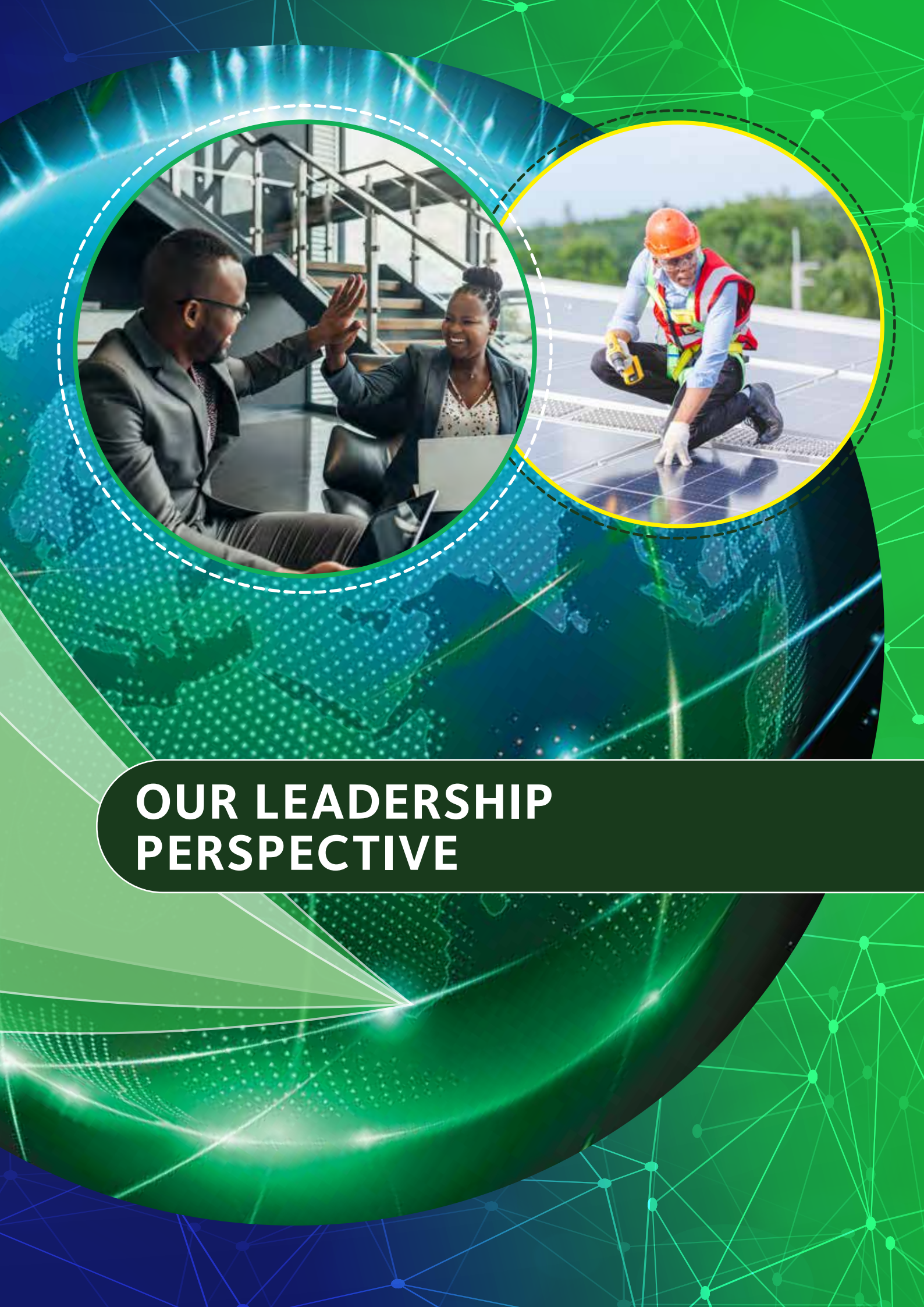
Feedback

We endeavour to continuously improve our integrated reporting process to ensure that we meet best practice reporting standards and the expectations of our stakeholders, as well as increase visibility of our efforts in creating sustainable value for all our stakeholders. We, therefore, welcome any views on the content and design of the report. Comments and questions can be directed to contact-us@infraco.co.za.

Forward-looking statement

This report contains certain forward-looking statements relating to BBI's future performance and strategic outlook. These are based on management's current expectations and are subject to risks, uncertainties, and assumptions. Actual results may differ materially from those projected.

Bridging Digital Divides, Accelerating National Connectivity



OUR LEADERSHIP PERSPECTIVE

CHAIRPERSON'S STATEMENT

Connecting the unconnected

> ***"I am pleased to confirm that the 2024/25 financials were finalised in a timely manner, with an unqualified audit opinion received."***

Dear Stakeholders,

It is my privilege to present the Chairperson's Review for BBI for the FY ended 31 March 2025, a year marked by continued transformation, operational resilience, and commitment to our national mandate in an increasingly digital economy.

Navigating a Complex Environment

BBI continued to operate in a challenging macroeconomic and sectoral context. Rising infrastructure costs, evolving regulatory expectations, and persistent digital inequality required focused leadership, disciplined execution, and agile governance. Despite these headwinds, the organisation achieved progress on key infrastructure projects and deepened its engagement with stakeholders, particularly in addressing national broadband priorities in rural and underserved areas.

Performance and Strategic Alignment

During the year under review, BBI aligned its strategic objectives with five key material matters, ensuring focused resource allocation and performance delivery. Of particular significance were:

a. Continued investment in core network infrastructure;
b. Expanding broadband access to underserved areas in support of national development goals;
c. The pursuit of financial sustainability across the board and through improved operational efficiencies;
d. Regulatory compliance and policy alignment; and
e. The development of critical internal skills and leadership capacity.

These priorities formed the basis of our oversight discussions at the Board level and reflected our integrated approach to value creation.

Strengthening Governance and Assurance

Governance remained a central pillar of our performance. The Board, together with its committees, particularly the ARC, maintained rigorous oversight over strategic risks, compliance, and internal controls. The implementation of the five lines of assurance model strengthened both transparency and assurance across both financial and non-financial reporting dimensions.

While the finalisation of the 2023/24 AFS was delayed due to the revaluation of fixed assets, I am pleased to confirm that the 2024/25 financials were finalised in a timely manner, with an unqualified audit opinion received.

Positioning for the Future

Looking ahead, BBI's strategic direction will continue to be shaped by its commitment to building digital infrastructure that enables inclusive growth and economic development. The Board is confident that the executive team is well-positioned to implement initiatives that strengthen the organisation's financial resilience, improve service delivery, and elevate stakeholder confidence.

We continue to align priorities with national policy imperatives, including the South African Economic Reconstruction and Recovery Plan and the SA Connect programme.

Appreciation

On behalf of the Board of Directors, I extend my sincere appreciation for the unwavering dedication and leadership demonstrated throughout this pivotal period in BBI's journey. The Board has provided steadfast guidance during a time of considerable transformation, and its commitment has been instrumental in ushering the Company into a new dispensation.

I would also like to express my gratitude to our two Shareholders, the Minister of Communications and Digital Technologies, and the Industrial Development Corporation. Their continued support has been critical in advancing BBI's strategic mandate. In recognising the Company's role in accelerating broadband access, particularly for unconnected communities in rural and underserved areas, they have demonstrated their belief in BBI's ability to contribute meaningfully to South Africa's digital transformation.

The Chairperson's Forums of Entities reporting to the Department of Communications and Digital Technologies (DCDT) have proven an effective vehicle for fostering collaboration and accountability, a much appreciated initiative.

A special word of thanks goes to the employees of BBI. Their resilience, professionalism, and unwavering dedication have sustained our operations through challenging times. Their efforts to deliver excellent service and safeguard the Company's assets are a testament to the enduring Team BBI spirit.

I also wish to acknowledge and thank our stakeholders for their consistent engagement and support. Throughout this Integrated Report, we reflect on BBI's commitment to creating shared value, ensuring safe and sustainable operations, and building a resilient organisation in the face of a rapidly changing global landscape and a lower-carbon future.

The valuable input from our stakeholders has played a vital role in shaping BBI's strategic direction. Their constructive feedback, ongoing dialogue, and shared commitment to progress continue to underpin our ability to deliver long-term, sustainable value.

I am elated to report to our stakeholders that the appointment of the Chief Executive Officer was finalised, effective 1 April 2025. We are confident that Mr Gift Zowa will continue to lead with clarity and purpose, guiding the organisation through new challenges and opportunities.

As we move forward, we remain focused on transforming BBI into a more agile and impact-driven organisation—one that is well-positioned to enable inclusive digital access for all.

BBI remains committed to its mandate — to connect the unconnected and serve as a catalyst for South Africa's digital future.

Ms Zandile Kabini
Chairperson of the Board

OUR BOARD OF DIRECTORS

Ms Zandile Kabini
Chairperson of the Board

Gender: Female

Qualifications:
- Bachelor of Commerce (B. Com) Informatics (University of Pretoria)
- B. Com (Hons) Informatics (University of Pretoria)
- Management Development Programme (Gordon Institute of Business Science)
- Diploma in Business Analysis (Faculty Training Institute)
- Chartered Chief Information Officer - CIO (SA) - Institute of Chartered IT Professionals

Expertise:
- Information and Communications Technology (ICT)
- Business Analysis, Risk and Stakeholder Management
- Strategy Development and Execution
- ICT Corporate Governance and Leadership
- Project and Change Management/Enterprise Architecture
- Financial Oversight and Control

Member:
- Social and Ethics Committee

Ithembekil'nkosi Den-Boy Dwane
Chairperson of Human Resource and Remuneration Committee

Gender: Male

Qualifications:
- Degree in Business Administration (2006) - University of Limpopo
- Honours Degree in HRM (2007) - University of Limpopo
- Global Remuneration Professional Certificate (2010) - South African Reward Association
- Master of Business Administration (2017) - Nelson Mandela Metropolitan University

Expertise:
- Strategy Development and Execution
- People and Organisational Effectiveness
- Financial and Investment Management
- Pension Funds Act
- Corporate Governance
- Project and Performance Management

Member:
- Human Resources and Remuneration Committee
- Investment, Financing and Procurement Committee
- Social and Ethics Committee

Ulandi Exner

Chairperson of Technology, Knowledge and Information Management Committee

Gender: Female

Qualifications:

- Bachelor of Commerce Informatics - University of South Africa (UNISA)
- Masters of Philosophy Information Technology Governance Nelson Mandela University (NMU)

Expertise:

- Technology Business Strategy
- Development & Implementation
- Financial and Risk Management
- IT governance, cybersecurity, and auditing
- Governance, Risk and Compliance

Member:

- Audit and Risk Committee
- Social and Ethics Committee

Patrick Lesiba Makape

Chairperson of Investment, Financing and Procurement Committee

Gender: Male

Qualifications:

- Bachelor of Science (BSc) Mechanical Engineering - University of Witwatersrand (Wits)
- Post Graduate Diploma in Advanced Procurement and Supply Chain Management – University of Witwatersrand (Wits)
- Project Management (Principles and Practices) – University of Pretoria
- Infrastructure Planning and Project Management – University of Witwatersrand (Wits)

Expertise:

- Mechanical engineering
- Project Management
- Public Sector Infrastructure
- Corporate Governance
- Compliance with regulations (Health and Safety)

Member:

- Human Resources and Remuneration Committee
- Social and Ethics Committee

Mathapelo Mzizi

Chairperson of Human Resources and Remuneration Committee

Gender: Female

Qualifications:

- Executive Education: Master's in Business Administration (EMBA) HULT International Business School Executive
- Diploma: International Institution of Marketing (IMM)

Expertise:

- Technology Strategy and Innovation
- Business Strategy and Governance
- Digital Transformation
- Partnerships and Stakeholder Management
- Telecom Mergers and Acquisitions
- Digital Transformation Acceleration

Member:

- Technology, Knowledge and Information Management Committee

Loyiso Tyira

Gender: Male

Qualifications:

- Management Development Programme (MDP) - University of South Africa (UNISA)
- Programme for Management Excellence
- Gordon Institute of Business Science South Africa (GIBS)
- Post Graduate Diploma in Management in the field of Digital Business - University of Witwatersrand Business School
- Mining for non-Mining professionals - University of Johannesburg

Expertise:

- Information Technology and Business Management Network Engineering and Security
- ICT Management and Strategy
- ICT Governance and Policy
- Project and Stakeholder Management
- Risk Management and Business Continuity
- Digital Business and Innovation

Member:

- Technology, Knowledge, and Information Management Committee
- Audit and Risk Committee
- Investment, Financing, and Procurement Committee

Rudolph Lungile Mabece

Chairperson of Social and Ethics Committee

Gender: Male

Qualifications:

- Attorney of the High Court of South Africa
- Baccalaureus Procurations (B Proc) – University of the Western Cape
- Bachelor of Laws (LLB) – University of the Western Cape
- Higher Certificate: Project Management – Damelin

Expertise:

- Corporate and commercial lawyer who is an expert in Transport Law
- Information and Communication Law
- Policy and Legislation Development
- Governance (statutory and corporate)

Member:

- Audit and Risk Committee
- Human Resources and Remuneration Committee

Bojane Segooa

Chairperson of Audit and Risk Committee

Gender: Female

Qualifications:

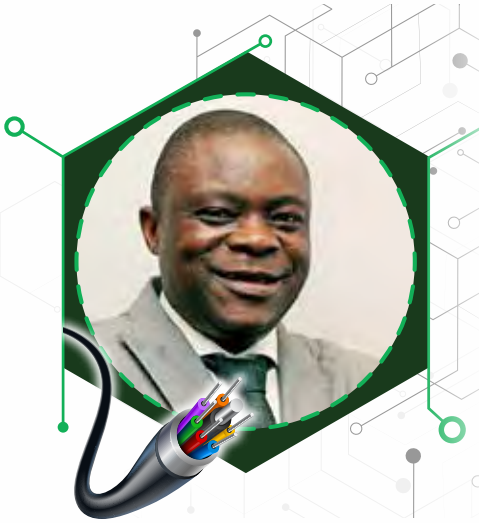
- Chartered Accountant South Africa CA (SA)
- Bachelor of Accounting Science Honours (Hons B. Compt) - University of South Africa (UNISA)
- Bachelor of Accounting Science - University of South Africa (UNISA)
- Bachelor of Commerce (B. Com) – Accounting
- Master of Management in Innovation Studies - Wits Business School

Expertise:

- Academic Lecturing and Presenting Summative and Formative Assessment
- Research Corporate: Financial Management, Procurement, and Supply Chain
- Corporate Tax, Risk Management, and Auditing
- Corporate Governance (King IV)
- Business Leadership and Development; and Strategy Management
- Innovation and Information Technology
- Transformation and Social Impact (B-BBEE)

Member:

- Investment, Financing and Procurement Committee
- Technology, Knowledge and Information Management Committee



Gift Zowa
Chief Executive Officer

Gender: Male

Qualifications:
- Bachelor of Science Honours (Hons. BSc) Electrical Engineering
- Master of Business Administration (MBA) - University of Pretoria
- Engineering Council of South Africa (ECSA) Registered Professional Engineer
- Member of South African Institute of Electrical Engineers (SAIEE)
- Member of Institute of Electrical Engineers (MIEE) (UK)

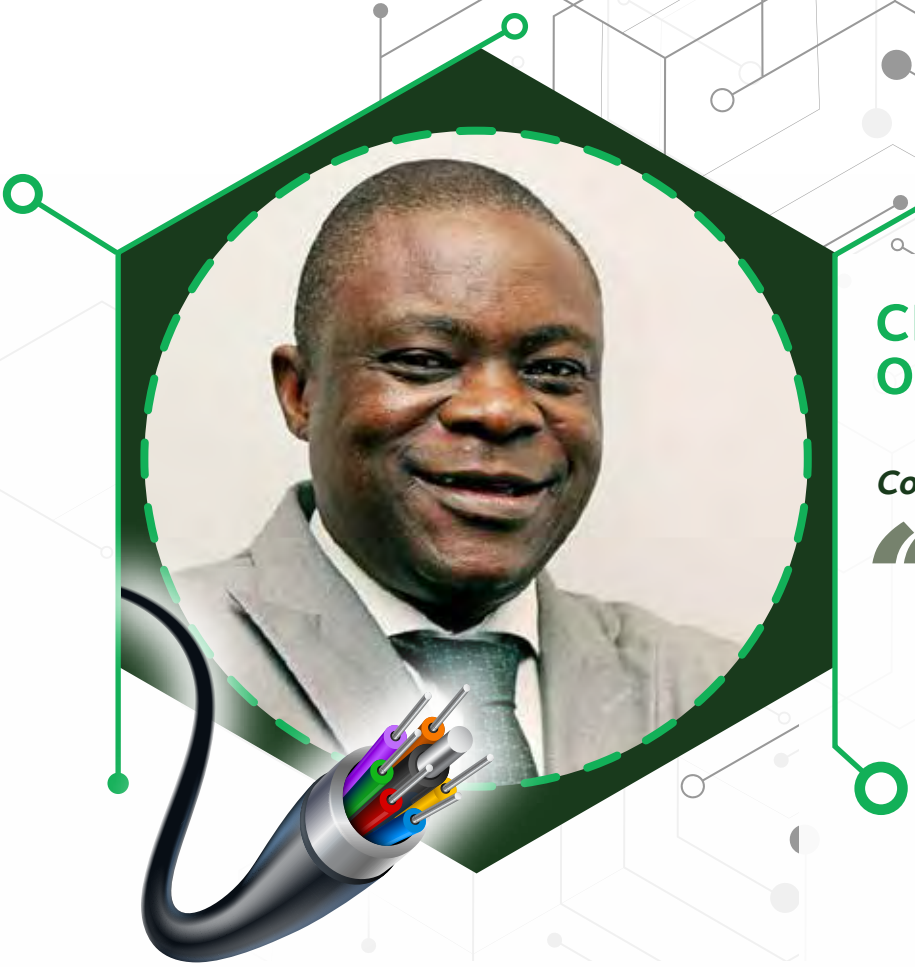
Expertise:
- Telecommunications, (Switching, Transmission, Mobile (2G, 3G, LTE) IP, IT)
- Strategic Management
- Business Management

Thuli Phakedi
Chief Financial Officer

Gender: Female

Qualifications:
- Chartered Accountant CA (SA)
- B.Com Honours - University of South Africa (UNISA)
- BCom Accounting -University of Johannesburg

Expertise:
- Conceptualising and implementing financial planning and management
- Profitability Monitoring
- Internal and External audit management
- Cashflow forecasting and management
- Working capital management
- Short- and long-term budget planning
- Project implementation and accounting management
- Procurement Management



CHIEF EXECUTIVE OFFICER'S STATEMENT

Connect, growth unlocked

> ***"These achievements reflect the resilience and dedication of our employees and teams, strengthened by our collaborative partnerships with the public and private sectors."***

Dear Stakeholders,

During the period under review, BBI has remained resilient and afloat over the years, albeit not having received capitalisation from Shareholders except at its inception. Since 2011, when the last tranche of capitalisation was received, the Company has survived on cash generated from operations. This has impacted our ability to expand our network infrastructure, a matter that is now being resolved.

The implementation of the Presidential Employment Stimulus Project, which entailed providing broadband access funding to Internet Service Providers (ISPs), has opened numerous avenues to address the vast digital divide and accelerate access to broadband connectivity. This has helped lower the cost of communications, supported SMMEs, and created local employment in underserved communities. Under the leadership of the DCDT, two key projects – the BAF and SA Connect Phase 2 (SAC2) – were successfully implemented to support the rollout of public Wi-Fi hotspots, enabling households to connect to broadband networks.

The FY 2024/25 financial year was marked a period of focused project execution deliveryof key projects, strategic repositioning, and meaningful progress in toward building a more agile and resilient Company. BBI remains committed to bridging the digital divide and enabling universal access to connectivity. This forms the foundation for inclusive economic growth and development, achieved by reducing data costs in underserved areas to meaningfully transform the lives of ordinary South Africans.

Operational Highlights and Strategic Focus

In the past year, our strategic efforts centred around five key material matters that shaped our operations and engagement with stakeholders:

a. Infrastructure Expansion: We continue to strengthen and extend our national fibre backbone network, targeting underserved and rural areas in alignment with SA Connect and national broadband priorities.
b. Digital Inclusion: We made progress in rolling out broadband connectivity in underserved and rural areas in South Africa. Over two years, 53 379 households and 3 140 Wi-Fi hotspots were connected across the nine Provinces through the Presidential Employment Stimulus, and 10 149 Wi-Fi hotspots under the SA Connect projects.
c. Financial Sustainability: Cost containment, optimisation of our network operations, and enhanced commercial focus were core to our efforts to stabilise our financial position.
d. Regulatory Alignment: We maintained a strong compliance posture and actively participated in policy development forums to align with evolving national priorities.
e. Human Capital Development: Investing in technical capabilities and leadership skills remained a priority, with targeted learning interventions and workforce development initiatives implemented.

These achievements reflect the resilience and dedication of our employees and teams, strengthened by our collaborative partnerships with the public and private sectors.

Financial Performance

While the broader operating environment remained constrained, our focus on operational efficiency yielded notable improvements in key performance areas. Revenue streams remained under pressure due to legacy infrastructure, systems, pricing models, and shifts in market dynamics, but strategic cost optimisation helped mitigate the impact. We were able to gain an 8% increase in revenue and a slight improvement to our bottom line. Only one of the financial sustainability targets of debtors' days was not achieved. BBI finds itself in a dual financial position where some customers are also creditors. There will be a renewed focus on resolving this dichotomy.

The delay in finalising our financial statements in the previous period was attributable to the revaluation of fixed assets, a complex process that required rigorous assessment and alignment with auditing standards. I am pleased to confirm that this matter would not recur. All external audit findings were resolved, and the annual report, including financials, was approved by our board on 31 July 2025, with an unqualified audit opinion.

Integrated Thinking and Assurance

This report reflects our continued commitment to integrated thinking, where the customer prioritisation strategy, performance, risk, and governance are connected to long-term value creation. Our five lines of assurance model reinforces confidence in the accuracy and reliability of our disclosures, while also strengthening the effectiveness of internal controls and risk management processes.

2024/25 Milestones Briefly

Notwithstanding the challenging operating environment, the Company successfully achieved 95% of its Shareholder Compact targets for the FY 2024/2025 financial year. See page 60-61 for full details. This performance affirms the resilience of the organisation and reflects the unwavering commitment, persistence, and diligence of its leadership and employees in turning the tide toward sustainable growth. Notably, the Company maintained a strong safety and health record, with no lost-time due injuries reported during the year, reaffirming its commitment to operational excellence and employee the well-being of its employees.

Looking Ahead

BBI is entering a next phase — a phase that will demand even greater agility, innovation, and collaboration. Our immediate priorities include:

a. Deepening stakeholder and customer engagement;
b. Enhancing network reliability and reach;
c. Diversifying revenue through strategic partnerships and product innovation;
d. Supporting the implementation and completion of SA Connect Phase 2; and
e. Cultivating a performance-driven culture across the organisation.

We recognise that digital infrastructure is an essential enabler of development. As such, we are determined to fulfil our public mandate while operating with commercial discipline and future-focused leadership.

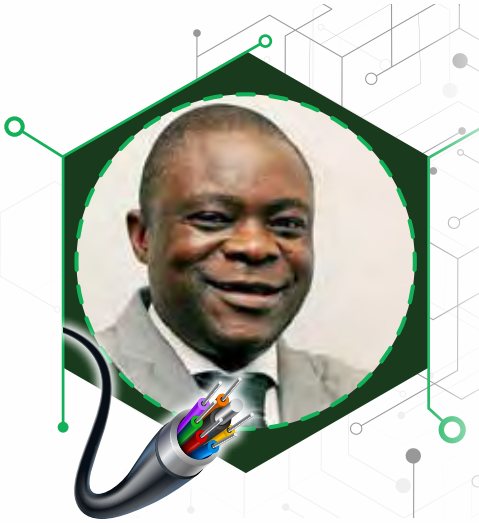
Appreciation

I would like to thank our employees and the entire BBI team for their resilience, professionalism, and commitment to our mission, the Board of Directors for their oversight and strategic direction, and our Shareholder representatives for their continued support, leadership, and guidance. Together, we are building a digitally connected South Africa that leaves no one behind.

We thank all our valued stakeholders, especially customers, clients, and suppliers, for their support during the year and look forward to their continued support in the next year.

Mr Gift Zowa
Chief Executive Officer

OUR EXECUTIVE MANAGEMENT



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- Profitability Monitoring
- Internal and External audit management
- Cashflow forecasting and management
- Working capital management
- Short- and long-term budget planning
- Project implementation and accounting management
- Procurement Management

Peter Mafagana
Acting Chief Technical Officer

Gender: Male

Qualifications:
- Master of Business Administration (MBA) - University of Reading, Henley Business School
- Master of Engineering (M.Eng) in Electrical Engineering – Wits University
- Bachelor of Technology (B.Tech) in Electrical Engineering – Tshwane University of Technology
- National Diploma in Electrical Engineering - Tshwane University of Technology

Expertise:
- Technology Leadership - Designing, deploying, and maintaining high-capacity fibre and IP networks
- Strategic technical expertise - Aligning technology investments with business objectives and market demands for long-term growth
- IT & Cybersecurity Governance - spearheading secure network architectures, risk mitigation, and compliance frameworks to protect critical infrastructure
- Wireless Networks Proficiency - Deep understanding of wireless technologies, complementing fibre networks to deliver hybrid connectivity solutions

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Nonkuleko Dlamini
Chief Marketing and Sales Officer

Gender: Female

Qualifications:
- MSc Management of Technology & Innovation-in progress (The Da Vinci Institute)
- Hons Program in E-Commence (UNISA SBL)
- BBA DEGREE in Marketing (IMM Graduate School)
- B-BBEE MDP (WITS)
- Telecommunication Policy Regulation and Management (WITS),
- Advanced Project Management (UCT),
- Finance for non-financial managers (GIBS)

Expertise:
- Sales & revenue strategies,
- Business development,
- Marketing strategy design & implementation.
- Technology innovation management.
- Enterprise stakeholder/customer analysis and engagement,
- Business Analysis

Mike Mojapelo

Executive Compliance, Risk and Audit

Gender: Male

Qualifications:

- Postgraduate Diploma in Management Practice (Henley)
- Bachelor of Accounting Science (BCompt) (University of South Africa)
- General Internal Auditor (Institute of Internal Auditors)
- Professional Accountant (South African Institute of Professional Accountants)
- Executive Development Programme (University of Witwatersrand)
- Leadership Programme for Senior Managers (University of Pretoria)
- International Leadership Development Programme (Henley and Penn State Business School)

Expertise:

- Internal auditing
- Compliance
- Risk
- Governance and strategy

Irene Mogale

Executive Human Resources

Gender: Female

Qualifications:

- B Tech Labour Relations (University of South Africa)
- National Diploma, Human Resources (Tshwane University of Technology)

Expertise:

- Remuneration and total rewards
- Labour relations
- Transformation
- Human resource information system

Candice Catin

Acting Company Secretary

Gender: Female

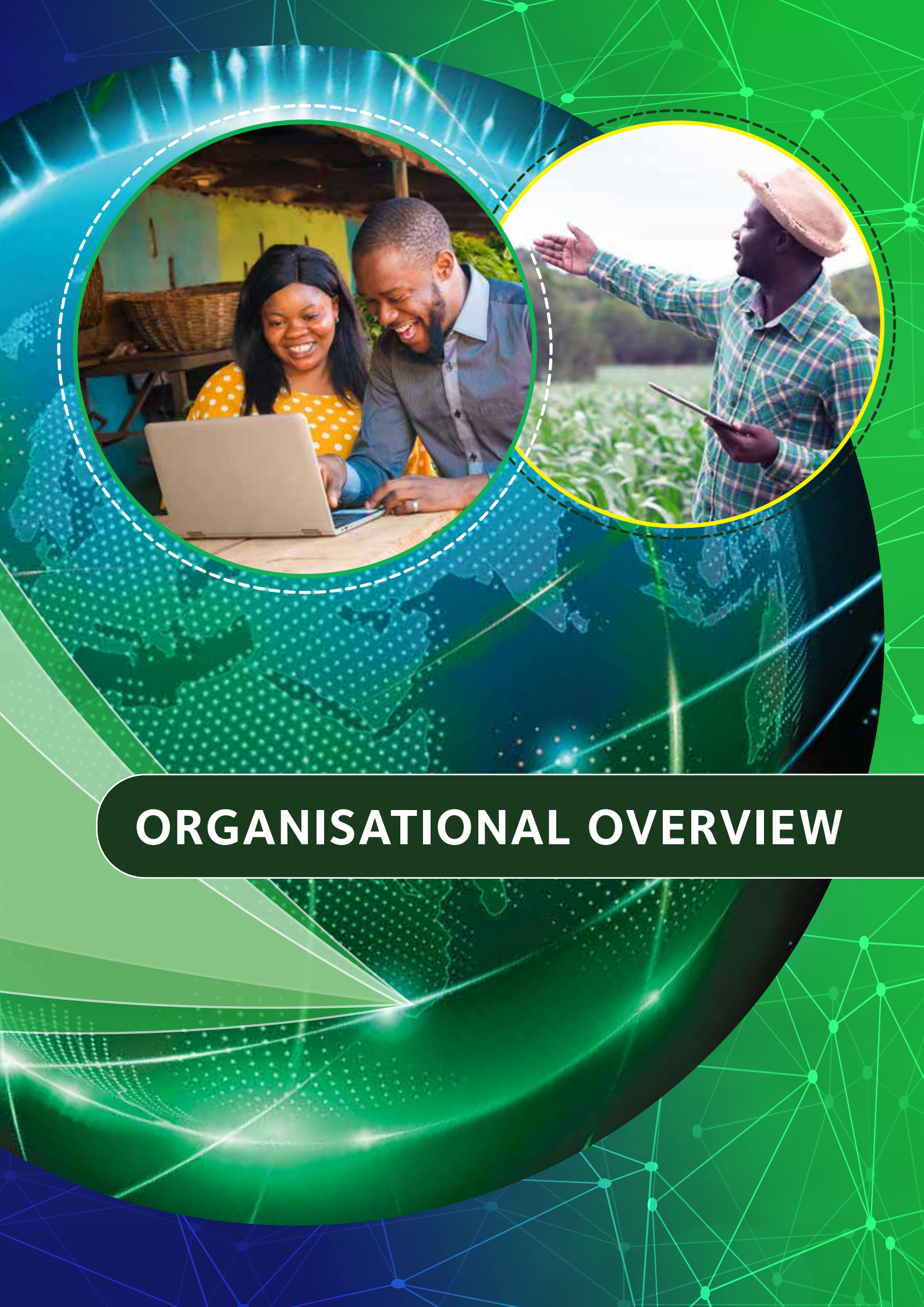
Qualifications:

- Chartered Secretary (current)
- National Diploma Administration

Expertise:

- Corporate governance advisory
- Development of Charters and
- Committee Terms of References
- Governance Opinions
- Regulatory Compliance

Bridging Digital Divides, Accelerating National Connectivity



ORGANISATIONAL OVERVIEW

ORGANISATIONAL OVERVIEW

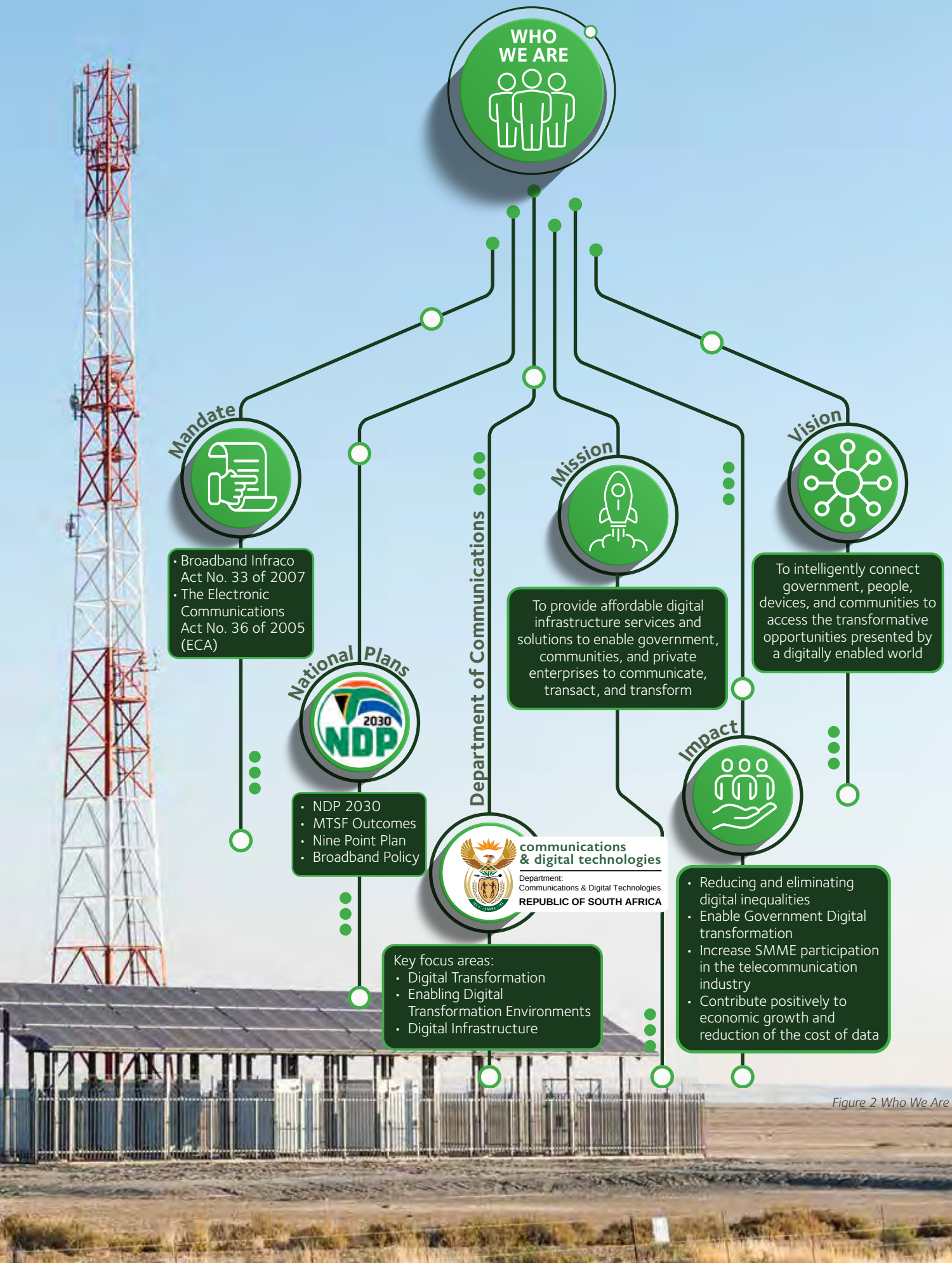


Figure 2 Who We Are

Mandate

BBI is a Schedule 2 entity in terms of the Public Finance Management Act No. 1 of 1999 (PFMA) (as amended) and is mandated through the BBI Act, No. 33 of 2007 (the Act), Electronic Communications Act, No. 36 of 2005 (the ECA), and other key pieces of legislation. The main objectives as set out in the Act include:

- Expanding the availability and affordability of access to electronic communications, including but not limited to underdeveloped and underserved areas, under the Electronic Communications Act (No. 25 of 2002); and
- The provision of electronic communications network services and electronic communications services commensurate with international best practice and pricing.

The organisation's purpose is in line with the NDP of establishing national, regional, and municipal fibre-optic networks to provide the backbone for broadband access, also with priorities of the Department of Communications and Digital Technologies.

The vision and mission of the organisation are stipulated on the previous page.

Values

We strive to deliver excellence, efficiently and effectively, through active engagement with stakeholders, a customer-centric approach, and innovation that is guided by the highest levels of integrity. These are reflected through their core values below:

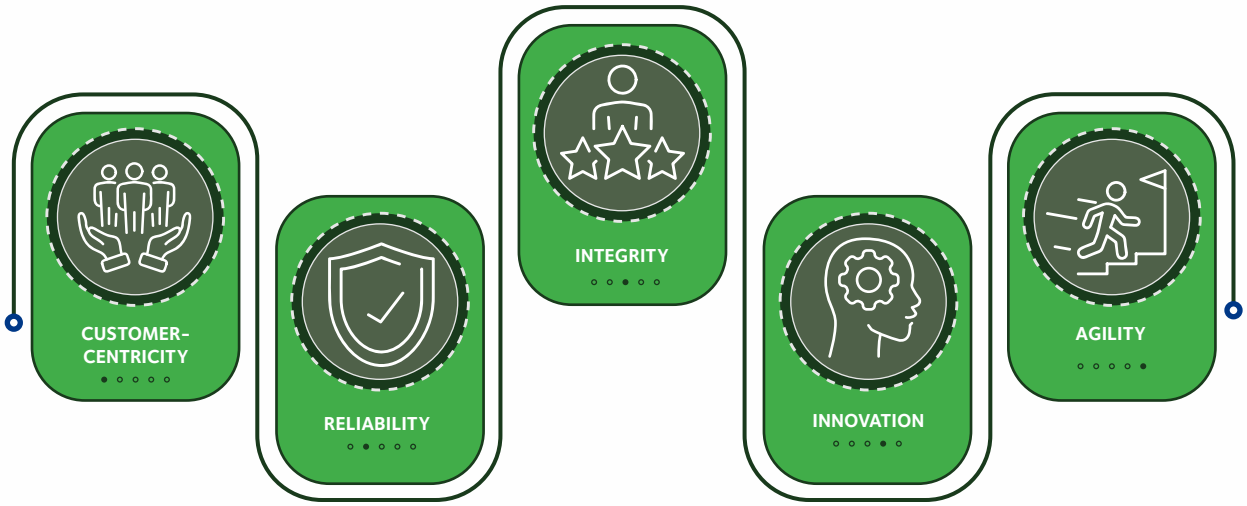


Figure 3 Values

Our Value Proposition

BBI, as a State-owned Company, has overarching value propositions that are founded in the Shareholders' mandate, attainable through our strategic outcomes as illustrated below for our various stakeholders:

VALUE FOR GOVERNMENT	VALUE FOR SHAREHOLDERS	VALUE FOR EMPLOYEES	VALUE FOR FUNDERS	VALUE FOR SUPPLIERS
• Reduction of the cost to communicate • Decreasing the digital divide • Expanding access to broadband connectivity to under-serviced and rural areas • Increasing economic activity • Enabling 4IR	• Return on investment • Financial sustainability • Regulatory compliance • Ethical leadership • Responsible corporate citizenship • Operational excellence	• Employer of choice • Safe working environment, conducive to high productivity • Equal pay for equal work • Equality • Equal opportunity for career advancement and promotion	• Liquidity • Profitability • Sustainability • Creditability	• Fair, transparent, and equitable tender and procurement process • Strategic collaborations and partnerships • Participation of SMMEs • Proactive local enterprise development

Table 2 Value Proposition

VALUE FOR CUSTOMERS

Figure 4 Value for Customers

Business Model

BBI operates as a state-owned entity mandated to expand affordable access to high-capacity telecommunications infrastructure across South Africa, particularly in underserved and underdeveloped areas. Our business model is rooted in creating sustainable value for all stakeholders, customers, communities, and employees connecting the nation, eradicating the digital divide, and unlocking socio-economic growth through broadband infrastructure.

Value Creation Process

Our business model is driven by the national developmental agenda and underpinned by a public sector-led, commercially sustainable framework. Through strategic deployment of our capital resources and partnerships with both public and private sector stakeholders, we strive to enable digital inclusion and stimulate economic development. The table below illustrate how BBI creates value for the stakeholders:

Capital	Key Inputs	Activities	Outcomes / Value Delivered
Financial Capital	Government funding (SA Connect Phase 2), limited own revenue streams, PPP engagements	Budget allocation to infrastructure build, operations, and innovation pilots	Network expansion to rural areas; increased broadband access; financial stewardship; improved funding leverage
Manufactured Capital	Existing national fibre network, POPs, data centres, hardware assets	Network operations and maintenance; load shedding mitigation (generators, batteries); capital project execution	Reliable broadband backbone; greater uptime; infrastructure resilience
Intellectual Capital	Network designs, technology frameworks, cybersecurity policies	Development of internal systems; innovation skunkworks; cyber threat response; Research and Development investment	Smarter service delivery; enhanced digital resilience; licensing and IP compliance
Social & Relationship Capital	Government, SOCs, regulatory bodies, customers	Stakeholder engagement (e.g. ICASA, Sentech, Eskom, communities); contract negotiations; intergovernmental cooperation	Fibre access via SOCs; policy alignment; trust and service reliability; long-term partnerships
Human Capital	Skilled workforce, training programmes, organisational culture	Employee development; change management; innovation incentivisation; SHEQ training	Higher morale and productivity; innovation culture; workplace safety and skills transfer
Natural Capital	Energy consumption, environmental footprint of operations	Load shedding response; SHEQ environmental policies; generator use planning	Reduced environmental risk; continuity during outages; environmental compliance

Table 3 Value Creation Process

As we continue transitioning toward a modern, IP-based network and strengthen project delivery capabilities, our business model will remain focused on agility, partnerships, and resilience. With sustained investment in digital infrastructure and innovation, BBI is well-positioned to drive long-term value creation for South Africa's digital economy.

Operating Context

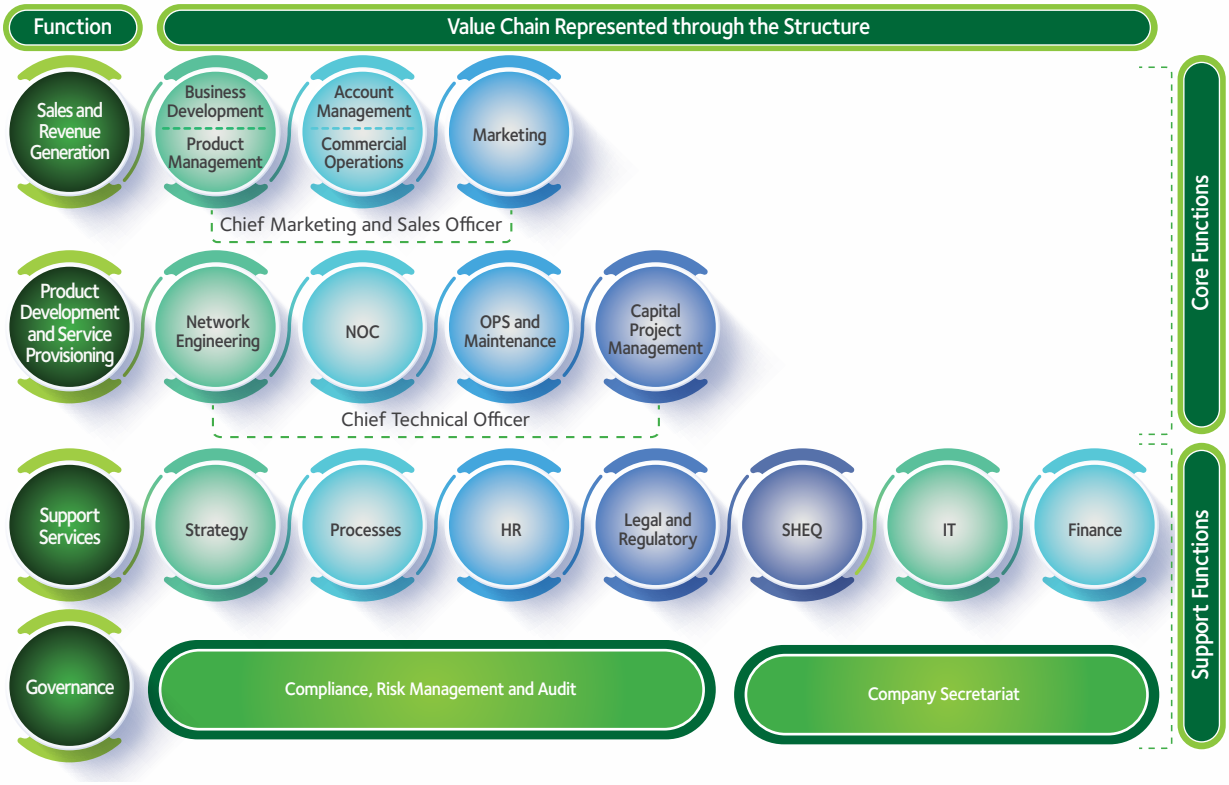


Figure 5 Operations

Core Operational Divisions Overview

The Sales and Marketing, Network Engineering, Network Build, Network Operations and Maintenance (Technical), and Stakeholder Management divisions form the core operational functions of the Company. These divisions play a critical role in driving the Company's strategic objectives, delivering value to customers, and ensuring the operational resilience of its network infrastructure.

Sales and Marketing

The Sales and Marketing division is responsible for revenue generation, the marketing of products and services, and customer relationship management. Sales and revenue efforts are guided by in-depth analysis of the market environment in which BBI operates and form a central part of its value chain. The division works proactively to understand customer needs and market dynamics, ensuring that offerings remain relevant and competitive.

Business Development, a key component of this division, complements core marketing efforts by identifying strategic growth areas and translating market insights into tangible opportunities. These include the identification and pursuit of new market segments, the introduction of innovative products and services, and the formation of strategic partnerships and investment opportunities. In FY 2024/25, the division focused on expanding BBI's presence in underserved markets and strengthening its role as a preferred partner in digital infrastructure delivery.

Stakeholder Management

The Stakeholder Management focuses on building and maintaining relationships with key external stakeholders, including government entities, regulatory authorities, industry partners, and community leaders. It plays a critical advocacy role and ensures that the Company's strategic objectives align with broader national development goals. It also supports business development through public-private partnership initiatives and works closely with the Marketing team to enhance the Company's reputation and public engagement efforts.

Network Engineering

Network Engineering, which is part of the technical portfolio, ww responsible for the planning, design and provisioning of network and customer services across all technology platforms.

These include Internet Protocol/ Multi-Protocol Label Switching Internet Protocol/ Multi-Protocol Label Switching (IP/MPLS) design, cybersecurity frameworks, operating system integration, Dense Wavelength Division Multiplexing (DWDM) and Synchronous Digital Hierarchy (SDH) network layers, power system planning, and Geographical Information Systems (GIS).

The division ensures that network infrastructure design is robust, scalable, and aligned with international best practices. During the reporting period, Network Engineering focused on enhancing design efficiency, adopting next-generation technologies, and supporting nationwide broadband expansion initiatives.

Network Build

The Network Build division serves as the implementation engine for all capital projects formulated within the Company. It is tasked with the execution of turnkey infrastructure projects, including the deployment of fibre networks, equipment installations, and customer service activations.
This division plays a pivotal role in enabling connectivity across urban and rural areas by translating design blueprints into operational infrastructure. Collaboration with both internal units and external stakeholders, contractors, suppliers, and regulatory bodies, essential to ensuring timely and cost-effective project delivery.

Network Operations and Maintenance

The Network Operations Centre (NOC) is responsible for 24/7 monitoring of the Company's network. This includes tracking performance indicators, responding to communication alarms, identifying power-related issues, and mitigating service disruptions. The division ensures full compliance with customer Service Level Agreements (SLAs) and is a key enabler of customer satisfaction and network reliability. Regional offices further support this function by maintaining and restoring network service faults, ensuring minimal downtime and efficient fault resolution, as illustrated on page 44.

In FY 2024/25, the division implemented advanced monitoring tools, refined incident response protocols, and expanded regional support coverage to improve fault resolution times.

Network Footprint

The Company currently operates and maintains 150 Points of Presence (PoPs) and manages a fibre network spanning over 15 124 km across all nine provinces of South Africa. This extensive footprint underpins BBI's mission to deliver high-capacity, affordable broadband infrastructure, particularly in underserved and rural areas. A detailed map is found on page 43.

Continuous investment in expanding and upgrading the network remains a strategic priority, as the Company works toward bridging the digital divide and supporting national connectivity objectives.

Enabling Support Functions

While the core operational divisions drive service delivery and market engagement, the Company's support functions play an essential role in ensuring organisational efficiency, financial sustainability, compliance, and strategic alignment. Each support division contributes to the seamless execution of business operations and long-term value creation.

Strategy and Monitoring

The Strategy and Monitoring unit is responsible for formulating the Company's long-term strategy, monitoring performance against strategic objectives, and ensuring alignment between operational plans and corporate goals. The function supports data-driven decision-making through the development of performance frameworks and strategic indicators.

In FY 2024/25, the unit played a central role in the refinement of the corporate strategy, tracking progress on strategic initiatives, and conducting environmental scans to inform organisational planning. Strategy and Monitoring also facilitated integrated reporting and supported continuous improvement by identifying gaps and aligning departmental plans to the overall vision of the Company.

Finance

The Finance division ensures the sound financial management of the Company, overseeing budgeting, financial planning and analysis, reporting, and regulatory compliance. During FY 2024/25, Finance maintained prudent cost controls while supporting investment in critical infrastructure. A focus on financial sustainability enabled the Company to navigate economic pressures while ensuring required funding for long-term projects.

Supply Chain Management (SCM)

SCM is responsible for the procurement of goods and services, contract management, and supplier development. The function emphasises transparency, compliance with procurement regulations, and value-for-money principles. In the past year, SCM enhanced procurement turnaround times, strengthened supplier monitoring systems, and introduced measures to improve the participation of SMMEs and previously disadvantaged suppliers.

Human Resources (HR)

The HR division drives workforce planning, talent acquisition, employee development, and performance management. Key achievements in FY 2024/25 included the rollout of a leadership development programme, updated remote work policies, and increased focus on employee wellbeing and diversity. HR plays a pivotal role in aligning people's capabilities with the Company's strategic goals.

Legal and Regulatory Affairs

This unit provides legal guidance, manages litigation, ensures regulatory compliance, and supports contract negotiations. In a highly regulated environment, the team ensures the Company operates within legal frameworks while safeguarding its interests in contractual engagements.

Information and Communications Technology (ICT)

ICT supports internal systems and infrastructure required for operational effectiveness. FY 2024/25 saw further digitisation of business processes, cybersecurity enhancements, and improved resilience of core systems. The team also played a critical role in modernising tools for remote work and system integration.

Risk, Compliance, and Internal Audit

This unit oversees risk management, regulatory compliance, ethics, and internal audits. It fosters a culture of accountability and governance and supports executive management in making risk-informed decisions. During the reporting period,

the unit enhanced enterprise risk assessments and refined compliance monitoring tools that were aligned with national frameworks.

Public Relations and Communications

This unit manages the Company's brand, public relations, media engagement, and internal communications. It ensures consistent messaging across all platforms and strengthens stakeholder trust. The FY 2024/25 highlights included successful public awareness campaigns, stakeholder engagement programmes, and the development of an integrated communications strategy.

Efficiency Enablers

The Company's systems, policies, procedures, and standards act as foundational tools that underpin both operational and support functions. They ensure uniformity in execution, regulatory compliance, and alignment with international best practices across all business units.

Systems, Policies, and Procedures

The Company has comprehensive systems, policies, and procedures that govern all aspects of the business to ensure internal controls are efficient, effective, and aligned with best practices. An enterprise-wide policy register is maintained and updated quarterly to track review dates and ensure compliance with statutory and governance requirements. These controls are instrumental in supporting a culture of accountability and operational consistency.

Standards

The Company is committed to maintaining the highest standards of safety, quality, and environmental responsibility. To that end, it has implemented international standards such as ISO 14001 (Environmental Management) and OHSAS 18001 (Occupational Health and Safety) to promote the well-being of employees and contractors.

Furthermore, the South African Bureau of Standards (SABS) has certified the Company's compliance with the Occupational Health and Safety Act. In addition, both Stage 1 and Stage 2 audits for ISO 9001:2015 quality management system re-certification were completed during the year under review, reaffirming BBI's commitment to continuous improvement and customer satisfaction.

What we do

We provide long-haul connectivity and a range of broadband communication services that form the backbone of national and regional digital infrastructure.

Social Mandate

Our mandate aligns with South Africa's NDP, aiming to establish national, regional, and municipal fibre-optic networks that support widespread broadband access, particularly in underserved areas. Our services are built around the delivery of high-capacity bandwidth between key points on the national network.

As a lead implementation partner in initiatives such as SA Connect and the Broadband Fund, we play a pivotal role in bridging the digital divide by connecting communities that were previously unconnected and enabling socio-economic development through improved digital access.

Our Offerings

Our portfolio is centred on providing high-capacity, managed bandwidth between Points of Presence (PoP) across the country, delivered via our robust national long-distance fibre network. With the increasing demand for high-bandwidth, IP-based services, we have upgraded our core network with next-generation Dense Wavelength Division Multiplexing (DWDM), supporting up to 100 Gbit/s per wavelength.

To standardise and simplify service classification, we have adopted the Open Systems Interconnection (OSI) model. Our offerings span the first three layers of the OSI stack:

- Layer 1 (Physical): Transmission of raw data through Synchronous Digital Hierarchy (SDH) and DWDM.
- Layer 2 (Data Link): Ethernet and other managed connectivity services.
- Layer 3 (Network): IP-based services, including IP Transit.

Key Products and Services

- **SDH, DWDM, and Ethernet Services** – We offer basic and advanced long-distance connectivity solutions with capacities ranging from a few megabits per second up to multiple 100 Gigabits-per-second (Gbit/s) links. Services are available in flexible configurations and interfaces, supported by custom-defined SLAs.
- **WACS Connectivity** – As a Tier-1 investor in the WACS—linking the West Coast of Africa to Europe—we provide international connectivity and redundancy services. This includes onward connectivity solutions for landlocked countries in the region.
- **Customer Tie Cable Maintenance Service** – A turnkey solution for the repair and maintenance of fibre optic handover links between customer sites and BBI PoPs. This service reduces capital expenditure and enables new revenue streams for our clients.
- **NOC as a Service** – Remote monitoring and reporting of third-party networks through our NOC. This includes real-time performance metrics and alerting on network elements.
- **Maintenance as a Service** – Access to our skilled technical teams for the rapid repair and upkeep of third-party fibre networks and related equipment.
- **Colocation** – Expanded to include external mast colocation at our PoP sites, in addition to indoor equipment housing. This supports customers' infrastructure deployment with associated power and environmental services.
- **Mtuzini Colocation** – A specialised service offering dedicated colocation space at our Mtunzini PoP, strategically situated near the Seacom and Eastern Africa Submarine Cable System (EASSy) submarine cable landing stations.
- **IP Transit** – Offers full internet routing tables to service providers through a direct connection to an upstream transit provider at Teraco Isando.

National Connectivity

Our national long-haul fibre-optic backbone extends over 15 124 km and employs DWDM to deliver scalable bandwidth solutions. The network supports multiple transmission rates, including 2.5 Gbit/s, 10 Gbit/s, 40 Gbit/s, and 100 Gbit/s per lambda, along key routes. Additionally, sub-gigabit IP-based services are available to support emerging and regional ISPs, enabling cost-effective network access and end-user service delivery.

Regional Connectivity

Our network spans all nine provinces of South Africa, covering major cities and towns, and extends to the borders of neighbouring countries—Botswana, Lesotho, Mozambique, Namibia, Eswatini (formerly Swaziland), and Zimbabwe—to provide vital interconnectivity. In alignment with the SADC Protocol, we have established connections to all SADC PoPs. BBI also facilitates cross-border connectivity by offering services to neighbouring countries through interconnection points at key border posts.

The following are the border connectivity points:

- Ramatlabama at the border with Botswana;
- Maseru at the border of South Africa and Lesotho;
- Onseepkans at the border with Namibia;
- Mahamba at the border with Swaziland;
- Beitbridge at the border with Zimbabwe; and
- Komatipoort at the border with Mozambique.

International Connectivity

We are a Tier 1 Investor in the 5.1 Tbits/s, WACS. The cable connects South Africa to the United Kingdom, with landing stations in Portugal and along the West Coast of Africa. The interlink between international cables landing on the East Coast and international cables landing on the West Coast of South Africa is crucial to our plans. This forms an important backup link for undersea cables on the East and West coasts. It also provides connectivity between the two regions.

The diagram below depicts our national and international connectivity:

Figure 6 BBI Fibre Footprint

Where We Operate

Our head offices are based in Gauteng, and we have a presence in all nine of the country's provinces, spanning 14 regional offices. The map below depicts where the regional offices are situated, and future expansion of offices is planned:

Figure 7 Regional Offices

Socio-Economic Development Overview

Employment

As of the end of March 2025, the Company had a total of 121 employees compared to 111 in the previous FY. The table below depicts the approved headcount, per division, that has remained unchanged since it was approved in the FY 2016/17.

Division	Executive	Senior Managers	Middle Managers	Junior Managers	Opera-Tional	Support	Active	Vacant	Total Approved Headcount (Permanent)
CEO's Office	1	1	1	0	1	0	4	2	6
CFO	1	3	9	2	5	1	21	0	21
CMSO	1	5	2	0	1	0	9	4	13
CRA	1	0	3	0	1	0	5	2	7
CTO	0	3	26	25	22	1	77	19	96
HR	1	0	2	0	1	0	4	5	9
Secretariat	0	0	1	0	0	0	1	2	3
Total	**5**	**12**	**44**	**27**	**31**	**2**	**121**	**34**	**155**

Table 4 Approved Headcount

Employment Equity

The demographics of the organisation are presented in the charts below, with a race group representation of Africans at 89%, Whites 7%, Coloureds 2%, and Indians 2%, excluding interns and temporary workers. Our employee gender profile is predominantly male at 64% and female at 36%, which indicates a slight difference from the previous year. See details on page 83.

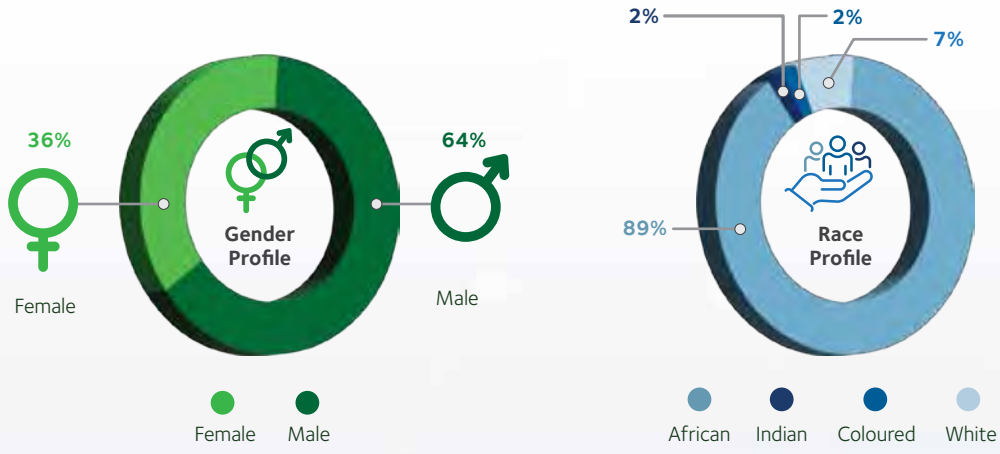


Figure 8 Employee Profile

Skills Development

Despite continued financial constraints in recent years, BBI has sustained its commitment to employee development. While the training budget was not increased, key development initiatives proceeded uninterrupted. This demonstrates the organisation's resolve to prioritise learning and development as a strategic enabler of individual performance and organisational success.

Investment in skills development contributes significantly to employee engagement, morale, and job satisfaction—key drivers of productivity and retention. Employees who feel supported in their professional growth are more likely to remain committed and contribute meaningfully to the achievement of strategic objectives. This also aligns with the national transformation goals, given that skills development accounts for 40% of the organisation's B-BBEE scorecard under the Skills Development element.

In the FY 2024–2025, the Company allocated 2% of its total salary bill to training and development initiatives. While this fell short of initial targets due to budgetary limitations, resources were directed toward the most critical learning areas, ensuring continuity in essential upskilling efforts.

Looking ahead, the organisation recognises the need to strengthen its investment in skills development—not only to support operational effectiveness, but also to contribute more significantly to transformation, innovation, and long-term workforce sustainability.

Broad-Based Black Economic Empowerment

We applied the amended B-BBEE ICT Sector Code as issued in terms of the B-BBEE Act 53 of 2003. BBI's B-BBEE verification covers four of the ICT Sector Scorecard (excluding the ownership element).

During the year under review, an independent and impartial accreditation process was completed to measure the Company against the Codes of Good Practice on B-BBEE. The Company achieved a rating of Level 4. We could not attain the minimum threshold on Skills Development, in terms of the ICT Sector codes, due to financial constraints. We, however, achieved full points for enterprise development and socio-economic development.

The B-BBEE multiplier achievement was 131%, while the percentage of procurement expenditure on Black-Owned Entities was 68%, and Black Woman-Owned Entities was 43%, compared to 105%, 52%, and 92% respectively in the previous FY. The Company has also achieved the target for awarded contracts to people with disabilities at 4% and youth at 19%. A total of 76 SMMEs were empowered during the FY under review.

Enterprise Development

The Company successfully deployed systems, policies, and procedures to comply with all current statutory supply chain management requirements. These include, but are not limited to, National Treasury prescripts, the Promoting Preferential Procurement Regulations (PPPFA), and B-BBEE functionality. As a result, an improved B-BBEE level 4 score was achieved in the current year.

Our procurement strategy is specifically designed to attract a significant contribution from previously disadvantaged groups and to create an environment within the Company where these individuals receive preference in terms of the supply of goods and services across all areas of the supply chain. The procurement strategy has been implemented in the appointment of service providers that will work with the Company in the implementation of the SA Connect Phase 2 and Broadband Access Fund projects. This led to over 50 ISPs, from previously disadvantaged groups, being appointed for the implementation of these projects.

Corporate Social Responsibility

We are committed to making meaningful contributions to the communities in which we operate, particularly in addressing the digital divide in education. As part of our Corporate Social Investment (CSI) programme, the Company adopted Tidima Secondary School in Limpopo during the reporting period. This initiative aligns with our developmental mandate to expand broadband access while supporting South Africa's education priorities.

Adoption of Tidima Secondary School

Tidima Secondary School is a no-fee public school serving approximately 940 learners, many from previously disadvantaged backgrounds, including child-headed households. In alignment with the Shareholder Compact and collaboration with the Limpopo Department of Basic Education, the school was selected based on the following:

- Proximity to a BBI Point of Presence (PoP), enabling sustainable broadband access;
- Offering of Mathematics and Science subjects;
- High enrolment of learners from child-headed households and families with unemployed parents; and
- Status as a no-fee paying school.

The adoption forms part of a broader strategy to promote ICT-enabled learning and ensure equitable access to digital resources for underprivileged learners. The initiative also aims to foster quality leadership, teaching, infrastructure development, and community involvement.

Support Provided

Following the conclusion of the formal adoption process, the following support has been delivered to Tidima Secondary School to date:

- High-speed internet connectivity; and
- Installation of Telematics equipment (a long-distance learning platform from Stellenbosch University) along with user training.

Further planned contributions to build a fully equipped cyber lab include:

- Desktop computers and laptops;
- Network cabling and air conditioning; and
- Learning desks.

Mandela Day Initiative

In celebration of Mandela Day, BBI extended its ICT support to Tlou Matlala Secondary School, also in Limpopo, by donating Wi-Fi connectivity and additional Telematics equipment.

Strategic Developmental Focus

BBI views its CSI initiatives as long-term developmental investments, not once-off charitable gestures. The current focus is on enabling access to ICT in education, with priority given to adopting schools in underserved communities located near our operational network. These partnerships aim to improve digital literacy, academic performance, and long-term socio-economic inclusion.

Stakeholder Overview

BBI recognises that the effective execution of its strategy and value creation processes is inherently interdependent on the interests and inputs of its material stakeholders. These stakeholders — including clients, shareholders, employees,

suppliers, and broader government partners — can influence, or be influenced by, our operations, and are essential to the sustainability of our business model.

We maintain continuous and structured engagement with our stakeholders to align our strategic aspirations with their evolving needs, expectations, and concerns. These interactions provide critical insights that inform decision-making, strengthen relationships, and shape our risk and opportunity landscape.

Our engagements with stakeholders are described in the table below:

Stakeholder Group	Engagement Methods	Key Interests and Concerns	BBI's Response / Value Delivered
Clients (Domestic & International)	Service reviews and technical meetings	Network reliability and uptime	Issued formal communication on fibre cuts and remedial actions
	Direct communications (e.g., service alerts, outage notices)	Transparent resolution of outages	Strengthened SLA adherence and recovery timelines
	Satisfaction surveys	Pricing and service competitiveness	Enhanced communication during undersea cable outages
Shareholders / Government	Shareholder compact reviews	Alignment with national digital objectives	Maintained alignment with shareholder priorities
	Performance briefings	Policy compliance	Submitted compliance reports on time
	Compliance and governance reporting	Return on investment and development impact	Progress on expanding broadband reach to underserved areas
Employees	Internal communication platforms	Job security and career growth	Implemented training programmes
	Training and workshops	Recognition and reward	Ongoing engagement and change management
	Climate and satisfaction surveys	Participation in decision-making	Improved reward and recognition structures
Suppliers / Partners	Procurement processes	Fair and timely procurement	Resolved legacy billing and contracting issues
	Contractual performance reviews	Payment transparency	Strengthened engagement with SOC partners
	Project coordination meetings	Long-term partnerships	Introduced value-sharing arrangements
Communities (CSI focus)	School adoption programmes	Access to broadband and ICT tools	Adopted Tidima Secondary School
	Government collaboration (e.g., Dept. of Education)	Educational development	Donated internet, telematics tools, and infrastructure
	Mandela Day initiatives	Digital inclusion	Supported additional schools on Mandela Day
Regulators (e.g., ICASA)	Regulatory filings	Licence compliance	Pursuing SA Connect Phase 2 funding for UAO compliance
	Compliance audits and site inspections	National connectivity obligations	Engaging ICASA and Sentech on IECS licence solutions
	Formal correspondence and requests	Spectrum and infrastructure usage	

Table 5 Key Stakeholders

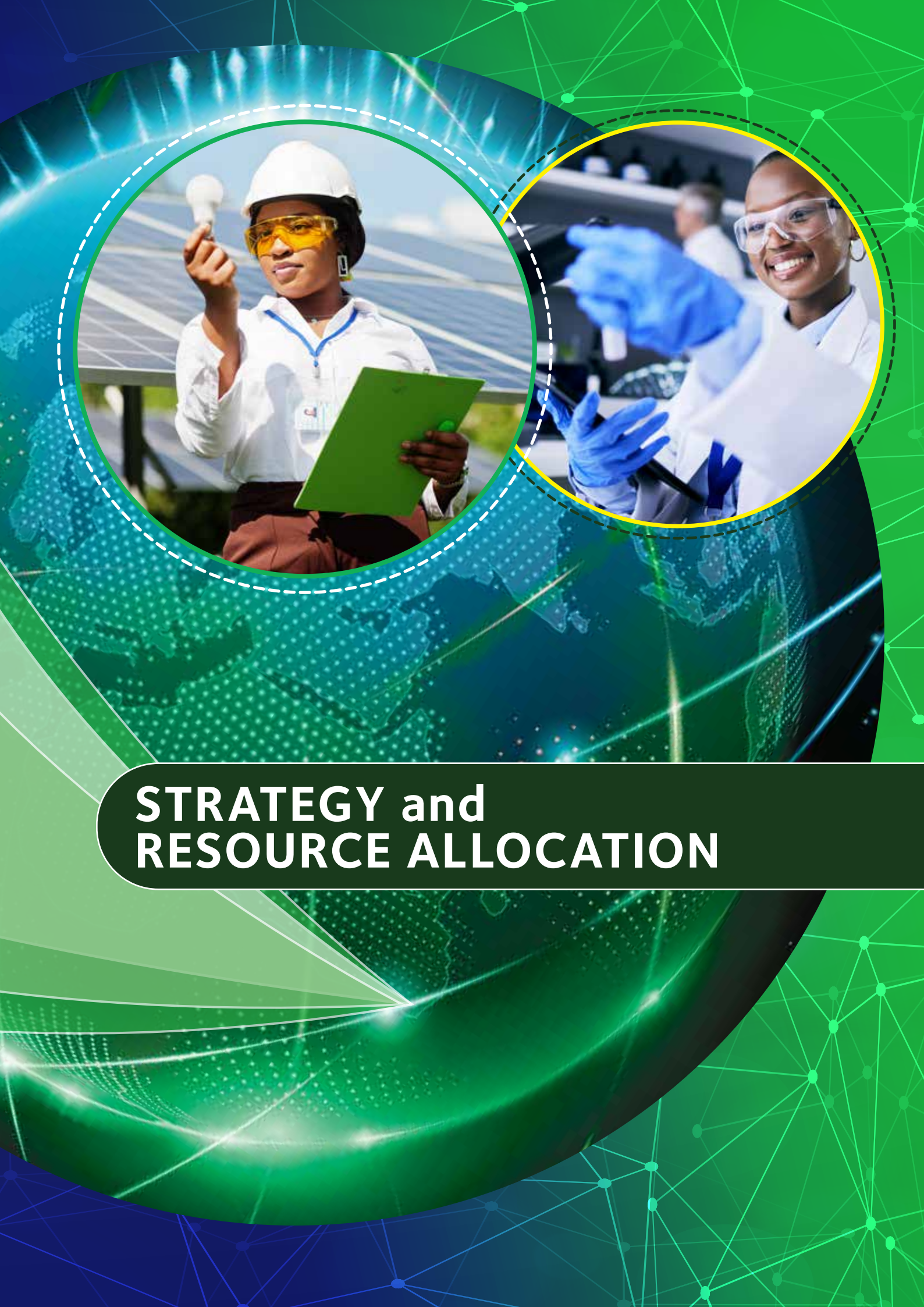
Integration with Risk and Strategy

Material matters emerging from stakeholder engagements are incorporated into our Enterprise Risk Management process. This ensures that stakeholder perspectives are embedded into the identification and management of risks and opportunities. The approach helps align our business model and strategic objectives with the expectations and priorities of those we serve.

As a customer-centric organisation, our stakeholder engagements go beyond compliance — they are a strategic tool for enhancing value creation, resilience, and operational alignment.

45 TIMES
BARCELONA

Bridging Digital Divides, Accelerating National Connectivity



STRATEGY and RESOURCE ALLOCATION

STRATEGY AND RESOURCE ALLOCATION

Our Strategy

The BBI strategy is structured across three horizons, each aligned to specific strategic outcomes, and supported by the integration of BBI and Sentech into the SDIC (State Digital Infrastructure Company). Horizons 1 and 2 are underway, with Horizon 3 scheduled to commence imminently.

Below is an illustration of the 2030 strategy and strategic outcomes that informed key performance indicators for the FY 2024/25:

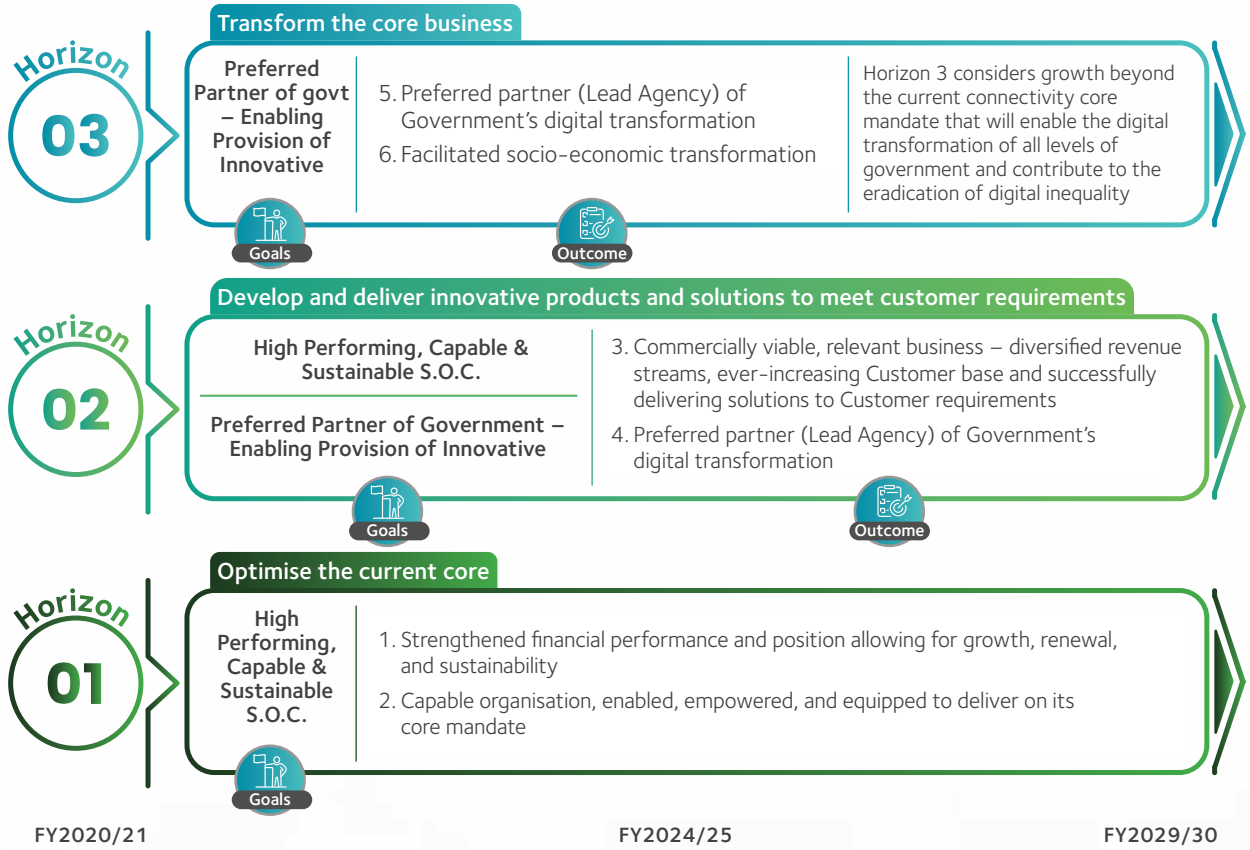


Figure 9 2030 Strategy

Horizon 1: Optimise the Current Core Business

This foundational phase establishes the base for transformation by stabilising finances, upgrading infrastructure, and aligning internal capabilities.

Key activities include:

- Securing funding for network renewal and expansion.
- Optimising assets, renewing critical skills, and acquiring strategic resources.
- Realigning BBI's business and operating models to the revised corporate strategy.
- Initiating BBI's role in the integration with Sentech to form the SDIC.

Horizon 2: Develop and Deliver Innovative Products and Solutions

Building on Horizon 1, this phase focuses on growth through innovation and market expansion:

- Introduction of customer-centric solutions for both public and private sectors.
- Increased network capacity, enhanced by ECS licence utilisation.
- Expansion into IoT and preparation for 5G deployment to align with 4IR priorities.
- Leveraging SDIC integration to access shared infrastructure, expertise, and funding.

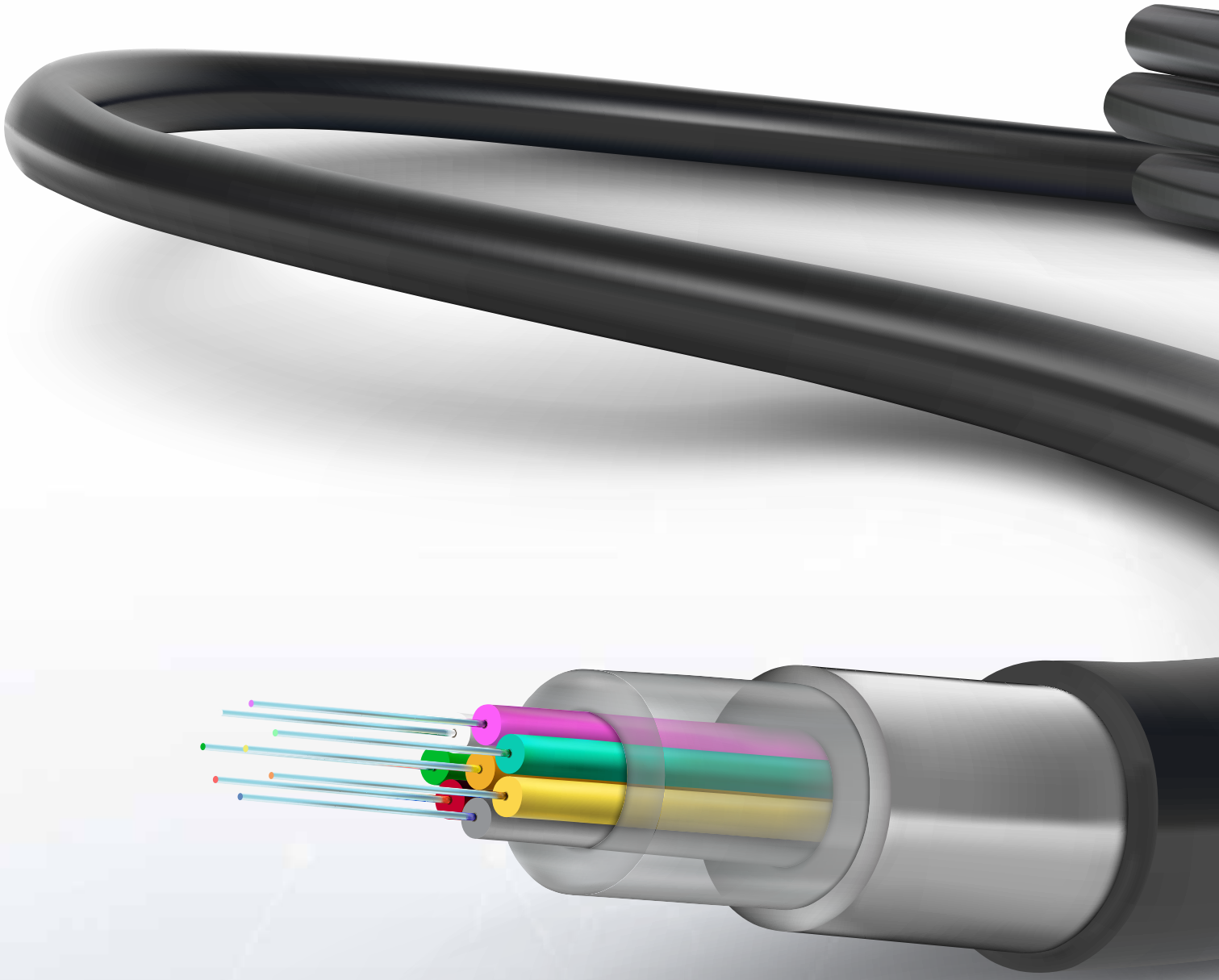
Horizon 3: Transform the Core Business

The final phase aims at systemic digital transformation across government services:

- Deployment of advanced digital solutions (e.g., connected facilities, edge computing, satellite connectivity).
- Enabling smart public service delivery to improve citizen quality of life.
- Universal access through digital inclusion initiatives focused on underserved areas.

The successful realisation of the 2030 strategy is contingent upon the following enablers:

- Robust Network Capacity and Enhanced Product Portfolio: Ensuring scalable infrastructure, diverse service offerings, and an expanded market presence, supported by skilled human capital.
- Spectrum Allocation: Timely and sufficient access to radio frequency spectrum to support advanced connectivity solutions.
- Acquisition of an Individual Electronic Communications Service (I-ECS) Licence: A critical regulatory requirement for expanding service delivery capabilities.
- Sustainable Funding Access: Securing investment and financial support to drive infrastructure development and innovation.
- State Fibre Consolidation: Integrating and optimising existing state-owned fibre assets to maximise efficiency and reduce duplication.
- State-Owned Companies (SOC) Rationalisation: Streamlining and aligning public digital infrastructure entities for unified service delivery.
- Strategic Partnerships and Alliances: Leveraging collaborations to drive innovation, share resources, and extend reach across sectors.



RISK AND OPPORTUNITY MANAGEMENT

Material Matters

The following material matters significantly influence BBI's ability to create sustainable value and successfully execute its 2030 strategy. These matters are addressed through strategic actions across all three horizons and align with BBI's transformation imperatives.

Sources for our Material Matters

- Statement of Strategic Intent and Shareholders' Compact.
- Issues arising from BBI's business context and operating environment.
- Issues arising from stakeholder concerns.
- Top strategic risks.
- Issues arising from the Board and its Committee meetings during the year.
- Key issues arising from the external environment.
- Material issues relating to our sustainability.

The material matters are outlined in the table below:

MATERIAL MATTER	KEY RISKS	KEY OPPORTUNITIES	VALUE FOR FUNDERS
1. Infrastructure and Network Capability	Ageing infrastructure Insufficient capacity Technology obsolescence	5G and IoT deployment Improved service reliability Infrastructure leadership	Government, Customers, Regulators, Investors
2. Financial and Regulatory Enablement	Funding constraints Spectrum/licensing delays Policy uncertainty	Expanded services Policy-aligned cost- efficient growth	Shareholders, National Treasury, Regulators
3. Digital Inclusion and National Impact	Exclusion of underserved areas Reputational risks	Digital transformation Increased uptake Social equity	Citizens, Government, NGOs, Communities
4. Strategic Integration and Partnerships	SDIC integration misalignment Weak strategic partnerships Project coordination meetings	Shared infrastructure Innovation via collaboration ICT leadership	Sentech, Partners, SOEs, Industry Bodies
5. Organisational Capacity and Agility	Skills shortages Slow transformation Resistance to change	Workforce renewal Agile delivery Strong EVP	Employees, Labour Unions, Management, HR & Training

Table 6 Material Matters

Risk Management Framework (KING IV, P4, P11 and 12)

Guided by the King IV corporate governance principles, BBI's approach to risk management has evolved significantly, shifting from a focus on inherent efficiency and operational performance to an emphasis on supporting and shaping strategic objectives. Enterprise Risk Management (ERM) is now recognised as a key enabler in achieving the Company's strategic goals, aligning risk practices with value creation and long-term sustainability.

BBI's risk management framework operates on two levels:

Strategic Risk Management

The strategic dimension of risk management focuses on:

- Alignment with strategic objectives and stakeholder expectations.
- Embedding a desired risk culture across the organisation.
- Structuring governance, assurance, and oversight mechanisms.
- Ensuring compliance with legislative and regulatory frameworks.

An annual assessment of strategic risks was conducted during the fourth quarter in collaboration with Shareholders, the Board, and Executive Management. This exercise was a core component of the strategic planning process, ensuring that identified risks were directly linked to the Company's evolving strategic objectives.

BBI has institutionalised Strategic Risk Oversight Through:

- Active leadership and advocacy by the Board.
- Oversight of the risk function by the Audit and Risk Committee (ARC).
- Ongoing alignment of the strategic risk register with corporate strategy.
- Internal and external audits assessing the implementation of the risk strategy.

The ERM approach is informed by the King IV Report on Corporate Governance for South Africa, 2016, and the ISO 31000:2018 standard. These frameworks guide BBI in striving for best-practice levels in risk governance and in management.

Operational Risk Management

Operational risk registers were completed for all divisions and submitted to the ARC for noting. The operational risk framework is adapted to the specific needs of each division and project, facilitating consistent, risk-informed decision-making throughout the organisation.

BBI's risk process involves a systematic application of principles to communicate and consult, establish context, and assess, treat, monitor, review, record, and report risks. The risk architecture is based on ISO 31000:2018 and features two integrated cycles—strategic and operational ensuring coherence across all levels of the organisation.

Enhancing Value Through ERM

The risk and compliance function contributes actively to organisational improvement by:

- Participating in remedial planning related to audit findings
- Mapping and integrating assurance activities and lines of assurance across procurement processes
- Supporting project risk monitoring, which enables the provision of contingency reserves for programme and project-related risks

Through these activities, BBI's ERM framework not only mitigates threats but also identifies opportunities, enhances accountability, and supports efficient resource allocation, adding measurable value to the organisation.

Risk Maturity and Responsiveness

BBI continues to advance its Enterprise Risk Management (ERM) capabilities to support long-term value creation and resilience. A key component of this process is the Risk Assessment Matrix, which enables the organisation to evaluate the likelihood, impact, and adequacy of controls for each strategic risk.

This matrix is not static. Rather, it is continuously updated to reflect changes in both the internal and external operating environment. Strategic triggers for reassessment include:

- Establishment or enhancement of the ERM framework;
- Corporate restructuring or mandate shifts;
- Emergence of new technologies or sector-specific disruptions; and
- Identification of significant internal control weaknesses.

The adoption of a continuous risk assessment approach allows the Company to detect early warning signals, better prepare for uncertainties, and integrate mitigation responses into its strategic planning cycle.

Management remains fully committed to monitoring and mitigating the eleven strategic risks identified for the reporting period. This ensures BBI is better positioned to manage uncertainty and deliver on its mandate sustainably and responsibly.

Our Key Strategic Risk Movements

BBI operates within a dynamic, highly regulated environment that presents both evolving risks and emerging opportunities. Through our integrated enterprise-wide risk management (ERM) framework, we adopt a proactive approach to identifying, monitoring, and mitigating risks that could hinder value creation across all six capitals — financial, manufactured, intellectual, human, social, and relationship, and natural capital.

Over the past three years, the profile of our top strategic risks has remained largely consistent, with only minor annual shifts. The two most enduring and impactful risks continue to be:

- Persistent funding constraints, and
- Increasing competition from non-fibre state-owned companies (SOCs).

The table below illustrates the capitals impacted and mitigation plans:

No.	Risk	Mitigation Actions	Capitals Affected
1.	**Increased vulnerability to cyberattacks**	Cybersecurity policy & strategy Threat and intrusion assessments Mission-critical data backup Cybersecurity training for employees	Intellectual, Social & Relationship, Financial
2.	**Inability to respond to rapid external changes**	Futures mindset and market analysis Industry benchmarking and conferences R&D capability and skunkworks funding Innovation culture building	Intellectual, Human, Financial
3.	**Competition from non-ICT SOCs**	Resolve billing/contractual issues Secure long-term fibre access agreements Shareholder engagement for policy alignment Develop value-sharing models	Financial, Social & Relationship
4.	**Low employee morale and resistance to innovation**	Induction and change management Recognition and reward systems Training and development Culture initiatives and engagement surveys	Human, Intellectual
5.	**Non-compliance with ICASA licence obligations**	Leverage SA Connect Phase 2 funding to meet UAOs (Universal Access Obligations)	Financial, Social & Relationship
6.	**Deactivation of goods/ services by key suppliers**	Leadership support and crisis strategy Customer communication Legal action to restore critical services	Manufactured, Financial, Social & Relationship
7.	**Impact of Eskom power outages / load shedding**	Increase battery standby time Procure and deploy generators	Manufactured, Natural, Financial
8.	**Difficulty securing an I-ECS Licence**	Negotiate licence from private operators Engage Sentech for shared licensing Ministerial intervention request	Intellectual, Financial

No.	Risk	Mitigation Actions	Capitals Affected
9.	**Capital project delivery risk**	Enterprise-wide project risk management	Manufactured, Financial, Intellectual
		Bottom-up and top-down assessments	
		Ongoing tracking by Risk Manager	
10.	**SHEQ risks (safety, health, environment, quality)**	Executive review of SHEQ policy	Human, Natural, Social & Relationship
		SHEQ metrics and control improvements	
		Incident tracking and remediation	
11.	**Sustainability and funding constraints**	Alignment with SA Connect priorities	Financial, Manufactured, Social & Relationship
		Capital planning and cost containment	
		Engagements for publicprivate collaboration	

Table 7 Top Strategic Risks, Mitigation Actions, and Impacted Capitals

While BBI has explored a range of mitigation strategies, regulatory engagement, shareholder intervention, and collaborative infrastructure models, no long-term solution has been successfully implemented to date. The result is continued delays in project execution and lost revenue opportunities, further compounding risks to long-term sustainability.

Bridging Digital Divides, Accelerating National Connectivity

PERFORMANCE OVERVIEW

OUR PERFORMANCE OVERVIEW

Annual Performance Results

BBI achieved 18 out of 19 targets, translating into 95%. The table below reflects our achievements against the key performance indicators (KPIs) as encapsulated in the Shareholders' Compact.

KPI	2024/25 REVISED TARGETS	Q1 Audited Results	Q2 Audited Results	Q3 Audited Results	Q4 Audited Results	Unaudited 2025 Results	Status	Reason for Non/Over Achievement	Remedial Action
New sales contracts signed annually.	R50 million new sales contracts signed.	Marketing and sales contract negotiated.	R6.34 million new sales contracts signed.	R15.61 million sales contracts signed.	R17.52million-sales contracts signed.	R55.90 million sales contracts signed.		The pursuit of the ANPs to utilise BBI backhaul yielded positive results.	
Percentage Revenue year-on-year growth (including SA Connect).	1% revenue year-on-year growth.	-30% revenue year-on-year decline.	18% revenue year-on-year growth.	-22% revenue year-on-year decline.	106% revenue year-on-year growth.	13% revenue year-on-year decline.		Increase in revenue due to USAASA 3 as more sites were verified.	
Number of days per outstanding customer invoice per month.	Debtors' collection of 60-days per contract.	Debtors' collection of 131-days per contract.	Debtors' collection of 50-days per contract.	Debtors' collection of 71-days per contract.	Debtors' collection of 79-days per contract.	Debtors' collection of 133 days per contract.		Delays in collections on overdue debt from previous years.	All overdue debt was handed over to debt collectors to improve collection. Letters for the intention to suspend have been issued.
Maintain a Positive Cash Balance monthly.	R10 million cash and cash equivalents available.	R224 million cash and cash equivalent available.	R15,9 million cash and cash equivalents available.	R214 million cash and cash equivalent available.	R114 million cash and cash equivalent available.	R127 million cash and cash equivalents available.		Cash received for projects being executed.	
Rand value decline of operating Profit before Depreciation after Interest.	Decline in operating profit before depreciation after interest by R129 million.	Decline operating profit before depreciation after interest by R43 million.	Increase operating profit before depreciation after interest by R20 thousand.	Decline in operating profit before depreciation after interest by R95 million.	Increase in operating profit before depreciation after interest by R49 million.	Decline in operating profit before depreciation after interest by R113 million.		Decrease due to increase in revenue.	
Number of days within which SMMEs' invoices are paid.	SMME invoice paid within 25 days.	SMME invoice paid within 10 days.	SMME invoice paid within 20 days.	SMME invoice paid within 15 days.	SMME invoice paid within 14 days.	SMME invoice paid within 15 days.		Key focus on payments of SMMEs to ensure compliance with the policy.	
Percentage of payroll spent on training per annum.	2% of the salary bill is spent on training.	Workplace Skills Plan and Annual Training Report Submitted.	Training spent at 4.58% of payroll.	Training spent at 3.13% of payroll.	Training spent at 1.85% of payroll.	Training spent at 3% of payroll.		Implementation of WSP and discretionary grants from MICT.	
Number of interns requiring experience recruited.	Five interns allocated to various environments.	Departments were identified.	Five interns allocated to various environments.	Interns trained and developed.	Interns trained and developed.	Five interns allocated to various environments.		The appointments were made timeously.	
Maintain an unqualified external audit opinion with no repeat findings.	Unqualified external audit with no repeat findings.	External Audit follow-up report submitted.	External Audit follow-up report submitted.	External Audit follow-up report submitted.	External Audit follow-up report submitted.	Unqualified audit report with material findings.		The plan to resolve external audit findings is implemented.	
Improve Actual Time to Restore Core Network Faults.	7.5hrs to Restore Core Network Faults.	7.5hrs to Restore Core Network Faults.	7.04hrs to Restore Core Network Faults.	6.85hrs to Restore Core Network Faults.	6.67hrs to Restore Core Network Faults.	6.99hrs to Restore Core Network Faults.		Quicker response and repair times.	
Percentage of gross revenue paid as network performance rebates.	≤1.0. % of quarterly gross revenue paid as network performance rebates.	0.6 % of quarterly gross revenue is paid as network performance rebates.	0.3% of quarterly gross revenue Paid as network performance rebates.	0.4% of quarterly gross revenue provisioned as network performance rebates.	0.5% of quarterly gross revenue paid as network performance rebates.	0.3% of quarterly gross revenue paid as network performance rebates.		Implementation of IP/MPLS for more intelligent routing of services and impact of restored links and good MTTR.	
Kilometre's increase of the network capacity.	100km increase in available fibre network.	0km increase in available fibre network.	80km increase in available fibre network.	81km increase in available fibre network.	9 km increase in available fibre network. In addition to the previous period.	170 km increase in available fibre network.		Two service providers were appointed for an expedited rollout.	

KPI	2024/25 REVISED TARGETS	Q1 Audited Results	Q2 Audited Results	Q3 Audited Results	Q4 Audited Results	Unaudited 2025 Results	Status	Reason for Non/Over Achievement	Remedial Action
Number of hotspots connected to broadband networks.	4000 hotspots connected to broadband networks.	1178 hotspots connected to broadband networks.	1412 hotspots connected to broadband networks.	872 hotspots connected to broadband networks.	1713 hotspots connected to broadband networks.	5 175 hotspots connected to broadband networks.		Prudent management ISPs increased the number of hotpots connected.	
Number of USAASA Sites connected to the broadband network.	Connect services to 200 USAASA sites networks.	65 USAASA sites connected and signed off.	137 USAASA sites connected and signed off.	USAASA Sites completed in the previous period, installation of the new contract has commenced.	USAASA Sites completed in the previous period installation of the new contract has commenced.	202 USAASA sites Connected.		Installation and connection of services was completed.	
Number of hotspots connected to broadband networks.	Connect 40000 households and 2700 Wi-Fi hotspots.	6433 households and 56 Wi-Fi hotspots Connected.	Connect 14 827 households and 894 Wi-Fi hotspots.	Connect 16 868 households and 1 651 Wi-Fi hotspots.	201 households connected.	38 329 (53 371) households connected. 2601 (3 140) Hotspots connected.		The project commenced in 2023-24 FY. More sites were connected and verified in the current FY. The spreadsheet was reviewed to eliminate errors.	
Number of SMMEs allocated installation work.	Ten SMMEs allocated installation work.	SMMEs identified.	Seven SMME allocated to work.	Seven SMME allocated installation work.	13 SMME allocated installation work.	27 SMME allocated installation work.		Key focus on allocating work to SMME in project implementation.	
Percentage of total procurement budget spend on black, women, youth, and people with disabilities owned entities.	15% of total procurement budget spend on black, women, youth, and people with disabilities owned entities.	42% of total procurement budget spend on black, women, youth, and people with disabilities owned entities.	44% of total procurement budget spend on black, women, youth, and people with disabilities owned entities.	43% of total procurement budget spend on black, women, youth, and people with disabilities owned entities.	50% of total procurement budget spend on black, women, youth, and people with disabilities owned.	45% of total procurement budget spend on black, women, youth, and people with disabilities owned entities.		Procurement on projects being executed are procured to designated groups.	
Improve B-BBEE Level.	Improve B-BBEE Level to Level 3.	Verification audit conducted.	Achieved B-BEE Level 3.	Achieved B- BEE Level 3.	Achieved B- BEE Level 3.	Achieved B-BEE Level 3.		Improvement in targeted element for the BBEE verification.	
Number of Schools provided with broadband connectivity.	Maintain the schools provided with connectivity and provide connectivity to 1 school.	Schools to be provided with connectivity identified.	BBI's Adoption letter of (Tidima Secondary School) Received.	3 Potential Partnerships meetings to support with delivery of CSI items (Zadna, Jireh and Telematic).	Installation of Wi-Fi connectivity and verification of speed took place at Tidima Secondary School in Limpopo.	Tidima and Tlou Matlala Secondary Schools Telematics installed and Training of educators and learners took place.		Installation of telematics completed at 2 schools	

Table 8 2024-25 Performance Results

Legend	Status	2020/21	%	2021/22	%	2022/23	%	2023/24	%	2024/25	%
Achieved		14	**74%**	14	**74%**	14	**70%**	18	**90%**	18	**95%**
Not achieved		5		5		6		2		1	
Total		**19**		**19**		**20**		**20**		**19**	

The Company has achieved 95% of its annual targets, compared to 90% achieved in the previous FY. Eighteen of the nineteen targets were achieved. One target that was not achieved relates to debtors collection days.

BBI's performance during the year under review reflects both the persistent challenges of the operating environment and the progress made through targeted risk mitigation, capital project execution, and stakeholder engagement. Management's proactive response to external risks such as cyber threats, power disruptions, and regulatory hurdles. This has enabled BBI to deliver on key aspects of its mandate. Improved infrastructure resilience, stakeholder trust, and internal innovation culture have laid a stronger foundation for future growth.

However, funding constraints, licensing complexities, and SOC competition continue to pose strategic risks, requiring sustained attention and engagement at the Board, Shareholders, and Political levels. These impact on our revenue streams and financial sustainability.

PERFORMANCE THROUGH THE CAPITALS

Intellectual Capital

"Innovation Through Knowledge and Technology"

Our intellectual capital represents the collective institutional knowledge, systems, governance practices, and ethical foundations that empower BBI to create long-term value in a competitive and regulated environment. It encompasses the way we think, the way we work, and the standards to which we hold ourselves accountable.

This capital includes our formal Business System (BS), which codifies critical operational procedures; our robust governance framework, which ensures compliance and strategic alignment; and our behavioural pillars, such as the Code of Conduct and Code of Ethics, which guide ethical decision-making across all levels of the organisation.

At the core of our intellectual capital are the values we live by: Customer Centricity, Reliability, Integrity, Innovation, and Agility. These values are not only foundational to our corporate culture but also instrumental in upholding our reputation—one that has been built and sustained over more than 16 years of public sector service delivery.

Our intellectual capital further supports internal skills development and knowledge transfer. Through formalised training programmes, mentorship structures, and talent development pipelines, we ensure that critical institutional knowledge is retained and enhanced. Structured onboarding, knowledge management, and business continuity processes help mitigate intellectual attrition and support long-term organisational resilience.

These initiatives are supported by key performance indicators (KPIs) that measure areas such as:

- Internal training hours delivered per employee.
- Staff retention rates of critical skills.
- Ethics and compliance training completion.
- Governance and audit outcomes.
- Employee innovation and improvement initiatives.

In a rapidly evolving digital and policy environment, our intellectual capital allows us to adapt, learn, and continuously improve—ensuring that BBI remains a trusted and responsive partner in South Africa's digital development agenda.

Below is our Intellectual Capital, their descriptions, and the outcomes or value they enable.

Intellectual Capital Component	Description	Strategic Outcome / Value Enabled
Code of Conduct & Code of Ethics	Ethical principles and behavioural guidelines for all employees	Trusted brand reputation, stakeholder confidence, and ethical governance
Governance Framework	Corporate governance policies, structures, and oversight mechanisms	Compliance with King IV, risk mitigation, and board accountability
Organisational Values	Customer Centricity, Reliability, Integrity, Innovation, Agility	Culture alignment, consistent service delivery, and employee engagement
Knowledge Transfer Mechanisms	Mentorship, internal forums, training programmes	Retention of institutional memory and continuity of critical skills
Skills Development	Technical and professional learning interventions	Increased capability, leadership pipeline, and transformation outcomes
Internal Communication Channels	Town Talks, intranet, staff bulletins	Employee alignment with strategy and improved organisational responsiveness
Ethics and Compliance Training	Mandatory employee sessions and refreshers	Reduced risk of non-compliance and reinforced ethical behaviour
Performance Measurement (KPIs)	Metrics for training, retention, ethics compliance, audit results	Evidence-based governance, targeted improvement, and long-term sustainability

Table 9 Intellectual Capital

Financial Capital

"Ensure Financial Sustainability"

During the FY 2024/25, BBI experienced continued financial pressures despite a moderate increase in revenue. Gross profit margins declined year-on-year as the cost of sales rose significantly by 33%, while revenue only increased by 10%. This imbalance reflects ongoing challenges in cost containment amid efforts to grow service delivery.

Operating expenses increased by 23% compared to the previous FY. The primary cost drivers were higher employee-related expenses, increased travel requirements linked to project deployments, and various other operational overheads. These pressures, coupled with rising cost of service delivery, contributed to a deterioration in the Company's profitability.

The Company reported a negative Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of R117 million for the year, highlighting the strain on core operations. The operational loss widened to R279 million in 2024/2025, from a loss of R203 million in the prior year. This performance decline was driven by shrinking gross margins and operating costs that outpaced revenue growth.

Despite the subdued financial performance, strategic investments in underserved areas and infrastructure upgrades continue to lay the foundation for long-term sustainability. Management remains focused on improving operational efficiency, rationalising costs, and pursuing new revenue streams to stabilise and ultimately reverse the current trajectory.

Sales

In the 2024/25 reporting period, BBI exceeded its sales volume target by 10%, achieving a total sales volume of R55.9 million. This marked improvement reflects the Company's ability to capitalise on market opportunities while addressing internal operational constraints.

The growth was largely driven by the sales team's successful engagement with Internet Service Providers (ISPs), who were persuaded to procure BBI Backhaul services under the SA Connect Phase 2 (SAC2) initiative. This strategic win, combined with the unexpected disruption of the SEACOM and Eastern Africa Submarine Cable System (EASSy), positioned BBI as a critical connectivity provider during a time of heightened demand. However BBI is a Tier 1 investor in the West African Cable System (WACS).

The EASSy cable is a high-capacity, fibre-optic submarine cable system that runs along the western coast of Africa, connecting countries from South Africa to the United Kingdom and beyond. It plays a critical role in enhancing regional connectivity by providing reliable, high-speed internet and data services, thereby supporting economic growth, digital transformation, and integration in Eastern Africa. BBI is a key stakeholder in WACS, leveraging its infrastructure to expand broadband access and enable advanced telecommunications services.

Furthermore, the successful resolution of the prolonged impasse with Eskom significantly enhanced service reliability, directly restoring customer trust and confidence in BBI's network. This resolution addressed the critical issue of link cancellations, which had severely impacted the Company's operational performance in previous years. These cancellations were primarily caused by frequent power outages and repeated fibre infrastructure disruptions, which led to service interruptions and customer dissatisfaction.
By mitigating these challenges, BBI was able to stabilise its network performance, reducing downtime and ensuring more consistent connectivity for clients. As a result, these developments played a pivotal role in not only surpassing sales targets but also in strengthening BBI's market position. The improved service continuity and customer experience enhanced BBI's reputation as a reliable broadband provider in an increasingly competitive industry, underpinning sustained growth and customer retention.

The figure below illustrates the comparative sales trends:

Figure 10 Sales Trends

Sales Strategy

We continued to implement a six-pillar strategy, the results of which are stipulated below:

Key Accounts

During the reporting period, BBI made significant strides in strengthening commercial relationships and broadening its wholesale customer base.

A key highlight was the breakthrough in selling backhaul capacity to Aggregated Network Providers (ANPs), which now represents approximately 10% of total sales. This milestone signifies a positive step in BBI's efforts to diversify its client base and reinforces the relevance of its national backhaul infrastructure in support of South Africa's broadband ecosystem. However, while this progress is commendable, the remaining ANPs have yet to onboard with BBI. This presents an opportunity for the Company to intensify its engagements and demonstrate the value proposition of its high-availability backbone to the remaining ANPs.

On the other hand, the expiration of a key anchor customer's service contract—one of the largest State-Owned Entities—posed a temporary challenge. Extensive high-level negotiations have been initiated at executive (C-Level) level to secure an extension or a renewal of the agreement. These discussions remain ongoing and are being handled with strategic care, considering the financial implications and reputational value of the client.

Regarding wholesale accounts, the resolution of the prolonged Eskom impasse proved to be a pivotal moment. It resulted in a marked increase in service uptake as dormant infrastructure was reactivated and customer confidence began to recover. Nonetheless, further engagements are still required to rebuild trust and reach mutually beneficial service level agreements, especially in light of the reputational damage sustained during the disruption period.

Together, these developments reflect a renewed commercial momentum, grounded in long-term relationship-building, infrastructure resilience, and strategic customer alignment.

Acquisition Accounts

Customer acquisition remains a central pillar of BBI's growth strategy and a key lever for fueling the revenue pipeline. The Sales Division continues to align its acquisition targets with the organization's strategic KPIs, focusing on expanding market reach and diversifying the customer base. While the resolution of the Eskom impasse has restored some service continuity, the challenge of acquiring new customers persists in a competitive and trust-sensitive market.

Encouragingly, improved traction was observed with the onboarding of Aggregated Network Providers (ANPs), indicating renewed market confidence in BBI's network and service delivery capability. This progress signals a potential shift in market sentiment, but the journey to significantly broaden the customer base—especially with entities not previously in the Company's database—requires sustained and focused engagement.

In parallel, the recovery of customers lost during the Eskom-related service disruptions has become a strategic imperative. Dedicated efforts are being made to re-engage these clients, rebuild relationships, and restore service commitments, thereby reinforcing the Company's reputation and long-term commercial sustainability.

Strategic Partnerships

Strategic partnerships are critical enablers of BBI's long-term sustainability, enabling the Company to deliver on its mandate while expanding its market footprint. During the year under review, the Company actively pursued key government-to-government engagements to strengthen intergovernmental collaboration. Notable engagements included discussions with the Passenger Rail Agency of South Africa (PRASA), the Council for Scientific and Industrial Research (CSIR), and Gauteng Broadband initiatives. These collaborations aim to unlock new opportunities for shared infrastructure.

SADC

The Southern African Development Community (SADC) region continues to represent a significant area of growth and strategic importance for BBI. Leveraging long-standing relationships cultivated through the Southern Africa Telecommunications Association (SATA), the Company successfully sold over 300 Gbps of capacity to SADC member states during the year under review. These engagements have been further strengthened through the development of the North-West Link, which is opening new cross-border connectivity opportunities.

SATA remains a preferred and highly effective platform for fostering regional collaboration, sustaining long-term partnerships, and establishing new alliances across the SADC region. BBI will continue to prioritise its participation in SATA forums to deepen cooperation, enhance regional integration, and position itself as a strategic player in the southern African digital infrastructure ecosystem.

Public Sector

BBI anchor customer SITA is at risk. The 10-year contract has ended. The negotiations are ongoing at the C-Level to secure future business. Limpopo Connexion cancelled its services with BBI through a tender process.

BBI is considering replicating the business model applied to the KZN Premier's office with other provinces. The Free State is still being pursued irrespective of the delays experienced due to the changing of decision makers in the Premiers Office. The opportunities identified with PRASA and Gauteng Broadband are under review to ascertain their feasibility and willingness to partner with BBI.

BBI is considering replicating the business model applied with the KZN Premier's office with other provinces.

Channel Partners

To support deeper market penetration and broaden customer access to its broadband services, BBI has finalised and commenced implementation of a revised Reseller Agreement, which was approved by EXCO. The agreement, valid for three (3) years and subject to biannual review, is structured to offer flexibility while maintaining strategic oversight. It allows resellers who do not necessarily hold an Individual

Electronic Communications Service (IECS) or Class Electronic Communications Service (CECS) license to partner with BBI, provided they sell to licensed entities.

This approach not only expands BBI's reach into underserved markets but also strengthens relationships with smaller or emerging service providers, supporting inclusive sector growth. The revised framework is a key strategic lever to unlock new commercial opportunities and foster a more competitive and diversified telecommunications ecosystem.

Revenue

Revenue increased by 13% year-on-year, driven by several key contributors. Notably, project execution under the USAASA 332 initiative, growth in national revenue, and income from the West Africa Cable System (WACS) played a significant role in boosting topline performance. Additionally, the Company earned a management fee for administering the Broadband Access Fund (BAF), which further supported revenue growth.

Despite these gains, the overall revenue increase was partially offset by reductions from other customer segments. These reductions stemmed from the cancellation of connectivity links and non-renewal of contracts that reached the end of their term, highlighting the importance of retention strategies alongside acquisition.

The number of active customers increased from 62 to 69 during the year. This growth reflects increased market confidence and uptake of BBI's services.

Looking ahead, the continued rollout of the Company's commercial model is anticipated to drive further revenue growth, through expansion into underserved areas and enhanced product offerings tailored to the evolving demands of the market.

The figure below illustrates revenue per customer segmentation:

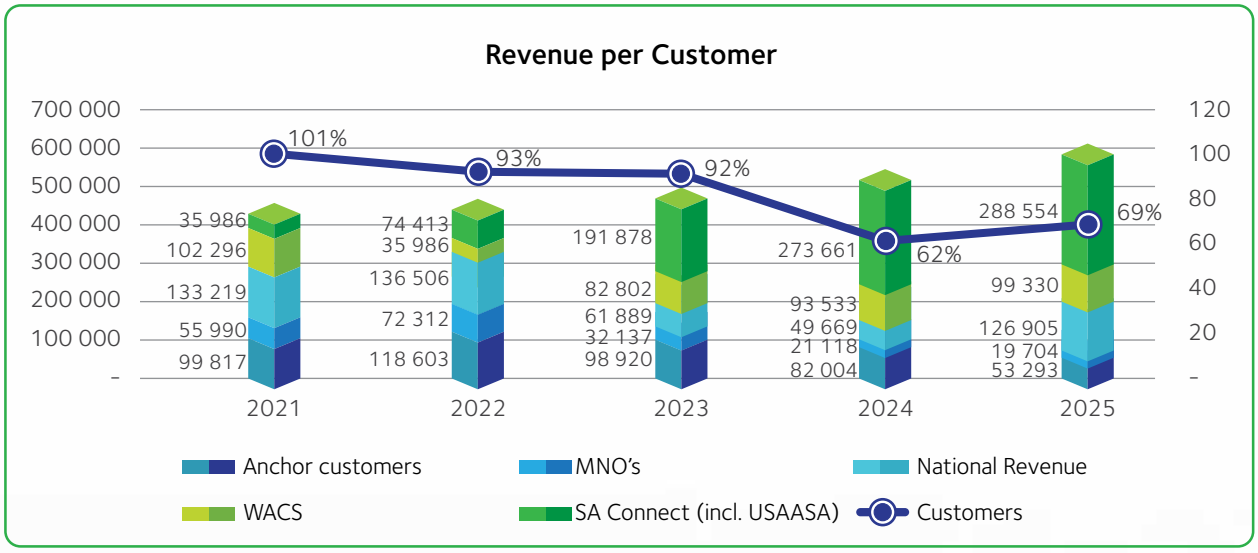


Figure 11 Revenue per Customer

Cost of Sales and Gross Profit Margin

Cost of Sales (excluding depreciation) increased by 33% compared to the previous FY. This rise is primarily attributed to higher provisioning costs related to the SA Connect programme, driven by a substantial increase in the number of connected sites and the initiation of additional large-scale projects. While the overall cost base grew, this was partially offset by a reduction in maintenance costs associated with the WACS (West Africa Cable System) connection.

The increase in Cost of Sales, although aligned with the expansion of services and revenue growth, led to a marginal decline in the gross profit margin. This highlights the need for ongoing efficiency improvements in service provisioning and contract management to protect profitability as operations scale.

The year-on-year comparison of the cost of sales is depicted in the figure below:

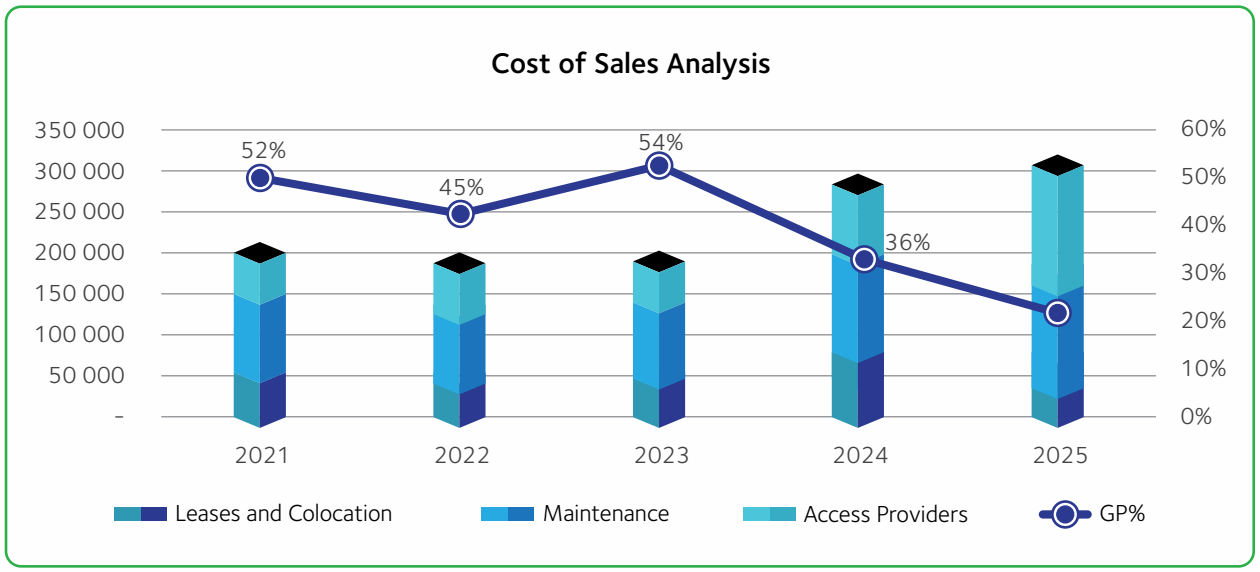


Figure 12 Cost of Sales

Operating Costs

Operating expenses for the financial year increased by 27% compared to the previous year. When excluding employee-related costs, the increase is more pronounced at 104%, reflecting elevated operational activity and strategic investments. The overall rise in expenditure was primarily driven by higher employee costs, linked to cost-of-living adjustments and talent retention efforts, as well as increased license fees and insurance premiums. These cost pressures reflect both internal and external factors, including compliance requirements, network expansion, and inflationary impacts on contractual services. While these increases supported operational continuity and strategic execution, they also contributed to the negative EBITDA and operational loss for the year. Focused cost containment measures and efficiency improvements will be critical to enhancing operating leverage in the next financial period.

The operating costs is illustrated, a year-on-year comparison in the figure below:

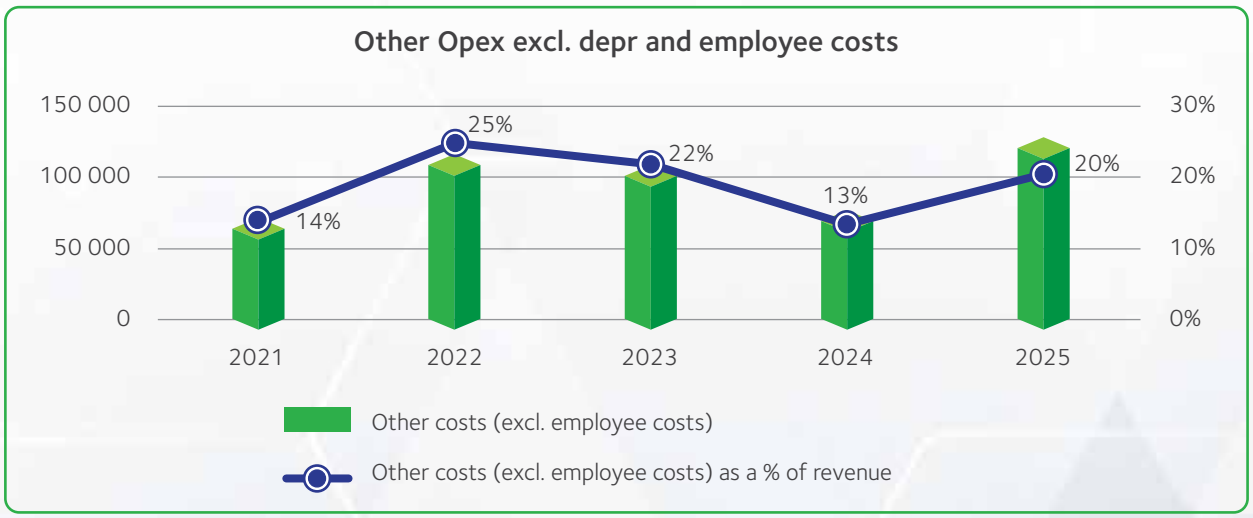


Figure 13 Operating Expenses

Gross Profit Margin and EBITDA Performance

Gross profit margins (excluding depreciation) declined by 24% year-on-year, primarily due to a disproportionate increase in the cost of sales relative to revenue growth. This margin compression is largely attributed to the nature and composition of the projects executed during the year, such as SA Connect and other large-scale national infrastructure deployments, which carried higher provisioning and implementation costs.

Although revenue increased during the period, the associated cost escalations—driven by project complexity, site expansions, and external service dependencies—resulted in a negative impact on Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA), which declined slightly compared to the prior year.

The sustained operating loss further underscores the structural challenge: current revenue levels remain insufficient to fully absorb the Company's fixed and variable cost base. This signals an urgent need to recalibrate the Company's pricing models, customer retention strategies, and operational efficiencies to achieve long-term financial sustainability.

The revenue margin analysis year-on-year comparison is illustrated in the figure below:

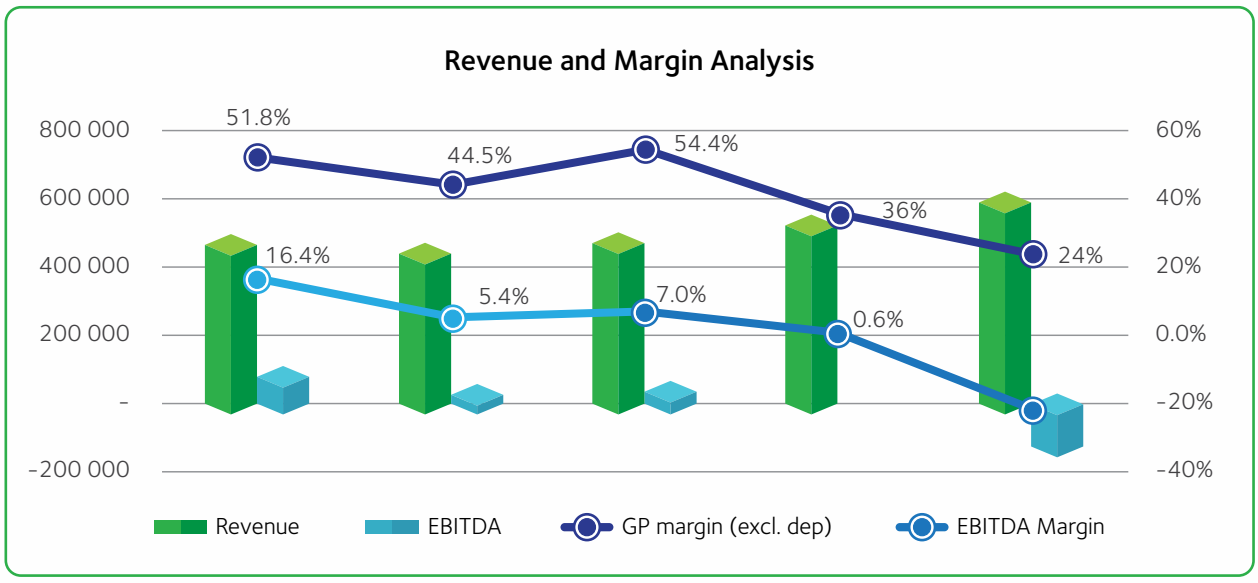


Figure 14 EBITDA Analysis

Capital Expenditure

The total capital expenditure (CapEx) for the year under review amounted to R605 million, reflecting a significant increase compared to the prior financial year. This notable rise is primarily attributed to intensified investment in strategic national infrastructure projects, particularly the SA Connect Phase 2 rollout and the USAASA (332) project. These initiatives are central to BBI's mandate to expand broadband access in underserved and rural areas, in alignment with national development goals.

The increased CapEx also demonstrates the Company's commitment to building scalable, high-capacity infrastructure that can meet future connectivity demands and support long-term revenue growth. While the substantial investment impacts short-term financial metrics, it positions the organisation to enhance service delivery, expand its customer base, and unlock additional commercial opportunities in the medium to long term.

The CapEx spend is depicted in the figure below:

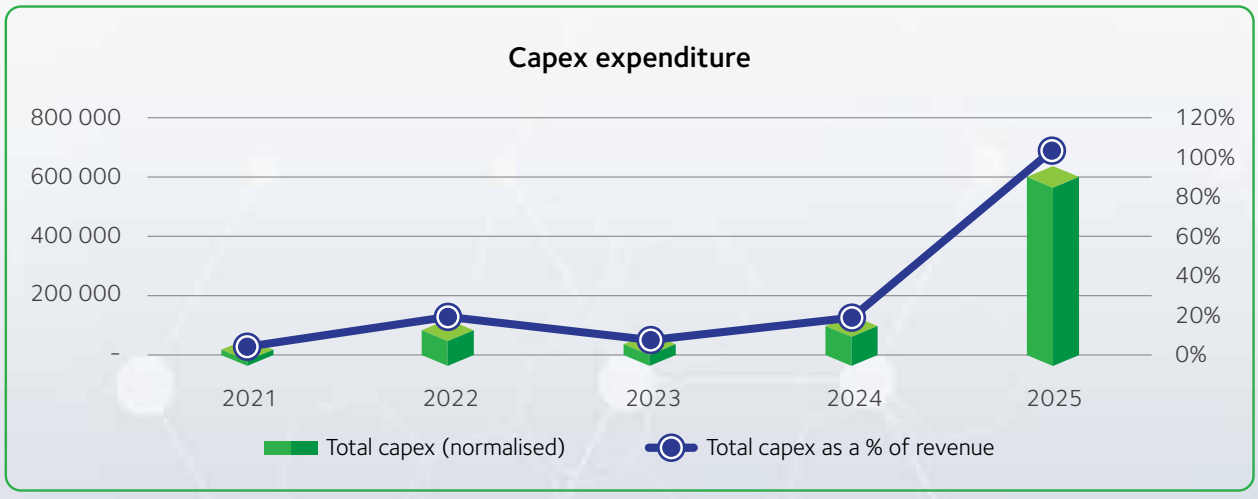


Figure 15 CapEx.

Cash Flow

The Company successfully maintained a positive cash balance throughout the financial year, demonstrating prudent cash flow management amid challenging operating conditions. Cash resources increased compared to the prior year, primarily due to the execution of key projects and the receipt of advance funding for the implementation of the SA Connect Phase 2 project. Inflows contributed to a positive net cash generated from operations, reinforcing short-term liquidity.

Despite the positive cash position, the Company recorded a negative EBITDA for the year, largely driven by increased cost pressures related to project execution and operational expenditure. This outcome underscores the ongoing challenge of balancing revenue growth with the cost base.

In response, the Executive and Senior Management teams remain steadfast in their efforts to drive top-line growth and improve operational efficiency. Focused initiatives aimed at expanding the customer base, enhancing service offerings, and improving commercial terms are being actively pursued to secure the Company's long-term financial sustainability and strengthen its position in the market.

Fruitless and Wasteful Expenditure

Fruitless and Wasteful expenditure incidents were identified during the year under reporting that are in the main due to interest paid charged by Municipalities and penalty paid to SARS.

Irregular Expenditure

New incidents of irregular expenditure were identified during the audit in the current financial year. These will be investigated in the new financial year and additional controls will be implemented to ensure these do not re-occur in the future.

Consequence Management

The Loss Control Committee continued its oversight role by investigating previously identified instances of irregular, fruitless and wasteful expenditure.

In line with established procedures, the necessary processes were followed to recommend condonation where appropriate, and to ensure the implementation of consequence management measures in cases where accountability was required.

This reinforces the Company's commitment to sound governance, transparency, and adherence to the Public Finance Management Act (PFMA) and relevant National Treasury prescripts.

The tables below illustrate the Reconciliation of Fruitless, Wasteful and Irregular Expenditure:

Reconcilliation of Fruitless and Wasteful Expenditure

Description	2024/25 R'000	2023/24 '000
Opening Balance	625	-
Add: Fruitless and Wasteful Expenditure confirmed	321	625
Less: Fruitless and Wasteful Expenditure condoned		
Less: Fruitless and Wasteful Expenditure not condoned and removed	-	-
Less: Fruitless and Wasteful Expenditure recoverable	-	-
Less: Fruitless and Wasteful Expenditure not recoverable and written off	-	-
Closing Balance	**946**	**625**

A) Reconciling notes to the Annual Financial Statements (Note 28)

Fruitless and Wasteful Expenditure that was under assessment in 2023/24		
Fruitless and Wasteful Expenditure that relates to 2023/24 and identified in 2024/25		
Fruitless and Wasteful Expenditure for the current year	321	625
Total	**321**	**625**

Table 10 Fruitless and Wasteful Expenditure

Reconciliation of Irregular Expenditure		
Description	**2024/25 R'000**	**2023/24 '000**
Opening Balance	125 649	109 069
Add: Irregular Expenditure confirmed	9 066	16 580
Less: Irregular expenditure condoned	-96 717	
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing Balance	**37,997**	**125,649**

A) Reconciling notes to the Annual Financial Statements (Note 28)		
Irregular Expenditure that was under assessment in 2023/24	8 494	16 580
Irregular Expenditure that relates to 2023/24 and identified in 2024/25	-	-
Irregular expenditure for the current year	391 497	-
Total	**399 990**	**16 580**

B) Details of current and previous year Irregular Expenditure (under assessment, determination and investigation)		
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	**-**	**-**

C) Details of current and previous Irregular Expenditure condoned		
Irregular Expenditure condoned	-96 717	-
Total	**-96 717**	**-**

D) Details of current and Irregular Expenditure removed and not condoned		
Irregular Expenditure removed	-	-
Total	**-**	**-**

E) Details of current and Irregular Expenditure recovered No irregular expenditure was recovered during the current or previous financial year		
Irregular Expenditure recovered	-	-
Total	**-**	**-**

F) Details of current and Irregular Expenditure written off		
Irregular Expenditure written off	-	-
Total	**-**	**-**

Table 11 Irregular Expenditure

Trade-offs for Financial Performance

1. **Revenue Growth vs. Profitability**
Trade-off: While revenue increased by 13%, profitability declined due to higher costs (e.g., 33% increase in cost of sales and 7% increase in operating expenses).

Impact: The increase in revenue from projects like USAASA and SA Connect boosted income but did not translate into profitability due to a high-cost base and project-related expenditures.

2. **Investment in Growth (CapEx) vs. Short-Term Financial Results**
Trade-off: Significant capital expenditure (R605 million) was invested in infrastructure projects like SA Connect Phase 2 and USAASA.

Impact: While this positions the Company for long-term growth and service expansion, it negatively affects short-term metrics like EBITDA and operational losses.

3. **Positive Cash Flow vs. Negative EBITDA**
Trade-off: The Company maintained a positive cash position due to project funding received in advance, but operational performance remained negative (EBITDA of -R128 million).
Impact: Cash reserves offer liquidity and stability but negative EBITDA signals underlying structural challenges in the business model.

4. **Increased Customer Base vs. Contract Stability**
Trade-off: Customer numbers grew from 62 to 69, reflecting improved market penetration, but some revenue was lost due to non-renewals and cancellations.

Impact: Gains from new customers are partially offset by instability in the existing customer base, impacting revenue sustainability.

5. **Employee Costs vs. Organisational Capability**
Trade-off: Employee costs increased significantly, contributing to overall higher operating expenses.

Impact: While investing in human capital can improve service delivery and capacity, it puts pressure on financial performance if not matched by corresponding productivity or revenue gains.

6. **Compliance and Governance vs. Operational Agility**
Trade-off: No new irregular expenditure was recorded, and efforts were made to address legacy issues, which reflects a strong control environment.

Impact: While this promotes accountability and governance, strict adherence to compliance procedures can sometimes slow operational decision-making or project execution.

These trade-offs illustrate the balancing act between growth, compliance, investment, and sustainability in managing the Company's financial capital.

Manufactured Capital

"Network Resilience"

During the 2024/25 reporting period, BBI continued to leverage its national network infrastructure as a key enabler of economic connectivity and service delivery. BBI's physical infrastructure such as fibre optic cables, network Points of Presence (PoPs), and transmission network equipment makes up the Company's Manufactured Capital which remains central to the Company's value creation.

Key highlights include:

- Stabilisation of the core network following the resolution of the Eskom disconnection impasse, which improved service continuity and reduced unplanned outages.
- Strategic investment in infrastructure upgrades, including battery standby systems and generator procurement, to mitigate the impact of load shedding.
- Network technology upgrades were implemented to increase capacity and enable the introduction of new products and services, particularly in support of the SA Connect Phase 2 projects. This included increased backhaul capacity utilisation, driven by the SA Connect Phase 2 programme, which expanded connectivity in rural and underserved areas in line with government priorities.
- Timely response to international undersea cable outages (SEACOM and EASy), which positioned BBI as a reliable alternative backhaul provider during network emergencies.
- Network service availability of 99.17% was achieved against a target of 98%. The MTTR for 2024/25 remained within the target of 7.5 hours at 6.99 hours.
- Targets for the delivery of key strategic projects, including SA Connect Phase 2 and the Broadband Access Fund (BAF), were successfully achieved, enabling connectivity to over one million households

Despite historical underinvestment and environmental risks such as fibre vandalism and power instability, the Company made steady progress in improving network reliability, reducing service disruption, and expanding access. Ongoing efforts to secure project funding and maintain critical infrastructure resilience remain a strategic imperative to sustain this capital over time.

Looking ahead, BBI aims to continue optimising its infrastructure footprint through modernisation, maintenance, and digital innovation to support its long-term strategic sustainability objectives.

Network Build

Broadband Access Fund (BAF)

During the FY 2024/2025, the Broadband Access Fund initiative saw many appointed Internet Service Providers (ISPs) achieving notable implementation success. Of the 52 contracted ISPs, 41 delivered active broadband connections in line with their issued purchase orders.

Many of these ISPs demonstrated capability and scalability, receiving scope expansions because of their performance. However, 11 ISPs failed to execute their mandates or declined to proceed, despite various support interventions facilitated by BBI's project team. These challenges highlighted

key structural and operational constraints affecting small and emerging ISPs operating in underserved regions:

Key Challenges Cited by Non-performing ISPs:

- Limited Access to Capital – Several ISPs struggled to secure third-party funding or meet the stringent conditions required for capital-intensive infrastructure deployments.
- Absence of Infrastructure Partnerships – The inability to partner with existing infrastructure owners hindered the speed and cost-efficiency of network rollouts, particularly in rural and remote districts.
- Unsustainable Deployment Economics – High costs associated with last-mile infrastructure were not adequately offset by the revenue potential from low-income communities, despite existing subsidy mechanisms.
- Security and Criminal Activity – Rollouts were impeded by threats from "construction mafia" groups, community unrest, and elevated crime levels in certain project areas, increasing risk and delaying delivery.
- Inadequate Subsidy Framework – Some ISPs reported that the subsidy levels for Wi-Fi hotspots were insufficient to create a viable commercial model, further constraining participation.
- Equipment Procurement Delays – Extended lead times, particularly for imported network equipment, disrupted rollout schedules. Despite delays, many ISPs incurred sunk costs in engineering and planning based on initial timelines.

Despite these constraints, the project had a significant positive socio-economic impact:

Implementation Outcomes:

Jobs Created

607 direct jobs and 821 indirect jobs were created through the activation and execution of the BAF project as table below stipulates:

	TOTAL JOBS	MALES	FEMALES	YOUTH	PEOPLE WITH DISABILITIES
	1 428	1 013	415	650	17
Category %		71%	29%	46%	1%

Table 12 BAF Jobs Created

Sites Connected

A total of 38 329 households and 2 601 public Wi-Fi hotspots were successfully connected and independently verified. This builds upon the previous reporting period's achievements of 15 050 connected households and 539 Wi-Fi hotspots. A formal close-out report has been finalised, marking the successful conclusion of this deployment phase.

The Figure shows the total number of sites connected per province.

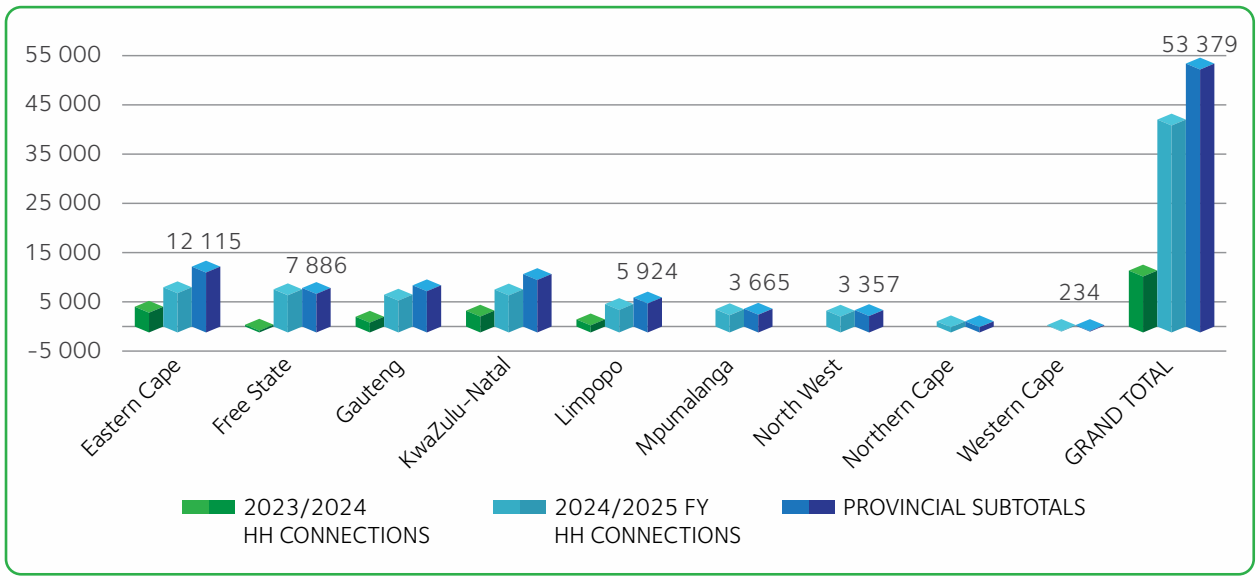


Figure 16 BAF Project

SA Connect Phase 2

In Year 2, BBI installed 10 149 Wi-Fi hotspots, achieving the annual target against the allocated 16 027 hotspots. The remaining 5 878 hotspots are scheduled for implementation in Year 3 (FY 2025–2026). These installations span all nine provinces across 52 district municipalities.

The project also involves core network upgrades and expansion, with the following progress to date:

- 21 core routers and 66 aggregation routers have been installed.
- 10 existing sites have been upgraded with new transmission equipment sourced from a second OEM.
- 170 km of fibre has been completed, and two PoP sites are under development in the North West Province.
- Additional core network expansion has commenced in the Limpopo Province, where 325 km of fibre is currently being implemented.

Province	Year 1	Year 2	Total
Eastern Cape	310	782	1092
Free State	1076	553	1629
Gauteng	1823	875	2698
KwaZulu Natal	252	949	1201
Limpopo		531	531
Mpumalanga		287	287
North West		656	656
Northern Cape	112	180	292
Western Cape	582	451	1033
Total	**4 155**	**5264**	**9419**

Table 13 SA Connect Wi-Fi

Other Projects

Customer 13 – The fibre optic cable installation for the 170 km route between Northam and Kopfontein has been completed. Construction of the Northam and Rustenburg network sites is currently underway and is scheduled for completion by April 2025. Project delays experienced to date were primarily due to challenges in third-party site acquisitions and the extended procurement process for container refurbishments. Despite these setbacks, the project remains a strategic milestone in enhancing cross-border connectivity and advancing the rollout of the North West regional backbone.

Customer 176: Phase 2, A total of 202 site installations and activations were completed, directly contributing to national connectivity targets. Under Phase 3 of the rollout, installation was finalised at all 332 planned sites. Of these, 103 sites have been activated and are currently delivering internet services. Additional site activations are underway, contingent on the completion of high-site infrastructure required to link these locations to the nearest BBI Points of Presence (PoPs). These high sites are critical in enabling reliable backhaul connectivity, especially in remote and rural regions.

Network Operations and Maintenance

Network Service Availability

Network Service Availability measures the actual time customers experience uninterrupted, error-free services. For the FY 2024/25, BBI achieved a network service availability rate of 99.17%, an improvement from 98.56% in the previous year, and exceeding the annual target of 98%.

This marked improvement reflects ongoing efforts to strengthen network resilience, particularly through:

- The restoration of power supply agreements with Eskom;
- Proactive maintenance and rapid response to fibre cuts; and
- Deployment of standby power solutions, including generators and extended battery backup systems.

High availability levels contribute significantly to customer satisfaction and confidence, while reinforcing BBI's ability to deliver reliable broadband infrastructure in a challenging operating environment.

The annual service availability figures for the last five (5) financial years are depicted in the figure below:

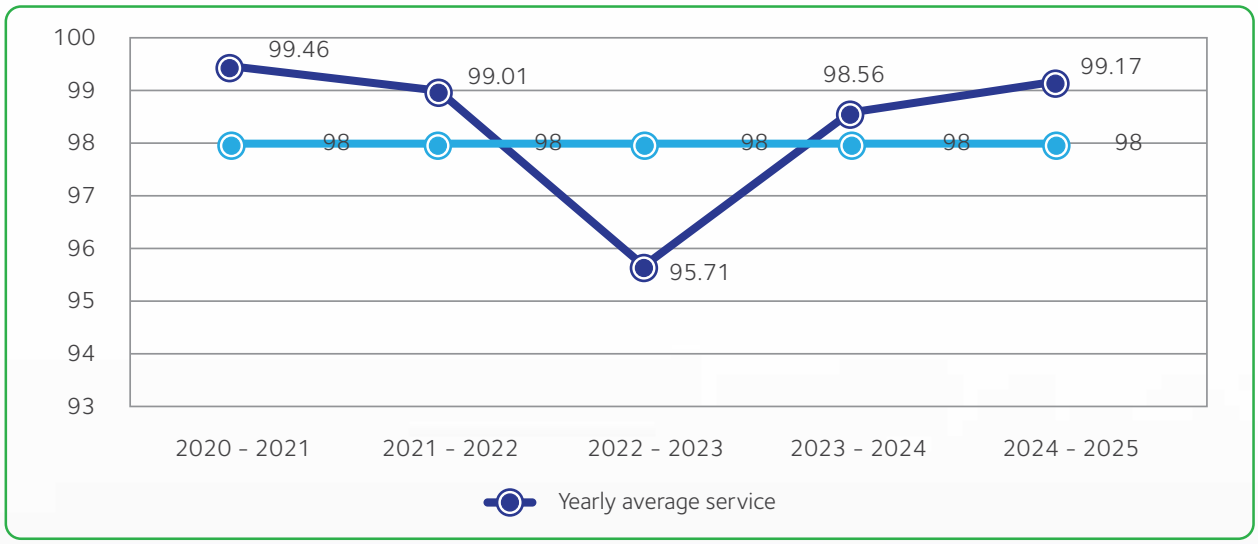


Figure 17 Service Availability

Network Rebates

During FY 2024/25, certain customer services did not meet the agreed SLA thresholds, resulting in rebate provisions totalling R1 594 737.82. The actual invoiced rebates amounted to R2 182 633.96, which are based on claims submitted by various customers.

Despite these SLA shortfalls, the average rebates paid represented only 0.3% of total annual revenue, which is well below the Company's internal threshold of 1.0%, indicating that service performance remained within acceptable limits.

At the time of reporting, some Q4 rebate claims were still pending final sign-off by customers. As such, the reported figures may be subject to minor adjustments in the next quarter, once all confirmations are received.

The full annual comparison of the percentage of rebates paid is shown in the trend graph below:

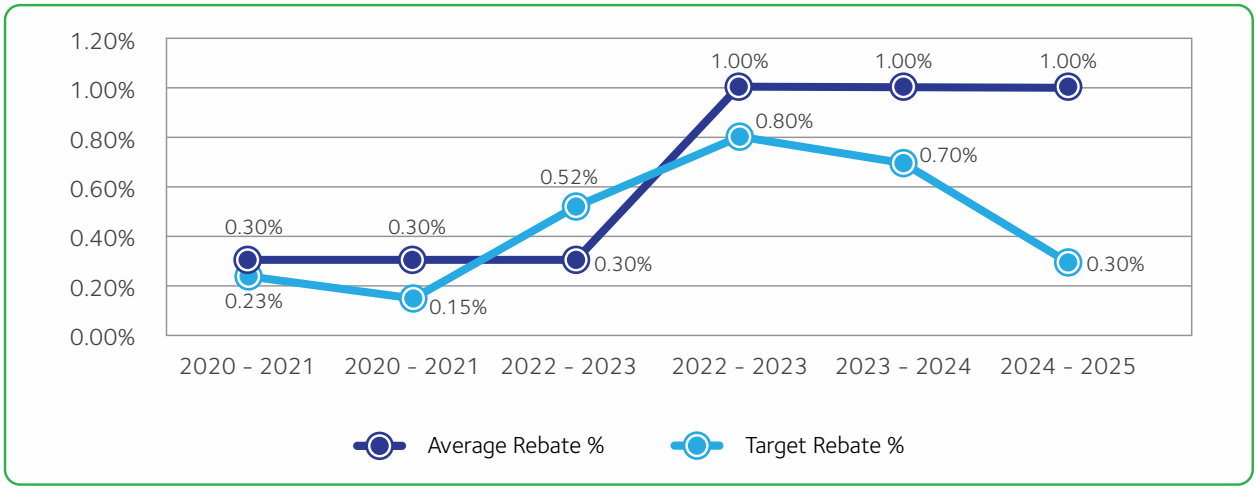


Figure 18 Rebates

Network Faults

The Network Fault Incident Failure Rate serves as a critical indicator of infrastructure reliability. It tracks the number of failure incidents affecting service continuity across BBI's network on a monthly, quarterly, and annual basis.

In FY 2024/25, 1 253 network fault incidents were recorded, reflecting an improvement from the 1 346 incidents reported in FY 2023/24. This 7% year-on-year reduction highlights the effectiveness of:

- Preventative maintenance measures
- Network monitoring improvements
- Faster fault detection and response mechanisms

The decline in incident frequency contributes positively to service reliability, customer satisfaction, and a significantly reduced rebate exposure.

Below the figure indicates the year-on-year (YoY) network fault incident rate profile for the last five FYs.

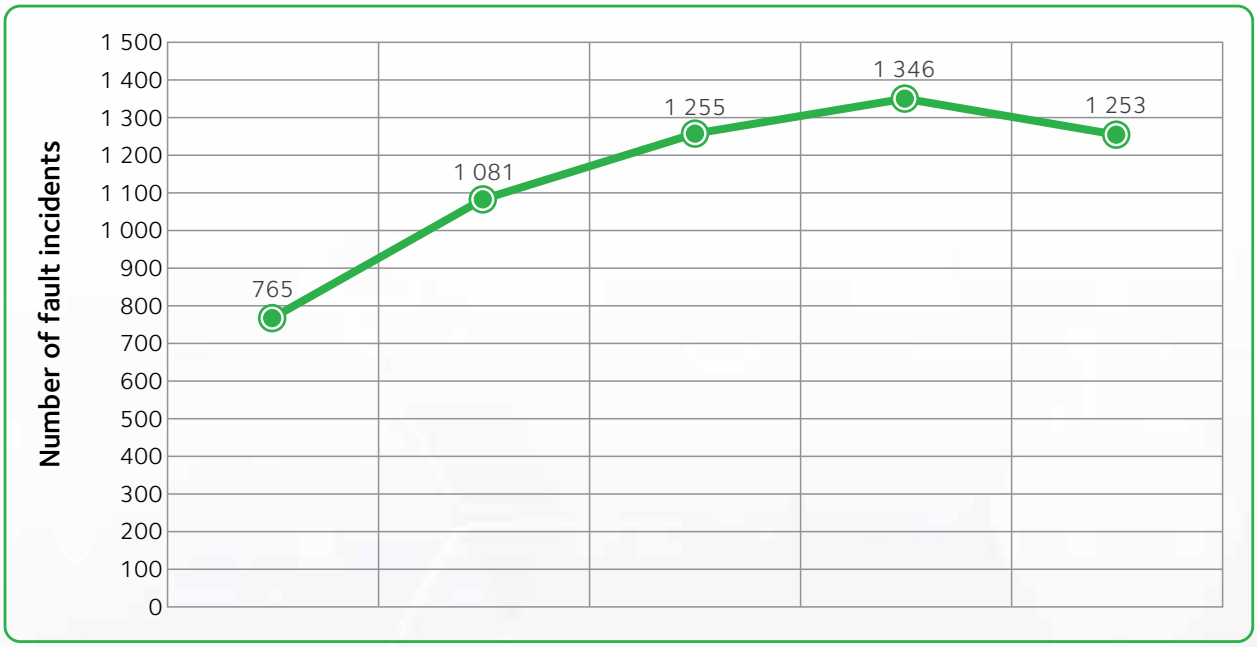


Figure 19 Number of Faults

A total of 1 253 network failure incidents were reported during FY 2024/25, representing a 6.9% decrease from the 1 346 incidents recorded in FY 2023/24. This continued decline demonstrates improved network reliability and the positive impact of targeted maintenance and incident management interventions.

However, vandalism remains the most persistent root cause of network incidents, contributing 34.8% of the total—slightly higher than the 34.7% recorded in the previous year. This consistent threat, prevalent across the telecoms industry, delays restoration efforts, especially in high-risk areas where staff safety is compromised. Security threats in these zones often force teams to defer repairs until conditions are safe, prolonging downtime and affecting customer experience.

Loadshedding resumed in February 2025, implemented by National Transmission Company South Africa SOC Ltd (NTCSA), formerly Eskom. The most severe disruption occurred during Stage 6, impacting customer services across various Points of Presence (PoPs). The suspension of loadshedding in March 2024 had offered temporary relief, but its return highlighted continued vulnerability at key infrastructure nodes.

Network repairs under the Fibre Maintenance Agreement initially faced delays due to the lack of routine maintenance over the past two years. Some restoration efforts required NTCSA contractors for specialised work, such as lashing cables onto high-voltage lines and accessing elevated cable joints. These ad hoc repairs, not covered by the fixed maintenance contract, introduced additional cost pressures.

Despite these challenges, all critical national routes have now been fully restored, including:

- Route 2: Aries to Cape Town
- Route 5: Bloemfontein to Pietermaritzburg
- Route 4: Camden to Durban
- Route 14: Rondebosch to Port Elizabeth
- Route 3: Durban to Port Elizabeth
- Route 1: Minerva to Bloemfontein

These restorations notably improved connectivity, including resolving isolation for customers in Namibia.

Collaborative engagements with NTCSA have intensified, with the first technical meeting held on 21 June 2024 and monthly follow-ups thereafter. These meetings have enhanced coordination and accelerated issue resolution on several strategic network routes.

On the physical infrastructure front, no PoP site break-ins were reported during Q1, Q3, and Q4. A single break-in was recorded in Q2 at the Mzintzlava PoP (19 August 2024), resulting in minor damage and power cable theft. No service disruptions were reported as a result.

Network Incident Root Cause Analysis

In FY 2024/25, BBI recorded 1 253 network failure incidents, reflecting a 6.9% year-on-year decrease. A detailed Root Cause Analysis (RCA) reveals a continued trend of infrastructure vulnerability, with several persistent and emerging challenges, reflected in the table below:

ROOT CAUSE CATEGORY	% OF TOTAL INCIDENTS	DESCRIPTION
Vandalism	34.8%	Deliberate destruction or defacement of infrastructure, particularly in high-risk areas, continues to be the **leading cause** of service disruptions. These incidents often delay restoration due to safety concerns for field teams.
Failure under Normal Operation	27.8%	Includes system card faults, hardware degradation (e.g., AC, DC, cooling), fibre degradation, environmental effects, and ageing assets nearing end of life.
Unknown Causes	11.8%	Events where the cause could not be conclusively determined, indicating gaps in monitoring or post-incident assessments.
Force Majeure (Natural Disasters)	10.1%	Natural events such as veld fires, lightning, or flooding that impact fibre routes and infrastructure.
Third-Party Civil Works	7.2%	External construction activity (e.g., road, water or sewer works) not coordinated with BBI, leading to accidental damage.
Power Failures	6.7%	Load shedding and power supply failures, especially at PoPs with inadequate backup capacity. Notably worsened during Stage 6 load shedding.
Maintenance-Related Faults	1.4%	Faults introduced during maintenance, including unapproved or unscheduled activities.
Theft or Attempted Theft	0.2%	Incidents involving attempts to steal network assets or cables, significantly less frequent but still impactful.

Table 14 Root Cause Analysis

This RCA reinforces the need for enhanced security measures, proactive asset lifecycle management, improved coordination with third parties, and investment in network resilience, especially backup power and environment-tolerant technologies. The prevalence of unknown causes also underscores the importance of improved diagnostic tools and analytics to close information gaps in root cause tracking.

Network Planned Maintenance

In FY 2024/25, a total of 796 hours and 30 minutes of planned maintenance were recorded, reflecting a 24.8% increase compared to 638 hours in the previous year (FY 2023/24). This increase demonstrates BBI's deliberate effort to enhance network reliability through proactive maintenance interventions.

Planned maintenance refers to systematic, scheduled activities aimed at correcting known network defects and upgrading temporary repairs to permanent standards. These activities are essential in ensuring uninterrupted service delivery, reducing unplanned outages, and extending the operational lifespan of the network infrastructure.

The increased maintenance hours focused on:

- Conversion of temporary fibre repairs into permanent installations.
- Structural and electrical assessments at critical Points of Presence (PoPs).
- Preventive replacement of ageing components nearing end-of-life.
- Improved coordination with contractors to ensure quality and consistency of repairs.

This proactive maintenance strategy contributed to the 6.9% year-on-year decrease in total network failure incidents, reflecting the effectiveness of infrastructure renewal efforts.

BBI continues to align maintenance practices with international benchmarks, reinforcing its commitment to operational excellence and customer satisfaction. The figure below reflects the year-on-year (YoY) planned maintenance profile for the last five years.

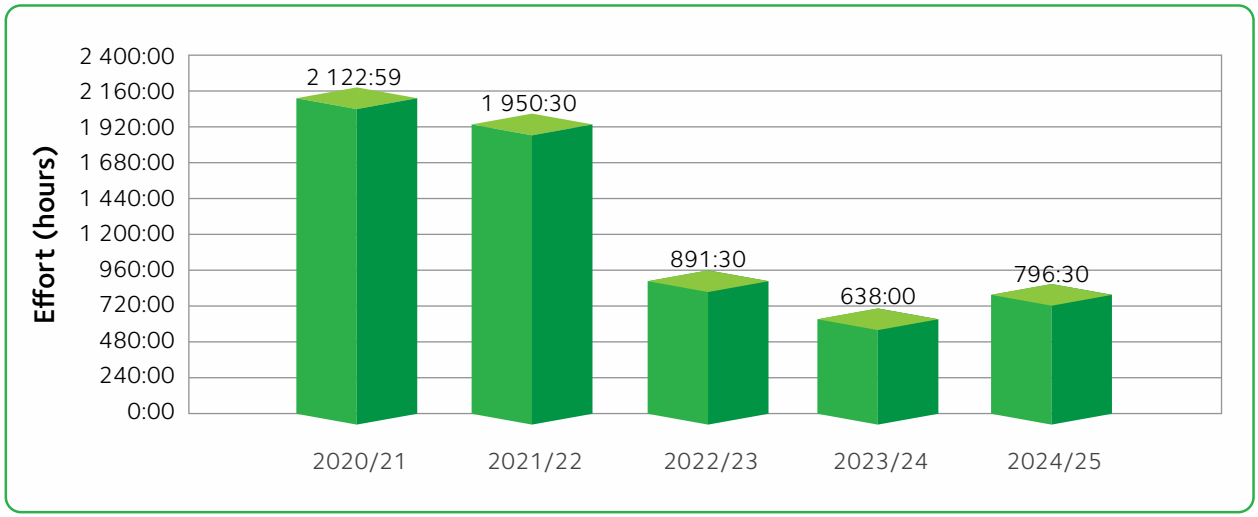


Figure 20 Planned Maintenance

The planned maintenance effort distribution was as follows:

- Passive Layer (fibre Optic and Facilities, etc.): 93.2%.
- Active Layer (Terminal Equipment): 6.8%.

Mean Time to Restore (MTTR)

Mean Time to Restore (MTTR) is a critical measure of the Company's responsiveness to network failures. It reflects the average time taken to restore services, encompassing administrative delays, logistics, and actual repair activities. The calculated MTTR excludes downtime for deferred incidents, which are typically postponed due to security risks, inaccessibility, or environmental conditions.

In FY 2024/25, the MTTR was recorded at 6.99 hours, remaining well within the Company's internal target of 7.5 hours, although slightly higher than the 6.24 hours achieved in FY 2023/24. The marginal increase reflects the complexity of certain incidents, including those requiring coordination with external partners or occurring in high-risk or remote areas. Despite the slight increase, the Company maintained strong responsiveness in restoring service availability across the national network, ensuring minimal disruption to clients and sustaining much high levels of customer satisfaction.

The figure below summarises the YoY MTTR trends for the last five FYs:

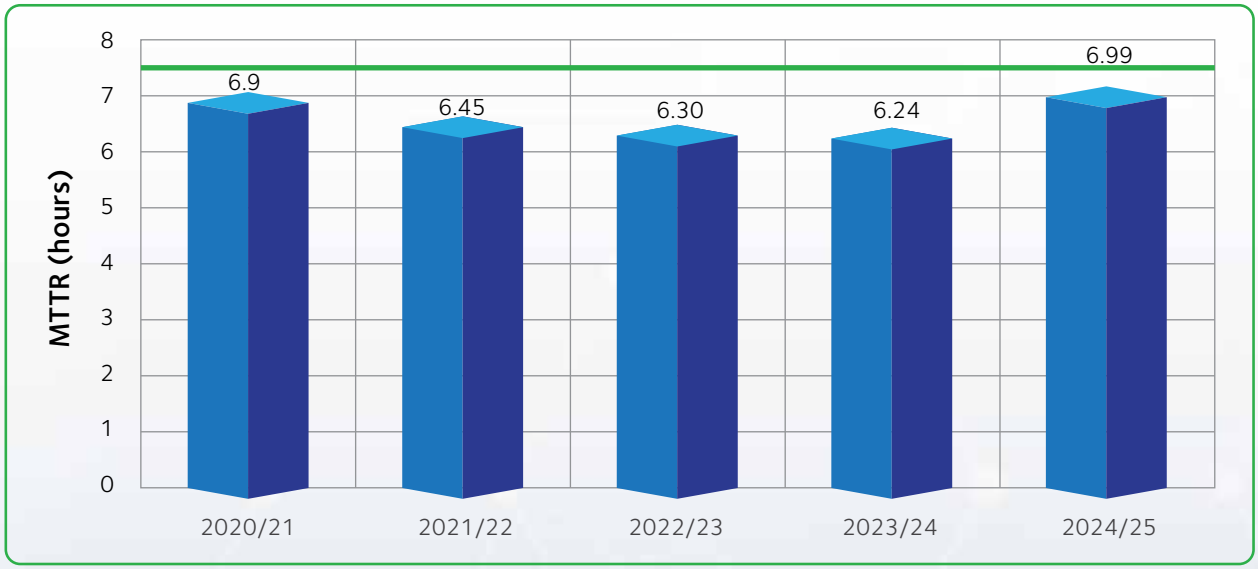


Figure 21 MTTR

Notably, only 38% of all network failure incidents were restored within the MTTR target when deferred incidents were included in the analysis. A total of 509 incidents were deferred during 2024/25, compared to 428 in the previous year. The persistent and widespread vandalism of infrastructure, particularly in high-risk areas, combined with nighttime safety constraints, significantly contributed to prolonged service outages. These delays had a severe impact on critical customer services, with Transnet Freight Rail (TFR) among the most affected clients.

Despite these challenges, BBI maintained overall responsiveness and resilience across the national network, with continuous improvement actions underway to address systemic delays and strengthen incident response times.

Routes Performance

The average route availability in FY2024/25 was 91.77%, which remained below the target threshold of 99%, although slightly higher than 91.43% in the previous year.

The continued shortfall was primarily due to:

- Ongoing vandalism and deferred restoration in unsafe areas.
- Delays in fibre repair from NTCSA due to legacy infrastructure constraints.
- Load shedding impacts across multiple PoPs and routes.

However, critical routes such as Aries–Cape Town, Bloemfontein–Pietermaritzburg, and Camden–Durban have been fully restored, improving regional connectivity, including the reconnection of Namibia. Technical engagements with NTCSA have advanced, promoting collaboration and trust, with a noticeable improvement in issue resolution on high-priority routes.

The Figure below illustrates the five-year route availability performance.

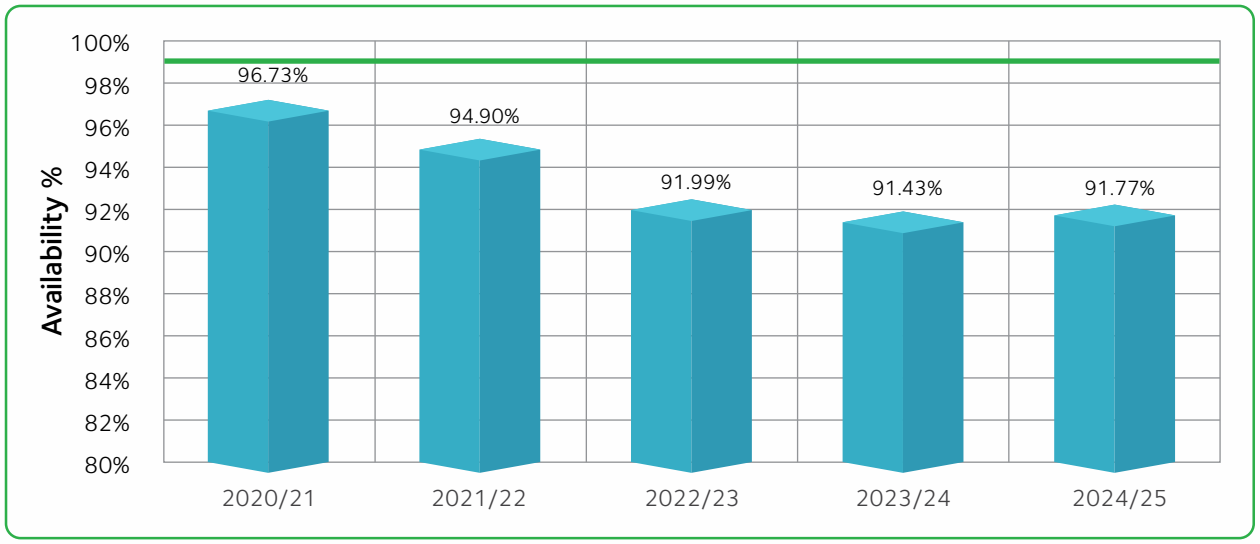


Figure 22 Route Availability

International Routes Performance

The combined availability of cross-border routes improved significantly in FY 2024/25, reaching 94.62% compared to 82.64% in FY 2023/24. This represents a strong recovery from the previous year but remains below the minimum combined target of 99%.

This shortfall was primarily due to:

- Delayed repairs and restoration efforts on critical international routes.
- Deferred incidents in high-risk or hard-to-access areas.
- Residual impacts of legacy disconnections and regional infrastructure constraints.

Despite not yet meeting the target, the upward trend reflects progress made in stabilising regional infrastructure and improving international route availability through enhanced collaboration with NTCSA and neighbouring stakeholders. Network Asset Management.

Total Site and Fibre Sheath Kilometres per Province

Operational Sites

At the end of FY 2024/25, the total number of operational sites remained constant at 150, the same as reported in FY 2023/24. This consistency reflects stability in the Company's infrastructure footprint. The Infrastructure Management and Network Engineering functions continue to engage in regular audits and verifications of operational sites to ensure data accuracy, site integrity, and alignment with the Company's service and expansion strategy.

Network Footprint

The total optical fibre sheath distance increased from 14 861.95 km in FY 2023/24 to 15 124.00 km in FY 2024/25, reflecting the Company's ongoing investment in network expansion and service coverage.

This growth was primarily driven by the completion of the 170 km Northam–Kopfontein fibre build via Dwaalboom, and the successful conclusion of a 92 km fibre lease from Transnet Freight Rail (TFR) between Northam and Rustenburg. These developments form critical components of the North West regional project, aimed at establishing seamless broadband connectivity from Pretoria North to the Kopfontein border post with Botswana, traversing key nodes including Northam, Rustenburg, and Zeerust.

This strategic infrastructure expansion strengthens BBI's cross-border connectivity footprint, improves regional network resilience, and supports the long-term objective of enabling digital access across underserved areas.

The table below reflects POPs and fibre footprint per province:

Province	Sites	Fibre (Km)
Eastern Cape	19	1 828.6
Free State	17	1 481.6
KwaZulu-Natal	21	2 363.5
Limpopo	11	890.5
Mpumalanga	15	1 527
North West	7	1 210.5
Northern Cape	23	2 471.3
Gauteng	17	1 461
Western Cape	20	1 890
Totals	**150**	**15 124**

Table 15 Network Infrastructure per Province

Undersea Infrastructure and International Connectivity

BBI plays a pivotal role in supporting South Africa's international broadband capacity through its strategic participation in the West Africa Cable System (WACS). This high-capacity undersea cable forms a critical component of the Company's infrastructure portfolio, enabling seamless global connectivity and enhancing the resilience of national and cross-border broadband services.

WACS System Performance and Strategic Role

In FY 2024/25, BBI recorded zero fibre cuts on the WACS route, reflecting exceptional system integrity and performance reliability across the undersea segment. BBI's contributions to the WACS system during the reporting period include:

Primary Network Operations Centre (PNOC): BBI continues to provide PNOC services under a five-year contract with TATA, effective from 4 May 2020. This role demonstrates the Company's technical competence as well as its operational reliability in supporting critical international telecommunications infrastructure.

Consortium Leadership: BBI retained the paid Chairpersonship of the WACS Operations and Maintenance (O&M) Sub-Committee, reinforcing its governance leadership and active role in collaborative infrastructure oversight.

The WACS system, along with other cross-border connectivity projects, enhances the Company's ability to deliver on its mandate of enabling affordable, open-access broadband across South Africa and the region. These assets contribute directly to improved service availability, network diversity, and international competitiveness of South Africa's broadband ecosystem.

The table below indicates the WACS used and available capacity:

Owner	Capacity	Activated	Available
Google	1 115	502	613
CSIR	1 203	464	739
Total	2 318	966	1 352

Table 16 WACS Capacity

Trouble Tickets Trend

In FY 2024/25, the NOC recorded a total of 4 868 trouble tickets, reflecting a 12.8% reduction from 5 583 trouble tickets logged in FY 2023/24. This decline is attributed to ongoing improvements in network stability, proactive maintenance, and faster fault resolution protocols implemented during the reporting period.

The lower volume of trouble tickets not only indicates an enhancement in overall network reliability but also supports reduced downtime and improved customer satisfaction, contributing to higher network availability metrics.

Key Trade-offs in Enhancing Network Operations

Short-Term Costs vs Long-Term Stability

Investments in proactive maintenance, infrastructure audits, and NOC capabilities led to a reduction in trouble tickets and improved service levels. However, these enhancements required upfront costs, both financial and resource-related, which may have constrained short-term capital availability for other projects.

Deferred Repairs vs Staff Safety

While the number of fault incidents decreased, many high-risk locations required deferring repairs to daylight hours due to vandalism and security concerns. This trade-off prioritised employee safety over faster restoration times, slightly impacting route availability metrics.

Routine Maintenance vs Revenue-Generating Projects

The reallocation of technical resources to address long-overdue routine fibre maintenance, especially on routes shared with NTCSA, meant fewer teams were available to expedite new customer provisioning or scale up sales fulfilment, potentially delaying some revenue opportunities.

Incident Response Speed vs Root Cause Analysis (RCA)

While MTTR remained within target, time spent on thorough RCA for persistent or complex faults sometimes slowed resolution for lower-priority tickets. This reflects a conscious choice to improve long-term reliability over short-term speed in some cases.

Resource Intensity of Cross-Border Routes

Improvements in cross-border availability (from 82.64% to 94.62%) came with higher coordination, operational overheads, and resource reallocation from domestic priorities, balancing regional partnerships and strategic corridor uptime with domestic site service levels.

These trade-offs illustrate how BBI balanced operational excellence, safety, cost, and long-term infrastructure goals within a constrained environment.

Outlook Plans

BBI's infrastructure strategy for the upcoming period focuses on strengthening the resilience, capacity, and inclusivity of the national backbone network. The Company is committed to executing the following key initiatives:

Transmission Network Upgrades and Capacity Expansion

The completion of the transmission network upgrades is a strategic imperative to address bottlenecks on high-demand routes and increase the overall network resilience. These upgrades will enhance service reliability and scalability, ensuring the Company is better positioned to meet increasing customer bandwidth requirements, improve service turnaround times, and reduce service-related disruptions. Enhanced capacity on critical corridors will also allow BBI to onboard new customers and respond to emerging market demands more competitively.

Expansion and Modernisation of the IP/MPLS Network

To support the growing demand for IP-based services, BBI will continue upgrading and expanding its IP/MPLS network. This will involve deploying IP nodes across all provinces to ensure national coverage and improved redundancy. In addition to the existing Carrier Ethernet offerings, BBI is preparing to introduce advanced IP value-added services such as Internet Peering, Internet Transit, and Remote Peering. These offerings will enable customers, particularly ISPs, enterprises, and government institutions to access scalable, high-performance digital services, thereby enhancing BBI's value proposition and diversifying its revenue streams.

Services Rollout in Underserved Areas

As part of its developmental mandate and in alignment with national priorities such as SA Connect Phase-2, USAASA (Universal Service and Access Agency of South Africa), and BAF (Broadband Access Fund) initiatives, BBI will continue to deploy connectivity infrastructure in underserved and rural communities. These efforts aim to bridge the digital divide, empower local economies, and support inclusive access to government services, education, and commerce through reliable broadband connectivity. Continued partnerships with government and regulatory entities will be instrumental in driving these high-impact projects.

Social and Relationship Capital

BBI's strategic success is deeply anchored in its ability to foster strong relationships with its stakeholders, maintain an active presence within the ICT ecosystem, and contribute meaningfully to national development initiatives. Throughout FY 2024/2025, the Company strengthened its social capital through structured engagements, internal alignment, and community-focused collaborations.

Stakeholder Engagement

Stakeholder collaboration remains central to our business model. The Company actively participated in the Ministerial Back-to-School Outreach Programme, led by the Minister and DCDT. This annual initiative allowed BBI to showcase its implemented school connectivity projects and demonstrate the collective impact of ICT entities under a unified departmental banner.

Further, BBI hosted Portfolio Committee Oversight Visits in Eastern Cape and Gauteng, working with the Department of Communications and Digital Technologies (DCDT) and other State-Owned Entities (SOEs). These visits allowed Members of Parliament to assess infrastructure investments first-hand, reinforcing transparency and alignment with national development goals.

Engagements with organised labour were sustained through the year, particularly with the Information Communication and Technology Union (ICTU). These discussions led to the successful conclusion of a one-year substantive agreement, improving employee conditions and maintaining industrial harmony during a financially constrained period.

Brand Equity and Industry Visibility

BBI continued to enhance its brand equity through active participation in key ICT industry platforms. These included:

- AfricaCom 2024 in Cape Town reinforced the Company's brand presence among regional and global ICT stakeholders.
- ICT Summit 2024 in East London, where BBI sponsored and facilitated ISP participation, highlighting its commitment to ecosystem development in underserved provinces.
- Africa Tech Festival and SENTECH Africa Tech Week, where executive participation and panel discussions demonstrated BBI's thought leadership in broadband innovation and public-private collaboration.

These engagements, along with high-impact events such as the SENTECH Chairman's Golf Day, provided valuable opportunities to strengthen relationships with strategic partners and government entities, supporting the Company's visibility ahead of sector restructuring.

KPI Alignment: Brand Equity

To measure and sustain brand equity improvement, BBI aspires to track the following indicators:

- Brand Awareness Score: Growth in stakeholder recognition through event-based brand recall surveys.
- Stakeholder Confidence Index: Feedback from event partners and post-engagement sentiment analysis.
- Event Impact Assessment: Qualitative and quantitative tracking of leads generated, partnerships initiated, and ISP interest resulting from exhibitions and conferences.
- Brand Association: Increased association with values such as innovation, reliability, and inclusivity through media mentions, presentations, and public perception surveys.

External Communication

We prioritise open, transparent, and consistent communication with its external stakeholders throughout the year. Strategic communication initiatives were designed to keep government departments, partners, customers, and the broader public informed about the Company's developments, services, and national contributions.

A combination of targeted messaging, visual demonstrations of the network footprint, and participation in sector events was employed to reinforce the brand and foster trust. These initiatives supported customer acquisition, investor confidence, and stakeholder alignment—particularly during times of organisational restructuring and policy shifts within the ICT sector.

Digital platforms and public engagements were leveraged to share service delivery milestones, highlight community impact stories, and clarify BBI's role in national infrastructure projects like SA Connect. In doing so, the Company positioned itself not only as a service provider but also as a public development partner committed to closing the digital divide.

Social Media Engagement and Brand Advocacy

During the FY 2024/25, BBI's social media platforms experienced exponential growth, evolving into a key channel for operational updates, brand visibility, and stakeholder communication. This growth is evidenced by increased followership and engagement levels, enabling the Company to independently promote corporate events, advertise tenders, announce job opportunities, and deliver strategic messages in real time.

The enhanced focus on social media supports the Company's objective of strengthening brand equity while improving targeted outreach to customers, partners, and the public. This digital strategy is closely aligned with the behavioural trends of our stakeholders and the evolving communications landscape, offering the following benefits:

- Wider Audience Reach: Digital platforms enable connection with diverse audiences, including remote and underserved communities.
- Real-Time Information Sharing: Timely updates on network operations and corporate initiatives foster transparency and build stakeholder trust.
- Increased Brand Awareness: Regular and engaging content boosts brand visibility and reinforces our value proposition.
- Thought Leadership Positioning: The Company is steadily being recognised as a key voice in rural connectivity and ICT development.

This approach has fostered more open, interactive, and inclusive communication with stakeholders. Internally, it has contributed to a positive communication culture—empowering employees to become brand ambassadors and instilling a stronger sense of ownership and alignment with organisational objectives.

Employee Engagement

Recognising employees as key internal stakeholders and drivers of intellectual capital, BBI intensified its internal engagement through Town Talks. These forums were established to ensure transparent communication, clarify corporate strategy, and foster alignment between executive leadership and staff across all levels.

The Company also participated in the DCDT Year-End Function, which offered a platform for staff to reflect on the year's milestones, rejuvenate, and strengthen collegial bonds, reinforcing morale and commitment to the organisation's mission.

Community Development and Connectivity Initiatives

In alignment with government priorities, BBI continued its work on national projects such as SA Connect Phase 2, USAASA, and BAF deployments. These programmes are critical to expanding broadband access to rural and underserved communities, contributing to digital

Moreover, social media platforms are being leveraged to highlight topical issues and showcase BBI's leadership role within the ICT sector. Strategic advocacy through these platforms continues to position the Company as a "go-to" authority on rural connectivity and broadband infrastructure, particularly in support of government priorities.

These platforms also extend support to the Company's shareholder, the Department of Communications and Digital Technologies (DCDT), through amplification of key initiatives such as SA Connect, the Broadband Access Fund (BAF), and other advocacy programmes aligned with national broadband policy goals.

Trade-Offs in Social and Relationship Capital

BBI's commitment to strengthening stakeholder relationships and enhancing brand equity delivers tangible benefits but also presents strategic trade-offs:

- Stakeholder Engagement: While fostering trust and transparency with employees, government, and communities, these activities demand significant executive time and may raise stakeholder expectations beyond current operational capacity.
- Brand Equity and Marketing: Participation in industry events and outreach initiatives elevates brand visibility and collaboration potential. However, this increases reputational exposure and requires careful resource allocation to ensure return on investment.
- Community and Government Outreach: Initiatives like SA Connect and Ministerial outreach programmes reinforce the Company's developmental mandate. Yet, they can divert resources from commercial focus areas and introduce performance pressures linked to public and political visibility.
- Internal Communication: Employee engagement initiatives enhance morale and strategic alignment but must be balanced to avoid overexposing challenges without undermining confidence or losing momentum due to inconsistent follow-through.
- Social-Media and External Communication: These platforms amplify the Company's voice and support stakeholder interaction. However, they also require vigilant management to mitigate reputational risks and ensure consistent, disciplined messaging.

Through conscious navigation of these trade-offs, BBI strives to deliver shared value while maintaining stakeholder confidence and brand integrity.

Human Capital

"Building a high-performance organisation"

At BBI, our people are the cornerstone of our success and the key enablers of our strategic ambitions. We are committed to nurturing a diverse, inclusive, and high-performance culture that fosters continuous learning, innovation, and growth. Through targeted development programs, equitable opportunities, and a supportive environment, we empower our workforce to deliver sustained value and drive the Company's transformation agenda. Our focus on human capital ensures that we remain agile, resilient, and well-equipped to meet the evolving demands of the telecommunications industry.

Staff Movement

The FY 2024/25 began with a total of 111 permanent employees and concluded with 121, reflecting a net increase of 10 employees. The approved organisational headcount remained capped at 155 due to ongoing financial constraints.

Of the 55 vacant positions that received Board approval to be filled, 18 were successfully closed: 10 through external recruitment and 8 through internal promotions, supporting both the injection of new talent and the career growth of existing staff. Additionally, 11 positions had already been filled in the prior FY, following the lifting of the moratorium on recruitment.

This phased and targeted recruitment approach was guided by strategic priorities and the need to maintain operational efficiency within the organisation's budgetary limitations.

Headcount Calculation

Categories	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Opening Balance	132	124	121	109	111
Permanent Staff	129	121	119	105	109
Contract (s)	3	3	2	4	2
Appointments	0	0	2	11	18
Permanent Staff	0	0	0	11	18
Contract (s)	0	0	2	0	0
Losses	-8	-3	-14	-9	-6
Resignations	-4	-1	-12	-4	-3
Termination of contract	0	-1	-1	-2	-2
Involuntary Reductions	**-4**	**-1**	**-1**	**-3**	**-1**
Closing Headcount	**124**	**121**	**109**	**111**	**121**
Permanent Staff	**121**	**119**	**105**	**109**	**121**
Contracts	**3**	**2**	**4**	**2**	**0**

Table 17 Headcount

Employment Equity

During the reporting period, a total of 18 positions were permanently filled. Notably, there was a modest increase in female representation at the Senior Management level, alongside greater inclusion of Persons with Disabilities. These advancements underscore BBI's ongoing commitment to Employment Equity (EE) transformation. The Company continues to actively pursue the targets set forth in the approved EE Plan, implementing recruitment strategies and workforce development initiatives designed to promote equity and diversity across all occupational levels.

The table below depicts our employment equity statistics:

Employment Equity Demographics													
Job Levels	Male				Female				Foreign Nationals		Sub Totals		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Executives	2	0	0	0	3	0	0	0	0	0	2	3	5
	40%	0%	0%	0%	60%	0%	0%	0%	0%	0%	40%	60%	100%
Senior Management	8	0	0	1	3	0	0	0	0	0	9	3	12
	67%	0%	0%	8%	25%	0%	0%	0%	0%	0%	75%	25%	100%
Professional Specialist & Middle Management	24	1	2	4	12	1	0	0	0	0	31	13	44
	55%	2%	5%	9%	27%	2%	0%	0%	0%	0%	70%	30%	100%
Supervisory & Junior Management	13	0	0	2	7	0	0	0	0	0	15	7	22
	59%	0%	0%	9%	32%	0%	0%	0%	0%	0%	68%	32%	100%
Operational	**20**	**0**	**1**	**0**	**14**	**0**	**0**	**0**	**0**	**0**	**21**	**14**	**35**
	57%	**0%**	**3%**	**0%**	**40%**	**0%**	**0%**	**0%**	**0%**	**0%**	**60%**	**40%**	**100%**
Support	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**1**	**0**	**0**	**0**	**3**	**3**
	0%	**0%**	**0%**	**0%**	**67%**	**0%**	**0%**	**33%**	**0%**	**0%**	**0%**	**100%**	**100%**
Total Permanent and fixed term contracts	**67**	**1**	**3**	**7**	**41**	**1**	**0**	**1**	**0**	**0**	**78**	**43**	**121**
	55%	**1%**	**2%**	**6%**	**34%**	**1%**	**0%**	**1%**	**0%**	**0%**	**64%**	**36%**	**100%**
GRAND TOTAL	**67**	**1**	**3**	**7**	**41**	**1**	**0**	**1**	**0**	**0**	**78**	**43**	**121**

Table 18 Employment Equity

Headcount increased by 9%, indicating steady growth. Leadership representation rose by 3%, supporting stronger succession and operational capacity. Representation improved across key diversity groups, reflecting deliberate inclusion strategies.

Internship Programme

The organisation offers two distinct streams of internship opportunities:

- Work Integrated Learning (WIL) Internships – targeting students requiring 12 months of practical experience to fulfill the requirements for national diploma qualifications.
- Graduate Internships – designed for recent graduates seeking workplace exposure to enhance their employability prospects.

Upon successful completion of their internships and attainment of formal qualifications, participants may be considered for permanent employment within the organisation, contingent on vacancy availability and individual performance. Selection for permanent positions is conducted through a formal recruitment and assessment process. Interns who demonstrate high potential but are not immediately absorbed into permanent roles may be enrolled in a structured 18-month Trainee Programme aligned with their field of specialisation. The Internship Programme continues to serve as our flagship initiative for building a sustainable future talent pipeline. It plays a critical role in supporting our human capital strategy by attracting and retaining emerging talent equipped with the skills needed to drive organisational growth. The programme is strategically aligned with the objectives of the MICT SETA, ensuring that participants gain relevant industry skills and qualifications. It also supports national youth employment initiatives aimed at reducing unemployment and fostering economic inclusion among young South Africans.

Beyond talent development, the Internship Programme positively impacts BBI's Broad-Based Black Economic Empowerment (B-BBEE) scorecard by advancing employment equity and skills development targets. Through structured mentorship, practical work experience, and ongoing performance evaluation, the programme not only nurtures individual career growth but also strengthens BBI's capacity to meet its transformation and operational goals.

During the reporting period:

- Five new interns were appointed across various divisions for a one-year term.
- Twenty-three interns successfully transitioned into the Trainee Programme for 18 months.

This initiative remains instrumental in bridging the gap between academic training and professional employment, ensuring both national impact and organisational value.

Employee Development

Employee development is a strategic priority that underpins both individual growth and organisational performance. It plays a critical role in upskilling teams, enhancing workforce competencies, and supporting long-term strategic business sustainability.

During the reporting period, BBI allocated 2% of its total salary expenditure toward employee training and development. Management was encouraged to prioritise critical skill areas, particularly those aligned with Employment Equity (EE) objectives. While this investment reflects a commitment to capability enhancement, further alignment is needed to address broader organisational imperatives such as B-BBEE compliance in skills development and succession planning.

To strengthen future readiness, the Company aims to adopt structured professional assessment tools to evaluate the development potential and succession readiness of identified employees. This will support leadership continuity and targeted capability building.

A notable improvement in training expenditure was realised during the year, driven by the acquisition and deployment of new transmission equipment. As part of the contractual agreement with the service provider, dedicated technical training was included, which significantly boosted the annual training spend to 3.51% of the total salary bill—exceeding the initial allocation.

This progress demonstrates BBI's intent to align learning investments with operational innovation while contributing to strategic transformation objectives. Training and development activities are guided by the Workplace Skills Plan (WSP), which was submitted and approved by the MICT SETA in April 2024. The plan serves as a framework for aligning employee development with both organisational goals and sector-driven priorities.

On average, each employee completed approximately 25 hours of training, equivalent to three days of learning per annum. The training investment was primarily directed toward technical skills development, which accounted for 85% of total training hours, while 15% was allocated to soft skills and behavioural competencies.

Demographic analysis indicates that a higher proportion of training participants were male, reflecting the current gender distribution within the organisation. This insight will inform future efforts to enhance equitable access to development opportunities, particularly as part of BBI's Employment Equity and transformation strategies.

Employee Study Assistance

The Study Assistance Programme remains a key component of the broader talent development strategy, fostering a culture of lifelong learning and individual growth. By enabling employees to pursue further academic qualifications, the Company strengthens its internal capabilities and enhances organisational resilience through a more qualified and competent workforce. The organisation supported four employees through formal study assistance programmes during the period of reporting.

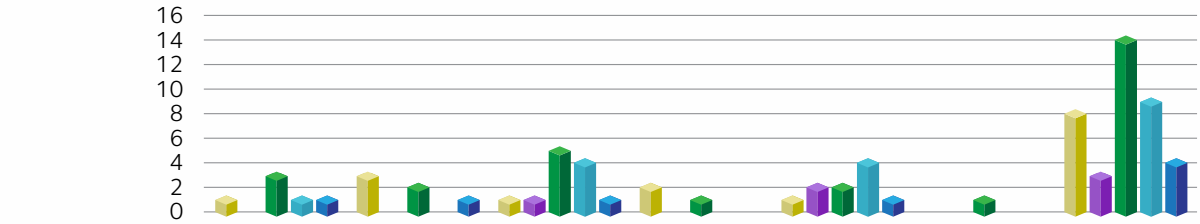
Performance Management

A culture of high performance continues to be embedded across the organisation. Performance management serves as a strategic tool for aligning individual contributions with the Company's overall objectives and for reinforcing desired organisational behaviours. Annual performance contracting was completed for over 95% of employees, ensuring clarity of expectations and measurable deliverables.

The consistent implementation of the performance evaluation process, despite the absence of financial incentives in the current reporting year, reflects the growing maturity of the performance culture. Employees increasingly recognise the intrinsic value of performance feedback and development planning, beyond monetary rewards. This shift underscores the organisation's commitment to fostering accountability, transparency, and continuous improvement.

Employment Terminations

The termination rate has decreased from 9 to 6 compared to the previous year. Out of the total 6 terminations, 3 were due to resignations, 1 was due to retirement and 2 were due to termination of contract. The graph below depicts the employment terminations for the past 5 years:



	Executive	Snr Management	Middle Management	Junior Management	Operational	Support	Total
FY 2020-21	1	3	1	2	1	0	8
FY 2021-22	0	0	1	0	2	0	3
FY 2022-23	3	2	5	1	2	1	14
FY 2023-24	1	0	4	0	4	0	9
FY 2024-25	1	1	1	0	1	0	4

Figure 23 Terminations.

Safety and Health

At BBI, the health and safety of our employees, contractors, and visitors is paramount. We remain committed to fostering a culture of safety, ensuring full compliance with occupational health and safety regulations, and continuously improving our risk management practices. Our Safety, Health, Environment, and Quality (SHEQ) framework provides the governance structure and accountability to monitor and manage safety performance across the business.

Key Initiatives and Performance in FY 2024/25:

- Zero fatalities: We are proud to report zero workplace fatalities during the reporting period.
- Lost Time Injury Frequency Rate (LTIFR): remained at zero — this remained within industry benchmarks, reflecting improved safety awareness and incident prevention.
- Safety training: Over [insert number] employees and contractors received mandatory health and safety training, including emergency response, first aid, and working at heights.
- Safety audits and inspections: Regular internal audits and compliance inspections were conducted at operational sites to ensure adherence to SHEQ standards.
- Incident reporting: All incidents, near-misses, and hazards were captured in our central SHEQ database, enabling improved root cause analysis and preventive actions.
- Mental well-being: Recognising the psychological pressures of a challenging operational environment, BBI rolled out wellness support initiatives and encouraged participation in the employee wellness programme (EWP).
- While the overall safety record is commendable, risks remain — particularly in high-risk maintenance activities, work in remote or vandalism-prone areas, and power-related hazards at Points of Presence (PoPs). These risks are managed through strict adherence to safety protocols, incident debriefs, and technical collaboration with partners such as NTCSA.

Looking Ahead:

In FY 2025/26, the Company will focus on further strengthening safety accountability, increasing SHEQ capacity in regional operations, digitising incident reporting for faster response, and embedding safety leadership as a core value across all levels.

Human Capital Trade-Offs

1. Investment in Employee Development vs. Immediate Operational Output. To build long-term capability, BBI committed resources toward staff training, bursary support, and career development. While this sometimes-diverted staff from day-to-day operations and placed temporary strain on capacity in technical units, the upskilling significantly improved internal expertise and ensured succession readiness — a critical investment in long-term sustainability.

2. Organisational Restructuring vs. Employee Morale and Stability. Structural adjustments were implemented to improve operational agility and realign with strategic priorities. These changes, although necessary, created uncertainty and impacted staff morale. Management addressed this through regular communication, transparent processes, and engagement with organised labour (ICTU), culminating in a one-year substantive agreement that improved employee confidence and conditions of service.

3. Compensation and Benefits vs. Financial Constraints. In a financially constrained environment, BBI engaged extensively with labour to reach an agreement that balanced affordability with fair remuneration. While the outcome contributed to increased personnel costs in the short term, it retained critical skills, preserved industrial harmony, and reinforced employee commitment, essential for stability during operational transformation.

4. Enhanced Internal Communication vs. Executive Time Commitment. Executive leadership prioritised internal alignment through Town Talks and increased engagement

platforms. While this required time and coordination from senior management, it strengthened transparency, increased employee awareness of strategic goals, and encouraged two-way communication — improving staff involvement and organisational culture.

5. Health, Safety, and Wellbeing Investment vs. Resource Allocation to Core Operations. The Company reinforced its SHEQ protocols to safeguard employees, especially technicians working in high-risk environments (e.g., vandalism-prone areas and fibre routes on high-voltage infrastructure). Though this demanded additional training, safety equipment, and coordination with NTCSA and law enforcement — representing a cost trade-off — it was critical to maintaining staff safety, legal compliance, and uninterrupted service delivery.

Addressing these trade-offs will be central to the HR Division's strategic focus in the next reporting cycle, ensuring a more balanced and inclusive approach to employee development and organisational capability building.

Priorities for the `Next Reporting Cycle

In response to the insights, outcomes, and trade-offs observed during the FY 2024–2025, the HR Division has identified the following strategic priorities to enhance workforce capability, drive transformation, and support business sustainability:

1. Balanced Skills Development Investment

Refine the training portfolio to ensure a more equitable distribution between technical and soft skills. This will include dedicated leadership development, change management, and interpersonal effectiveness programmes to strengthen team dynamics and organisational agility.

2. Equity-Focused Development Pathways

Implement targeted development initiatives aimed at underrepresented groups, particularly women and youth, to support the Company's Employment Equity objectives and broaden access to leadership and specialist roles.

3. Succession and Talent Pipeline Strengthening

Introduce structured succession planning and career pathing frameworks, supported by validated assessment tools to evaluate leadership readiness and future role fit. This will improve internal mobility and continuity in critical roles.

4. Enhanced Workforce Planning Tools

Deploy competency mapping and workforce analytics to improve visibility into skills gaps, training impact, and future workforce needs. This data-driven approach will enhance strategic decision-making in HR planning.

5. Optimised SETA and B-BBEE Alignment

Maximise returns from the MICT SETA programme by ensuring alignment with national priorities and internal growth plans. Concurrently, leverage training initiatives to support improved performance on the B-BBEE Skills Development scorecard.

6. Digital HR Transformation

Advance the digitalisation of HR processes, including the adoption of integrated learning management systems (LMS) and data dashboards for real-time tracking of training effectiveness, employee progression, and performance.

These strategic focus areas will form the foundation of HR's contribution to BBI's broader organisational goals in the upcoming FY, ensuring talent readiness, inclusive development, and operational excellence.

Natural Capital

Environmental, Social and Governance (ESG) Narrative

BBI SOC Ltd continues to embed Environmental, Social, and Governance (ESG) principles across its operations and strategic priorities. As a state-owned entity mandated to expand broadband infrastructure and close the digital divide, the Company acknowledges its responsibility to contribute to South Africa's sustainable development agenda while aligning with global ESG best practices and the United Nations Sustainable Development Goals (SDGs).

Environmental Stewardship

BBI has adopted and is actively implementing an Environmental Management System (EMS) aligned with ISO 14001:2015 standards. This system ensures that environmental considerations are systematically integrated into the Company's decision-making processes and project lifecycle—from planning through to and including post-deployment operations.

The EMS implementation includes identifying, assessing, and monitoring environmental impacts across all projects through the Company's Environmental Aspects and Impacts Register. We are committed to comply with all relevant environmental legislation and regulatory requirements, while continually improving its environmental performance. During project execution, especially in rural and ecologically sensitive areas, specific attention is paid to reducing the environmental footprint by applying mitigation measures and promoting environmental stewardship.

These efforts directly contribute to:

- SDG 9: Industry, Innovation and Infrastructure – supporting the rollout of inclusive, sustainable infrastructure.
- SDG 12: Responsible Consumption and Production – through efficient material use and waste reduction.
- SDG 13: Climate Action – by monitoring and minimising emissions and applying environmentally sound practices during network expansions.

Social Responsibility and Impact

BBI remains committed to its developmental mandate of reducing the digital divide through connectivity projects in underserved and remote areas. Through initiatives such as SA Connect Phase 2, USAASA (332), and the Broadband Access Fund, the Company has extended services to rural schools, clinics, and government offices.

Employee engagement has been a key focus, with structured internal communication platforms like Town Talks and wellness initiatives ensuring that staff remain informed, motivated, and aligned with organisational goals. Labour relations remained constructive, with a substantive agreement reached with organised labour (ICTU) to enhance employee conditions.

Externally, the Company supported community empowerment through ministerial back-to-school outreach programs and industry collaboration. Participation in government and ICT-sector events amplified the brand, strengthened stakeholder relationships, and showcased the Company's broad and lasting developmental impact.

These initiatives support:

- SDG 4: Quality Education – through school connectivity and digital inclusion programs.
- SDG 8: Decent Work and Economic Growth – via job creation in projects and network expansions.
- SDG 10: Reduced Inequalities – by enabling connectivity in marginalised regions and communities.

Governance and Ethics

BBI is committed to sound corporate governance, underpinned by ethical leadership, transparency, and accountability. The Board and Executive Management oversee the implementation of governance frameworks in line with King IV principles, ensuring strategic oversight, regulatory compliance, and risk management.

No new irregular expenditure was incurred during the year. The Loss Control Committee continued investigations on historical cases and recommended appropriate consequence management and condonation where necessary.

Ongoing engagements with stakeholders, including DCDT, National Treasury, the Auditor-General, and other SOEs, have strengthened institutional accountability and reinforced trust in the Company's governance processes.

This governance focus contributes to:

SDG 16: Peace, Justice and Strong Institutions – by ensuring ethical conduct, transparency, and institutional integrity.

Conclusion

BBI's ESG approach is rooted in its role as a developmental ICT enabler. The Company continues to align operational excellence with sustainability, aiming to deliver long-term value for the country, its communities, and future generations. Its commitment to ESG is not only a matter of compliance but a strategic imperative toward building a digitally inclusive and environmentally conscious South Africa.

Bridging Digital Divides, Accelerating National Connectivity

OUTLOOK

OUTLOOK

BBI enters the FY 2025/26 with a renewed focus on enabling inclusive digital transformation, strengthening network infrastructure, and unlocking socio-economic value across South Africa and the SADC region. While challenges such as financial sustainability, ongoing network vandalism, and constrained fiscal resources remain, the Company is committed to delivering on its developmental mandate through a focused execution of strategic priorities.

Strategic Priorities

In the coming year, the Company will pursue the following key strategic initiatives:

Strengthening Network Infrastructure and Resilience

BBI will continue to invest in modernising and upgrading its transmission and IP/MPLS networks to meet growing demand for high-capacity connectivity. Strategic routes will be enhanced to reduce bottlenecks and improve redundancy, particularly in high-demand corridors and underserved regions. This will improve service availability, enable customer growth, and support national digital goals.

Accelerating SA Connect Phase 2 and Other Key Projects

The Company remains a key delivery partner in the SA Connect Phase 2 initiative. In 2025/26, BBI will focus on expanding network reach to more underserved communities, schools, and public facilities. Further implementation of projects such as USAASA (332) and BAF will remain core to the value delivery model. Strengthening project execution, optimising costs, and ensuring timely delivery will be priorities.

Commercial Revenue Growth and Customer Expansion

While the public sector remains an anchor client, the Company will continue to implement a targeted commercial strategy aimed at growing private sector revenue. This includes expanding the customer base through improved service offerings such as Carrier Ethernet, Internet Transit, Remote Peering, and cross-border connectivity services. Customer engagement and tailored value propositions will be enhanced to drive retention and acquisition.

Financial Sustainability and Cost Efficiency

Given the operational loss in 2024/25, the Company will focus on improving cost structures, revenue optimization, and prudent financial management. Exploring alternative funding models and public-private partnerships will be critical to support capital-intensive infrastructure investments while maintaining cash flow stability.

Organisational Alignment and Merger Readiness

BBI is aligning its internal structures, processes, and governance in anticipation of the establishment of the SDIC that will integrate BBI with Sentech, as part of government's state-owned entities rationalisation programme. The Company will ensure operational continuity, stakeholder engagement, and readiness for transition while preserving its service delivery mandate.

External Environment and Risks

The macroeconomic environment remains volatile, with electricity supply constraints, exchange rate pressure, and inflationary trends likely to impact operational costs. The resumption of loadshedding and persistent network vandalism threaten service availability, especially in rural and high-risk areas.

However, policy direction from the Department of Communications and Digital Technologies (DCDT) and greater national emphasis on digital infrastructure as an enabler of socio-economic development provide a stable and supportive policy framework.

Mitigating Measures will include:

- Strengthening security at high-risk network locations
- Increasing collaboration with Eskom/NTCSA and municipalities.
- Pursuing policy engagements for enhanced public sector support.
- Ensuring cybersecurity resilience and business continuity.

Opportunities

- Continued demand for broadband in underserved areas.
- Government's digital transformation drive and smart city initiatives.
- Cross-border connectivity growth with SADC neighbours.
- Emerging partnerships in digital skills development and ICT sector innovation.
- Access to donor or blended funding linked to infrastructure rollout.

Conclusion

BBI remains a critical enabler in connecting communities, bridging the digital divide, and contributing to national development priorities. The 2025/26 financial year will be focused on execution excellence, resilience building, and preparing the Company for the next chapter of growth and institutional transformation.

We remain committed to impacting communities and supporting the delivery of quality connectivity which assists in all areas of development using technology. We commit to this to help build the much-needed pipeline for careers and to make technology accessible to the unreached areas.

Bridging Digital Divides, Accelerating National Connectivity

GOVERNANCE

GOVERNANCE

Ethical, Effective Leadership and Responsible Corporate Citizenship (King 1V, P1, 3 and 12)

Our Approach to Governance

"BBI promotes good governance through ensuring compliance to all legislative requirements and effective internal control systems and risk management."

The Board of Directors serves as the focal point and custodian of BBI's governance framework, operating through well-established committee structures to ensure the effective discharge of its oversight responsibilities. Good governance is fundamental to the organisation's ability to live out its values and is evidenced by enhanced accountability, ethical leadership, transparency, effective risk management, sound internal controls, and sustained business performance.

BBI remains committed to optimising its use of all six capitals (financial, manufactured, intellectual, human, social, and relationship, and natural) while proactively managing key risks and leveraging strategic opportunities.

In the context of an increasingly volatile and competitive operating environment, compounded by financial constraints, the Company has recognised the critical importance of balancing short-term performance with long-term sustainability. This includes meeting the expectations of shareholders, regulators, and other key stakeholders, while continuing to deliver on its mandate and ensuring sustainable and operational viability.

Achieving this balance required making difficult but necessary decisions throughout the FY, reinforcing the Board's commitment to responsible governance and strategic agility.

Creating Value with Good Corporate Governance

BBI is committed to the highest standards of corporate governance, which serve as the foundation for creating sustainable value for all stakeholders. This commitment ensures that the organisation remains well-governed, ethically driven, and effectively managed. The organisation's zero-record of fraud and corruption stands as a testament to its strong ethical culture and robust internal controls.

Governance principles are deeply embedded in BBI's values, culture, and operational processes. Risk awareness, compliance, and accountability are promoted throughout the organisation, supported by a comprehensive and structured governance framework. This enables the Board and its committees to remain focused on strategic matters and to make well-informed decisions aligned with the Company's long-term interests.

BBI's consistent performance over the years reflects the strength of its governance model, particularly in navigating a challenging and uncertain environment. Even amid a leadership transition—with 90% of Executive Management serving in an acting capacity—the organisation-maintained stability and delivered strong performance. This success is attributed to both the resilience of the executive team and the continuity of the Board, underpinned by the long-standing leadership of the Chairperson, one of the most senior non-executive directors.

The Board continues to demonstrate an appropriate mix of knowledge, skills, experience, and independence, ensuring it can provide objective oversight and strategic guidance. This balanced composition reinforces stakeholder confidence in BBI's ability to operate with integrity, resilience, and long-term sustainability.

Philosophy

At BBI, the creation of value lies at the core of our integrated thinking and governance approach—extending well beyond mere legislative and regulatory compliance. Management is committed to cultivating a company-wide culture of sound governance, rooted in our business philosophy and aligned with our vision, values, and ethics. Both the Board and management uphold the belief that effective corporate governance—founded on ethical principles and a strong value system—should be embedded in every aspect of the organization. This commitment supports BBI in achieving its strategic objectives sustainably and responsibly.

Governance Structures

BBI operates as a uniquely developmental business, combining its state-owned mandate with commercial objectives. This dual role requires a nuanced and holistic approach to governance—one that considers a wide range of factors, including business processes, management, technology, the environment, employment, and relationships with suppliers, customers, and society.

Our integrated thinking and commitment to good corporate governance are deeply embedded in our organizational culture. This is reflected in the oversight mechanisms provided by the Board, as illustrated above and in the figure below. Governance principles and policies are not only integrated into day-to-day operations but are also regularly reviewed to ensure ongoing compliance and alignment with best practices.

BBI's robust governance framework includes the appointment of a lead independent non-executive director. This, along with well-established governance structures and processes, ensures effective oversight and accountability at all levels of the organisation.

Governance Instruments

Memorandum of Incorporation (MoI)

The MoI provides that the Board shall consist of between nine and twelve Directors, including seven independent non-executive Directors (one of whom serves as Chairperson) and two executive Directors—namely, the Chief Executive Officer and the Chief Financial Officer. The current MoI was revised and filed with the Companies and Intellectual Property Commission (CIPC) in October 2017. BBI is currently in the process of amending the MoI to reflect the conversion of Shareholder loans into equity. The mandates of the Board and its committees are aligned with the provisions of the MoI.

Policies, Laws, Codes, Rules, and Standards

The Company has approved and implemented various policies and procedures that guide its governance and operational practices.

The Board of Directors bears the ultimate responsibility for ensuring that the Company adheres to all applicable legislation, regulations, codes, and standards. This includes, but is not limited to, these frameworks:

- Companies Act, No. 71 of 2008 (as amended)
- Public Finance Management Act (PFMA), No. 1 of 1999 (as amended)
- Memorandum of Incorporation (MoI)
- King IV Report on Corporate Governance
- Electronic Communications Act, No. 36 of 2005
- Income Tax Act, No. 58 of 1962 (as amended)
- National Treasury Regulations

These laws, codes, and standards are not applied in isolation but are interpreted within the broader context of the Company's overall compliance framework. Where legislative conflicts arise, the PFMA takes precedence, except where such conflicts involve the Constitution of the Republic of South Africa, which remains supreme.

The Board is also tasked with determining legislative priorities, ensuring that strategic decisions and operational activities align with the prevailing legal and regulatory environment.

During the period under review, the Company has, to the best of its ability, complied in all material respects with the legislative and regulatory requirements applicable to its operations. Comprehensive compliance reviews were conducted during the year to monitor adherence and address any emerging compliance risks.

Delegation of Authority (DoA)

The Company reviewed its Delegation of Authority Framework during the year, and no changes were made. The mandates of the Board, its committees, EXCO, and EXCO sub-committees remain aligned with the Companies Act (No. 71 of 2008, as amended), the MoI, and the DoA Framework. Each Board Committee fulfilled its responsibilities in accordance with its terms of reference, and the Board is satisfied with their performance.

The figure below depicts the Governance Framework, which regulates our relationship with the Shareholders and guides the way we conduct our business.

The framework glaringly depicts differentiated roles and responsibilities:

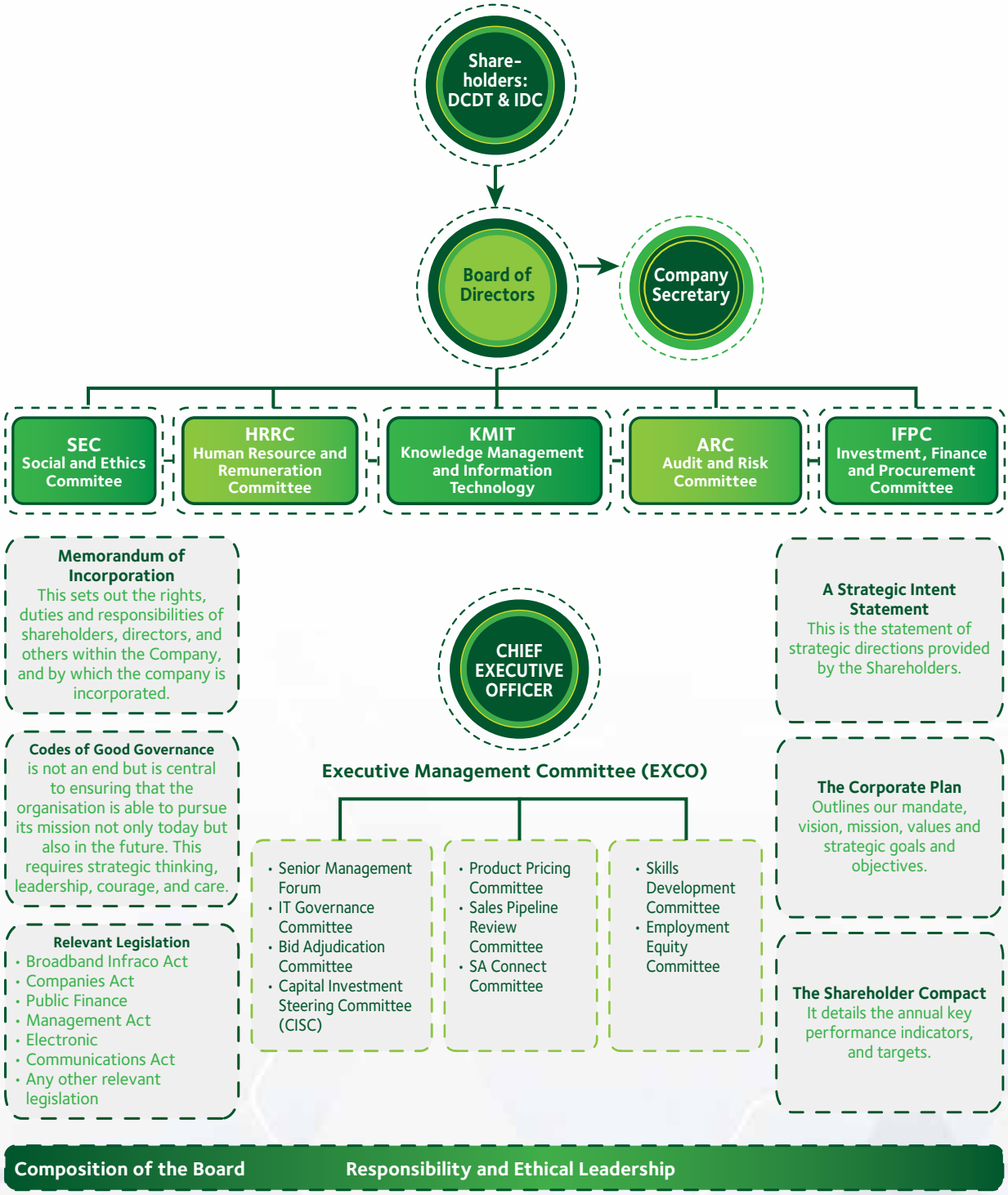


Figure 24 Governance Framework

Governance Structures

Shareholders

Uniquely, the Company is co-owned by the RSA Government, represented by the DCDT and the IDC. BBI, as an SOC, has an Executive Authority who is the Minister of Communications and Digital Technologies, the Honourable Mr Solly Malatji, (the Minister).

In a state-owned company (SOC) governed by the Companies Act, No. 71 of 2008 (as amended) and the Public Finance Management Act (PFMA), No. 1 of 1999, the Shareholder (typically represented by a relevant Minister or Executive Authority) holds distinct responsibilities aligned with both corporate governance and public sector accountability.

Appointment and Removal of DirectorsThe Shareholder is responsible for appointing and, where necessary, removing members of the Board of Directors in accordance with the Companies Act, the SOC's Memorandum of Incorporation (MoI), and any applicable shareholder compact. The Executive Directors are appointed by the Board with the concurrence of the Minister.

1. **Approval of the Corporate Plan and Budget (King 1V, P8)**
   The Shareholder must review and approve the annual Corporate Plan, Strategic Plan, and budget, as submitted by the Board, in line with PFMA requirements. These documents must align with government priorities and service delivery objectives.

2. **Oversight and Performance Monitoring**
   The Shareholder is tasked with exercising oversight over the performance of the Company. This includes monitoring delivery against key performance indicators (KPIs) and targets set in the Shareholder Compact and Corporate Plan.

3. **Approval of Material Transactions**
   The Shareholder may be required to approve material decisions such as:

   - Major capital investments or disposals.
   - Amendments to the MoI.
   - Mergers, acquisitions, or restructures.
   - Significant borrowings or financial commitments.

   These are governed by both the Companies Act and the PFMA thresholds for materiality.

4. **Ensuring Legislative and Policy Compliance**
   The Shareholder must ensure that the SOC operates within the broader legal and policy framework of government, including compliance with the PFMA, Companies Act, King IV, and applicable sector legislation.

5. **Appointment of External Auditors and Oversight of Audit Processes**
   While the Auditor-General often audits SOCs, the Shareholder ensures that robust audit and risk management frameworks are in place, and that findings are addressed in collaboration with the Board.

6. **Approval of the Annual Report and Financial Statements**
   The Shareholder receives and may approve the Integrated Annual Report, including audited financial statements, which must be submitted to Parliament or relevant authorities in accordance with the PFMA.

7. **Acting in the Public Interest**
As the representative of the public, the Shareholder must ensure that the SOC's activities are aligned with national development priorities and deliver social and economic value.

Board of Directors

Board Composition and Structure (King 1V, P8)

The Board is structured to ensure an appropriate balance of knowledge, skills, experience, diversity, and independence, enabling it to fulfil its oversight responsibilities effectively and objectively.

In line with the principles of the King IV Report on Corporate Governance, the Board is satisfied that the Non-Executive Directors (NEDs) are independent in both fact and appearance. The NEDs bring a wide range of expertise and professional backgrounds, which contribute meaningfully to the Board's deliberations and strategic direction.

All NEDs are free from any business or other relationships that could compromise their independent judgement in relation to the affairs of the Company. Their independence supports the Board in maintaining robust oversight and holding executive management accountable.

To support the effective discharge of their fiduciary responsibilities, all Directors — and particularly the NEDs — have unrestricted access to Company information, records, documents, and property. This ensures informed and objective participation in Board matters. Directors may also obtain independent professional advice, at the Company's expense, should they consider it necessary.

Board appointments are made through a formal, rigorous, and transparent process, overseen by the Nominations Committee. Directors are selected based on their qualifications, experience, and alignment with the Company's strategic goals and transformation objectives. The Board also undergoes regular performance evaluations, including assessments of its committees and individual directors, to ensure ongoing effectiveness, independence, and adherence to governance best practices.

As at the reporting date, the Board's composition reflects a commitment to diversity:

- The Non-Executive Directors comprise three Black females, one White female, and four Black males.
- The Executive Directors comprise one Black male and one female.

Board members are appointed for a renewable three-year term, subject to shareholder approval at the Annual General Meeting (AGM). The term of office for the previous Board concluded on 28 November 2024. One member resigned prior to this date, and in line with the established nomination process, two new directors were appointed on 8 January 2025.

The Board Roles and Responsibilities

The Board of Directors serve as the Accounting Authority in terms of the PFMA. The Accounting Authority, reports to the Shareholders, including the Minister.

Strategic Oversight

Approving and guiding the Company's long-term strategies and major decisions is informed by its strategy as well as the associated operational, commercial, and statutory objectives of BBI. The Board sets the Company's mission in alignment with its mandate, vision and long-term goals. It balances the interests of stakeholders and ensures that the Company's long-term objectives are achieved. BBI complies with the requirements of the Companies Act, namely Sections 88(2)(e) and (f) in relation to filing the required returns and notices.

In accordance with National Treasury Regulation 29, the Company annually enters a Shareholder's Compact with the Executive Authority detailing mandated key performance measures and indicators that forms the performance agreement. The Board oversees and monitors the Company's performance against the targets and ensures that adequate processes are in place for budget planning and allocation to further the Company's mandate.

Monitors Management

The Board selects, appoints, evaluates, and if necessary, removes the CEO in consultation with the Executive Authority. Oversees executive compensation and succession planning. Ensures leadership is competent and aligned with company goals. The Board is assisted by the Human Resources and Remuneration Committee.

The roles of the Chairperson and the Chief Executive are separate, with their individual responsibilities clearly defined. The Chairperson monitors and evaluates the performance of the Chief Executive Officer in conjunction with the HRR Committee to ensure the achievement of our strategic and operational objectives.

The Chief Executive is responsible for the execution of the Company's strategy, and the day-to-day business of the Company. He is supported by the Executive Committee, of which he is the Chairperson. The Board is satisfied that the Delegation of Authority Framework clearly records the nature and extent of the authorities delegated by the Board to the Chief Executive and specified governance structures and/or, in turn, by the Chief Executive to the members of the Executive Committee to implement certain actions by or on behalf of the Company. It includes, to the extent necessary and/or incidental thereto, the authority to discharge all duties, obligations and powers imposed upon the deemed authority under the BBI Act.

Ensuring Accountability, Transparency and Risk Management

The PFMA, Companies Act and POPIA provide specific requirements pertaining to the Company's records management practices, such as Annual Financial Statements that satisfy the International Financial Reporting Standards, and for the audited annual financial statements to be prepared within five months following the financial year end.

Finally, the Company finalised its IAR and the Annual Financial Statements within the legislated timelines and ensures that the Shareholders have timely access to the audited Annual Financial Statements.

Oversees the preparation and integrity of financial statements. Ensures transparent and timely disclosures to shareholders and regulators.

It identifies and monitors key financial, operational, reputational, cybersecurity, etc. Ensures that risk mitigation strategies are in place.

This role is delegated to Audit and Risk Committee.

Ethical Standards and Compliance

Ethics

The Board accepts collective responsibility for defining how ethics and ethical behaviour should be implemented in BBI. This includes setting out the conduct of individual Board members to ensure that they act with integrity, competence, responsibility, accountability, fairness, and transparency. These characteristics set the tone from the topmost echelons, downward, to support an ethical culture within BBI. Ethical leadership is embedded in the organisation and is witnessed in all unqualified audits of the Company. The Board is committed to continue strengthening its governance regime to ensure that the Company is sustainable.

The Directors declare their financial interests at each Board meeting where applicable as well as annually, as per the Act. The Code of Ethics statement aims to ensure that BBI conducts its business in line with the highest ethical standards. The statement seeks to ensure compliance with relevant legislation and regulations in a manner that is beyond any reproach.

Compliance

The Board of Directors has a duty to ensure that the Company complies with all applicable rules, laws, codes, and standards, including the provisions of the Companies Act, the PFMA, the Memorandum of Incorporation (MoI) and the King IV Report on Governance (King IV). These codes and standards should not be read in isolation but should be interpreted in the context of the whole compliance universe applicable to the Company. Where required, the Board of Directors needs to determine legislative priorities, the Company is subject to the PFMA, and in instances of conflicts in legislation, the PFMA prevails, save for the Constitution of South Africa.

The Company has, to the best of its ability, complied in all material respects with all legislation and regulations applicable to it during the period under review. Compliance reviews have been conducted without limitation in respect of, among others, the Electronic Communication Act, No. 36 of 2005, the Companies Act, No. 71 of 2008 (as amended), Income Tax Act, No. 58 of 1962 (as amended), the Public Finance Management Act No. 1 of 1999 (as amended) and Treasury Regulations.

The Board receives quarterly feedback from the Chairs of all Board committees, in addition to the minutes of all the committee meetings. Compliance to the accounting and financial reporting requirements is overseen by ARC.

Board Committees

In line with the requirements of the Companies Act, the Board established the Audit and Risk Committee, the Human Resource and Remuneration, the Investment, Financing, and Procurement Committee, and Social and Ethics Committee.

The composition of each committee is details in the relevant section below.

Executive Leadership

In BBI, the roles of the Chairperson and the Chief Executive are separate, with their individual responsibilities clearly defined. The Chairperson monitors and evaluates the performance of the Chief Executive Officer in conjunction with the HRR Committee to ensure the achievement of our strategic and operational objectives.

The Chief Executive is responsible for the execution of the Company's strategy, and the day-to-day business of the Company. He is supported by the Executive Committee, of which he is the Chairperson. The Board is satisfied that the Delegation of Authority Framework clearly records the nature and extent of the authorities delegated by the Board to the Chief Executive and specified governance structures and/or, in turn, by the Chief Executive to the members of the Executive Committee to implement certain actions by or on behalf of the Company. It includes, to the extent necessary and/or incidental thereto, the authority to discharge all the duties, obligations and powers imposed upon the deemed authority under the BBI Act.

Company Secretary

The Company Secretary prepares Annual Work Plans for the Board and its committees as informed by the strategic direction of the Company. The Audit and Risk Committee reviews the Annual Work Plans and makes recommendations to the respective Board committees for consideration. These Annual Work Plans are recommended to the Board for approval by the respective Board committees for implementation and are continually tracked to assess progress. The Company Secretary also advises the Board on corporate governance issues, the requirements of the Companies Act, and other relevant legislation, both collectively and individually. Although the relationship between the Board and Company Secretary is kept at an arm's length, the Board has unfettered access to the services and advice of the Company Secretary.

The Company Secretary acts as the primary point of contact between the Board and the Company. In addition to various statutory functions, the Company Secretary provides individual non-executive directors and the Board with induction, guidance on duties, responsibilities, and the impact of regulatory developments. In consultation with the Chairperson, the Company Secretary assures that the contents of the agenda are relevant to the Board's decision-making and communicates the Board's resolutions throughout the Company in a timely and appropriate manner. The Company Secretary is qualified to perform duties in accordance with applicable legislation and is considered by the Board to be fit and proper for the position. The Company Secretary does not fulfill an executive management function and is not a director.

The Board and Committees' Performance Reports

Board Development and Evaluation

To ensure that all directors on both the Board and Sub-committees of the Company are adequately equipped with the latest information and knowledge relating to the Company's business and to continuously support them in their role as Directors, the Board are Members of the Institute of Directors (IoD) and identify relevant training programmes that they need to attend which is arranged via the Office of the Company Secretary. Due to current austerity measures, Board Members have not attended any conference or training, but they have attended programmes presented by the IoD during the year under review. The Company plans to continue with the training and further entrench the culture of Director development.

Due to financial constraints, only a formal self-assessment evaluation was conducted. The overall outcome was positive. Feedback was provided to the Board and the respective committees at their Meetings and Shareholder's workshops.

The Board

The composition and profile of the board are found on page 22-26.

The Board 's Focus Areas

The Board is delighted that despite all the challenges; it was able to fulfill its mandate. The Board has provided much-needed strategic direction in ensuring legislative and regulatory compliance during the meetings held during the FY. The Board approved the following:

- Corporate Plan 2025/26-2029/30.
- 2025/26 Annual Performance and Financial Plan.
- Shareholders Compact.
- BBI Strategy 2030.
- Capital Projects.

Refer to a detailed report of the Board on page 120.

Board Committees

Audit and Risk Committee (ARC)

The overall objective of the Committee is to assist the Board of Directors to discharge their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of materially accurate financial and non-financial reporting information and statements in compliance with all applicable legal and regulatory requirements and accounting standards, and the oversight of the external and internal audit appointments and functions.

The Committee, in carrying out its duties, have due regard to legislation as well as principles of governance and exercise its delegated authority as determined by the Board from time to time, subject to the provisions of the Companies Act No. 71 of 2008 as amended, BBI's Memorandum and Articles of Association, the Public Finance Management Act No. 1 of 1999 (as amended), and any other applicable legislation.

Refer to page 109 for details of ARC report and composition

Social and Ethics Committee

The Social and Ethics Committee (the Committee) is constituted as a committee of the Board of BBI in accordance with section 72(4) of the Companies Act 71 of 2008 (as amended), the Public Finance Management Act (PFMA) 1 of 1999 (as amended), and the Companies Regulations, 2011. The Committee also operates in alignment with the principles set out in King IV™, particularly Part 5.3, Principle 8.

Composition of the Committee

- Mr L Mabece - Chairperson;
- D Dwane;
- U Exner;
- Z Kabini;
- P Makape;
- G Zowa (ED) by invitation; and
- T Phakedi (ED) by invitation.

Mandate and Terms of Reference

The Committee's mandate is informed by Regulation 43 of the Companies Regulations and King IV's Principle 8. It includes both statutory and non-statutory responsibilities and is governed by its Terms of Reference, which are reviewed regularly to ensure continued relevance and alignment with governance best practices.

Ethics and Code of Conduct

The Committee monitors ethics and stakeholder conduct in line with King IV's Principle 2. No incidents of fraud or corruption were reported during the year under review, including through the whistleblower hotline. No conflicts of interest were reported in directors' annual declarations.

Fair Labour Practices

Fair treatment of employees remains a strategic priority. The lifting of the moratorium on recruitment, as resolved at the Annual General Meeting, supports compliance with the International Labour Organisation's decent work agenda. No cases of unfair labour practices were brought before the Committee during the reporting period.

Broad-Based Black Economic Empowerment (B-BBEE)

BBI has met all its B-BBEE targets for the year under review. The majority of suppliers are historically disadvantaged individuals, and greater inclusion of women and youth was achieved. A dedicated workshop enhanced participation of persons living with disabilities in procurement, resulting in notable progress.

Responsible Corporate Citizenship

BBI continues to uphold the principles of responsible corporate citizenship in line with King IV. During the year, the Company adopted two schools and provided them with telematics, interactive whiteboards, and internet connectivity as part of its social investment programme.

Environmental Health and Safety

The Company maintained a zero lost-time injury (LTI) rate, reflecting the effectiveness of its safety protocols. A wellness day was held to support employee health and well-being.

Focus Areas

During the FY 2024/25, the SEC considered the following:

- 2023/24 Committee Self-Evaluation;
- Ethics Strategy;
- Compliance and Fraud Prevention Policies;
- Environmental, Health and Safety (SHEQ) Policy;
- Ethics and Whistleblower Reports;
- 2024/25 – 2025/26 Terms of Reference;
- Corporate Social Investment and Transformation Reports;
- Human Capital and Employment Equity Reports;
- Stakeholder Engagement;
- Sexual Harassment Policy; and
- Social and Ethics Annual Workplan.

Outlook

Looking ahead, the Committee will continue to strengthen oversight in areas of ethics, transformation, and sustainability. Key priorities for the 2025/26 period include:

- Enhancing the ethics management framework and reporting culture.
- Promoting inclusive transformation, with a focus on women, youth, and persons with disabilities.
- Deepening stakeholder engagement.
- Strengthening ESG issues, and monitoring impact of CSI programmes.

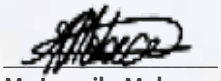
In addition, the Committee will continue placing emphasis on establishing and fostering an ethical culture.

The Committee reaffirms its commitment to ethical leadership, compliance, and sustainable development, in line with BBI's values and applicable governance standards.

Preventing and detecting fraud and corruption will remain a key priority, especially given the potential for financial and reputational damage. B-BBEE will continue to be a focus area, as it aligns with South Africa's regulatory landscape and socio-economic priorities. Promoting fair and equitable employment practices will continue to be important, particularly in light of South Africa's firm and unwavering commitment to social justice.

The SEC training and development will be prioritised to equip the SEC with the skills and knowledge needed to address emerging issues and ensure effective implementation and accurate reporting.

The Committee reaffirms its commitment to ethical leadership, compliance, and sustainable development, in line with BBI's values and applicable governance standards.



Mr Lungile Mabece
Chairperson of SEC

Human Resource and Remuneration Committee (HRRC)

The Committee has been established to assist the Board in dealing with the human resources of BBI, remuneration of executive and non-executive and nomination of executives. The Committee has exercised its delegated authority as determined by the Board, subject to the provisions of the Companies Act No. 71 of 2008, the BBI MoI, the Shareholder Compact, the PMFA No.1 of 1999 as amended and any other applicable legislation.

Composition of the Committee

- M Mzizi: Chairperson;
- L Mabece;
- D Dwane;
- P Makape;
- G Zowa (ED) by invitation; and
- T Phakedi (ED) by invitation.

Focus Areas

During the FY 2024/25, the HRRC considered, approved and recommended the following:

- Updated Human Resources and Remuneration Terms of Reference;
- Reviewed the Succession Planning Reports;
- Reviewed the Annual Training Plan and Workplace Skills Plan;
- Approved the filling of Critical Vacancies;
- Substantive Negotiations Mandate 2023/24;
- Remuneration Strategy;
- Approved reviewed Human Resources Policies; and
- Reviewed the Human Resources Quarterly Reports.

Investment, Financing and Procurement Committee (IFPC)

The purpose of the Committee is to consider the finances, investments, and procurement processes. The Committee has been established to assist in consider and approving investment and financial related matters as well as procurement process decisions on commercial related matters for the benefit of BBI. The Committee has exercised its delegated authority, as determined by the Board from time to time, subject to the provisions of the Companies Act No. 71 of 2008, BBI's Memorandum of Incorporation (MoI, the Public Finance Management Act No. 1 of 1999 as amended and any applicable legislation.

Composition of the Committee

- P Makape;
- D Dwane;
- B Segooa;
- L Tyira;
- G Zowa (ED) by invitation; and
- T Phakedi (ED) by invitation.

Focus Areas

During the FY 2024/25, the IFPC considered and approved/ recommended the following:

- Reviewed the Committee Terms of Reference.
- Annual Procurement Plan / Demand Plan.
- Capital Projects Status Reports.
- Account Receivables Age Analysis.
- Approved the Network Investment Plan.
- Approved the OSS/BSS Solution.
- Status on 2023/24 Audit findings within scope of Committee.
- Financial Position of the Company.
- Reviewed the Broadband Access Fund Report.
- Supply Chain Management Reports.

Technology, Knowledge, and Information Management Committee

The purpose of the committee is to consider, review, advise and approve or recommend to the Board of Directors all aspects of Technology, Knowledge and Information Management including but not limited to, governance, strategy, operations and major risks, to support its strategy and maximise growth.

Composition of the Committee

- U Exner;
- L Tyira;
- B Segooa;
- M Mzizi;
- G Zowa (ED) by invitation; and
- T Phakedi (ED) by invitation.

Focus Area

During the FY 2024/25, the TKIMC considered, approved and recommended the following:

- Reviewed the Committee Terms of Reference;
- Reviewed the Network Investment Plan;
- Technology and Network Performance Quarterly Reports;
- SA Connect Update Quarterly Reports;
- Strategic Risk Register Quarterly Reports;
- USAASA Quarterly Reports;
- Key Strategic Project Updates;
- Industry Trends;
- Cyber Security Report; and
- Approved the acquisition of an I-ECS Licence.

Meeting Attendance

Meetings of the Board and its committees are scheduled in advance and the annual meeting plan is approved by the Board. Special meetings are convened as and when required to consider specific material issues. The attendance of meetings is satisfactory as depicted below:

NAMES OF MEMBERS	BOARD OF DIRECTORS	AUDIT & RISK COMMITEE (ARC)	SOCIAL & ETHICS COMMITEE (SEC)	HUMAN RESOURCE & REMUNERATION COMMITTEE (HRRC)	INVESTMENT, FINANCING AND PROCUREMENT COMMITTEE (IFPC)	TECHNOLOGY, KNOWLEDGE AND INFORMATION MANAGEMENT COMMITTEE (TKIMC)
Z Kabini	10/10		3/4			
D Dwane	10/10		3/4	4/4	4/4	
U Exner	3/4	2/2	1/1			1/1
L Mabece	10/10	6/6	4/4	3/4		
P Makape	9/10		1/1	4/4	4/4	5/5
M Mzizi	4/4			2/2		1/1
L Tyira	9/10	6/6			4/4	5/5
B Segooa	9/10	6/6			3/4	5/5
G Zowa**	10/10	6/6	4/4	4/4	4/4	5/5
T Phakedi**	10/10	6/6	4/4	4/4	4/4	5/5
* Chairperson	*Z Kabini	*B Segooa	* L Mabece	* M Mzizi	*P Makape	*U Exner

** *Executive Directors*

Table 19 Meeting Attendance

Our Approach to Remuneration

While remuneration is a complex and sensitive matter, the Human Resource and Reward committee believes that the Company's remuneration policy is fair, responsible, and aligned with best practice. Its consistent application will ensure the attraction and retention of requisite talent and skills, sustain the performance culture in the Company and lead to sustained value creation for all our stakeholders.

Equal Pay and Market Benchmarking

BBI upholds the legislative principle of equal pay for work of equal value, ensuring that remuneration practices are free from unjustifiable or discriminatory disparities. This philosophy is operationalised through regular market benchmarking and alignment with established remuneration principles.

- The remuneration framework is designed to ensure:
  - » Compensation at the 50th percentile of the market for requisite skills;
  - » Up to the 75th percentile for exceptional performance in non-core positions; and
  - » Up to the 90th percentile for scarce and critical core positions.

This tiered approach recognises both professional technical and management career streams, allowing for differentiated yet equitable reward structures that support talent retention and motivation.

All employees are compensated on a Total Cost-to-Company (TCTC) basis. This comprehensive package includes pensionable and non-pensionable income, medical aid, and cash allowances. In determining pay scales, the Company considers internal equity, local market benchmarks, and industry competitiveness.

Non-Executive Director Remuneration

Non-Executive Directors (NEDs) are remunerated via a retainer model, in line with the Department of Public Enterprises (DPE) Remuneration and Incentive Standards for State-Owned Companies. These standards have been adopted by the Department of Communications and Digital Technologies (DCDT) and are under cabinet review.

The Human Resources and Remuneration Committee (HRRC) ensures that NED remuneration policies are consistent with the DPE framework and deliver value for both the shareholders and stakeholders.

Executive Management Remuneration

Executive Managers are appointed on five-year renewable fixed-term contracts. There are no special termination benefits or restraint of trade clauses included in their contracts. This promotes transparency, accountability, and alignment with shareholder expectations.

Employee Compensation and Labour Negotiations

To manage labour costs effectively and ensure alignment between workforce investment and organisational productivity, the Company maintains a cost-efficiency target of 27% of revenue allocated to human capital.

BBI engages annually in substantive negotiations with organised labour, by the collective agreement with the majority union. These negotiations cover overall conditions of service, including cost-of-living adjustments.

In the FY 2024–2025, negotiations culminated in a signed substantive agreement that was implemented in September 2024, with retrospective effect from April 2024. The agreement reinforced the Company's commitment to fair compensation and labour stability while maintaining rigorous financial discipline.

Our Control Environment and Assurance Framework

Our control environment ensures sound Governance, strategic alignment, and Risk integrity.

1.Strategy Execution and Performance Management
The Company's strategic direction is guided by the Shareholders and the Accounting Authority. This direction forms the basis of the Corporate Plan, which includes our mandate, vision, mission, values, strategic goals, and KPIs. In compliance with PFMA Section 55, the Corporate Plan is submitted to Shareholders a month before the new FY. A Shareholder Compact is signed annually, detailing KPIs and performance targets.

Strategic planning workshops involving management and the Board led to the development of the 2040 Strategy and a reviewed business model. Monthly performance tracking, quarterly and annual reports are submitted timeously to ensure transparency and accountability.

2.Procurement Management
BBI's procurement function operates under strong governance controls, ensuring fairness and compliance. Key mechanisms include:

- Delegation of Authority.
- SCM Contract Management Procedures Manual.
- Procurement Procedure Manual.
- Independent complaints handling process.

BBI adheres to legal and regulatory frameworks, including the Constitution, PFMA, PAJA, PAIA, and the Preferential Procurement Policy Framework Act, among others.

3.Internal Audit
The internal audit function, by PFMA Section 51, provides independent assurance and is governed by the IIA standards. It is fully insourced and reports to the Audit and Risk Committee. The 3-year risk-based audit plan aligns with the Corporate Plan and past audit findings. Audit procedures focus on compliance, data reliability, and efficiency.

Internal audit findings are tracked using an Issue Log Register, with quarterly updates to ARC. There has been a notable improvement in internal control effectiveness.

Performance Information Audit

Quarterly audits ensure the validity, accuracy, and completeness of performance information. The audit evaluates controls, alignment with reporting principles, and validates evidence provided.

External Audit Findings

BBI conducted follow-up audits to ensure closure of prior audit findings. All 29 external audit findings were resolved. Ongoing monitoring ensures progress on corrective actions.

Risk and Safety Management

Capital Project Risk Management

Effective capital project risk management is central to sustainable infrastructure development. At BBI, we utilise risk management to identify root causes of delivery challenges and implement targeted mitigation strategies that enhance project performance and reliability.

In line with our Enterprise-wide Risk Management Framework, BBI adopts a dual-layered approach—integrating both top-down strategic oversight and bottom-up project-level input. Capital project risks are systematically tracked by the Risk Manager during routine project meetings. Additionally, risk workshops are convened when needed to review mitigation progress, ensure alignment with project goals, and capture lessons learned.

This structured and adaptive approach strengthens accountability, transparency, and delivery efficiency across all capital programmes.

SHEQ Risk Management (Safety, Health, Environment, and Quality)

BBI is committed to world-class SHEQ standards, recognising that long-term sustainability is underpinned by safe, responsible, and quality-driven operations.

The Board of Directors maintains overall responsibility for oversight of the SHEQ framework, with executive management accountable for policy implementation, monitoring, and continuous improvement. Our approach is proactive in risk identification and professional in corrective action, reflecting our culture of accountability and care.

Key Highlights for the Reporting Period:

- Three motor vehicle incidents involving employees were reported.
- No major injuries or fatalities occurred.
- No recordable environmental incidents or significant breaches were noted.
- To maintain our strong performance and reinforce our SHEQ culture.
- Executive managers regularly review the SHEQ policy, refining monitoring tools, investigative protocols, and preventative controls.

The SHEQ policy articulates our commitment to delivering safe, high-quality products and services that do not endanger employees, customers, or the environment.

BBI continues to enhance its capabilities to world-class SHEQ standards through policy alignment, training, and excellence in operational delivery.

Business Continuity

The Company has an approved Business Continuity Management (BCM) Policy to offer enhanced guidance on business continuity management and the capabilities that must be established. It also identifies the necessary processes, infrastructure, resources, and plans to minimise the impact of a large-scale crisis or disaster that could affect the Company. This policy will be reviewed in the upcoming FY.

Ensuring the continuity of our business through prompt recovery will safeguard the interests of all our stakeholders. Our plan identifies and assesses risks to our assets and operations, maintains preventive measures and protections, and mitigates the effects of unforeseen losses by implementing continuity and recovery processes that are regularly audited, tested, and updated.

Anti-Corruption

Addressing Fraud and Corruption

We maintain a zero-tolerance stance toward fraud and corruption, firmly embedding ethical conduct into our corporate culture. During the year under review, the Company implemented its Fight Corruption Strategy, which emphasises that preventing and addressing fraud is a collective organisational responsibility.

As part of this commitment, we conducted a company-wide fraud awareness campaign. That included training staff on key principles of fraud management and promoting a culture that rejects corruption. Special attention was given to emerging risks, particularly those associated with social media manipulation and cyber threats.

To further enhance governance, the Fraud Prevention and Investigation Policy was reviewed during the year and is currently pending approval. This update aims to align the policy with requirements from the National Treasury.

Whistleblowing

BBI supports a culture of transparency and accountability through its Whistleblowing Policy, which provides employees and stakeholders with safe, confidential mechanisms to report suspected misconduct without fear of victimisation or reprisal. This is aligned with the Protected Disclosures Act, No. 26 of 2000.

Reports can be submitted through the following channels:

- Anonymous Hotline.
- Risk Manager or Executive: Compliance, Risk and Audit.
- CEO or Board of Directors.

Outcome for the Year:

An anonymous letter containing allegations of corruption and inappropriate conduct was distributed to various stakeholders, in violation of our established policy. Following a comprehensive investigation, no evidence of wrongdoing was found from the Company's perspective. However, it was determined that the whistle-blower did not follow the appropriate reporting channels as stipulated in our policy.

In response, BBI is reinforcing awareness and training on our whistle-blowing and reporting procedures to ensure all employees and stakeholders understand the correct channels for raising concerns. We remain committed to maintaining a transparent and ethical workplace where all allegations are handled appropriately and confidentially.

Trade-offs in Governance

BBI recognises that effective governance is fundamental to sustaining trust, ensuring compliance, and supporting strategic decision-making. However, achieving strong governance involves navigating several inherent trade-offs.

One key trade-off lies between transparency and confidentiality. While full disclosure promotes accountability and stakeholder trust, it can sometimes conflict with the need to protect sensitive commercial information and competitive advantage. BBI carefully balances these priorities by maintaining transparent reporting practices that safeguard critical proprietary data.

Another important consideration is the balance between regulatory compliance and operational agility. Strengthening governance frameworks to meet evolving regulatory requirements often entails additional administrative procedures and controls, which can slow decision-making and limit responsiveness in a fast-paced market environment. BBI mitigates this by embedding governance processes that are both robust and adaptable, enabling the Company to comply with regulations without compromising its ability to innovate and respond to any emerging opportunities.

Furthermore, governance initiatives aimed at enhancing stakeholder inclusivity and engagement require significant time and resource investment. While these efforts deepen relationships and foster long-term value creation, they must be carefully managed alongside operational priorities to maintain efficiency.

BBI continuously evaluates these trade-offs to strike a balance that promotes ethical leadership, risk management, and compliance, while supporting the Company's strategic agility and sustainable growth.

Bridging Digital Divides, Accelerating National Connectivity

FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025*

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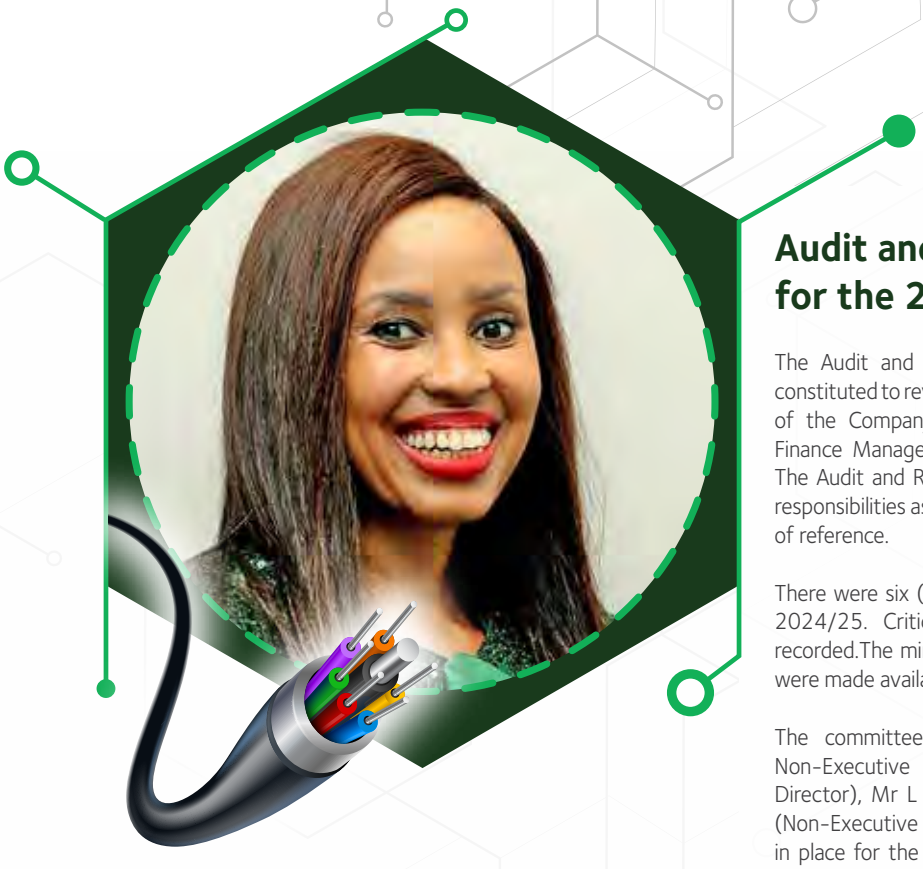
These Annual Financial Statements were independently prepared by: Ms Thuli Phakedi CA(SA)

These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Issued 31 July 2025



Audit and Risk Committee Report for the 2024/25 Financial Year

The Audit and Risk Committee is an independent committee constituted to review the control, governance and risk management of the Company in terms of Regulation 27(1) of the Public Finance Management Act No.1 of 1999 (PFMA), as amended. The Audit and Risk Committee reports that it has discharged its responsibilities as contained in the Audit and Risk Committee terms of reference.

There were six (6) meetings held during the financial year ended 2024/25. Critical issues were discussed and minutes were recorded.The minutes of the Audit and Risk Committee meetings were made available to the Board on request.

The committee comprised Ms B Segooa (Chairperson and Non-Executive Director), Mr Lungile Mabece (Non-Executive Director), Mr L Tyira (Non-Executive Director) and Ms U Exner (Non-Executive Director). The Audit and Risk Committee was in place for the 2024/25 financial year and the members were re-appointed by the shareholders at the Company's AGM as required in terms of section 94(2) the Companies Act 71 of 2008.

ARC Meeting Attendance

No.	1	2	3	4	5	6	
Meeting Dates	**22/04/2024**	**28/05/2024**	**24/07/2024**	**30/01/2024**	**21/01/2025**	**22/01/2025**	**Total**
Members							
B Segooa*	✓	✓	✓	✓	✓	✓	6/6
L Mabece	✓	✓	✓	✓	✓	✓	6/6
D Mothilall**	✓	✓	✓	R	R	R	3/3
L Tyira	✓	✓	✓	✓	✓	✓	6/6
U Exner**					✓	✓	2/2
G Zowa	✓	✓	✓	✓	✓	✓	6/6
T Phakedi	✓	✓	✓	✓	✓	✓	6/6

* Chairperson of ARC
✓ Present
A Apology
R Resigned with effect 03/09/2024
** Appointed with effect 10/01/2025

During the 2024/25 financial year, the Audit and Risk Committee:

- Approved the 2024/25 Internal Audit Plan and Internal Audit Charter;
- Considered the risk areas of the operations covered in the scope of internal and external audits;
- Considered accounting and auditing concerns identified as a result of internal and external audits;
- Assessed the adequacy, reliability and accuracy of financial information provided by management;
- Assessed compliance with applicable legal and regulatory requirements;
- Reviewed the effectiveness of the Internal Audit Function (IAF), Compliance and Risk departments, through assessments of the quality of the reports submitted to the Audit and Risk Committee;
- Reviewed the Financial Statements and reporting for proper and complete disclosure of timely, reliable and consistent information and confirmed that accounting policies used are appropriate;
- Post audit action plan;
- Strategic risk register and mitigation;
- Reviewed the cash flow forecast on a quarterly basis and assessed the liquidity; Reviewed the expertise, resources and experience of the Company's finance function; Reviewed the quarterly progress and update on litigation;
- Provided a channel of communication between the Board and management, the risk division, internal auditors, external auditors and the compliance;
- Liaised with the Board Committees and met as required with internal and external auditors;
- Ensured that the Integrated Assurance model was applied to provide a coordinated approach to all assurance activities; and
- Ensured that the Integrated Assurance received was appropriate to address all significant risks faced by the Company.

The Audit and Risk Committee ensured that the Company's Internal Audit function was independent and had the necessary resources, and standing authority in order to enable the Internal Audit department to discharge its duties.

Having considered, analysed and reviewed the information provided by management, Internal Audit and External Audit, the Audit and Risk Committee confirms that:

- The internal controls of the Company were effective in most material aspects throughout the year under review; Appropriate policies, supported by reasonable and prudent judgments and estimates were applied;
- Proper accounting records were maintained;
- The adequacy and effectiveness of controls that are in place safeguarded the assets;
- The Annual Financial Statements comply, in all material respects, with the relevant provisions of the PFMA and International Financial Reporting Standards; and
- The skills, independence, audit plan reporting and overall performance of the external auditors were acceptable.

Evaluation of the Chief Financial Officer and Finance Function

The committee has conducted an evaluation of the finance function and the CFO. Based on the assessment, the committee is satisfied that the experience, expertise, and resourcing of the function of the finance, as well as the professional competence of the CFO, are adequate to support the financial reporting requirements of the Company. Where there were shortfalls in capacity, the committee sourced the relevant skilled professionals in the market.

Going Concern

In light of the Company's net liability position, the committee undertook a review of the documented going concern assessment prepared by management. This included an evaluation of the key underlying assumptions, future funding plans and revenue growth strategies. The committee is satisfied that the use of the going-concern basis in preparing the annual financial statements is appropriate under the current circumstances.

Combined Assurance

Following the unfavourable audit opinion in 2024, the Audit and Risk Committee established a post-audit action plan to address challenges in the organisation which included a full asset review, supply chain management review and an interim audit. The committee is pleased with the results of this investment.

The Audit and Risk Committee is satisfied that management was reviewing the performance information reports on a quarterly basis against both the approved Annual Performance Plan (APP) that was tabled in parliament and the approved Shareholder's compact.

Ms Bojane Segooa
Chairperson Audit and Risk Committee

Directors' Responsibilities and Approval

The Directors are required, in terms of the Companies Act 71 of 2008, as amended to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, the Public Finance Management Act No.1 of 1999 as amended, and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council. The External Auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Company's cash flow forecast and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The External Auditors are responsible for independently auditing and reporting on the Company's Annual Financial Statements. The Annual Financial Statements have been examined by the Company's External Auditors and their report is presented on pages 113 to 119.

The Annual Financial Statements set out on pages 122 to 152, which have been prepared on the going concern basis, were approved by the Board of Directors on 31 July 2025 and were signed on their behalf by:

Ms Zandile Kabini
Chairperson of the Board

Mr Gift Zowa
Chief Executive Officer

Company Secretary's Certificate

In terms of section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the Company has lodged with the Commissioner all such returns as are required of a Public Company in terms of the Act and that all such returns are true, correct, and up to date.

The Audit and Risk Committee concurs with the Board of Directors and management that the adoption of the going concern principle in the preparation of the Financial Statements is appropriate, and agrees with the details in the director's report.

C Catin

Candice Catin
Acting Company Secretary

Independent Auditor's Report to the Shareholders of BBI SOC Ltd

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Broadband Infraco SOC Ltd set out on pages 122 to 152, which comprise the statement of financial position as at 31 March 2025, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Broadband Infraco SOC Limited as at 31 March 2025 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa and the Public Finance Management Act.

Context for Opinion

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

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

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

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

Final Materiality

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

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

9. Based on our professional judgement, we determined final materiality for the financial statements as follows:

Final materiality amount	R2,900
Basis for determining materiality	0.50% of revenue
Rationale for benchmark applied	Revenue was used as the benchmark because the prior year PPE balance was qualified, and the entity's loss position makes operating expenditure an unsuitable basis.

Material Uncertainty Relating to Going Concern

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

11. Note 27 to the financial statements, which outlines that the company incurred a deficit of R289,510 for the year and is in a net liability position of R442,561 as at 31 March 2025. The Company had accumulated losses of R2,130,882 and total liabilities exceed its assets by R301,309.

12. As disclosed in Note 27, the Company has submitted a R14.4 billion broadband infrastructure proposal to National Treasury, supported by the Shareholder, which, if approved, is expected to generate sustainable revenue over a 10-year period. The Company's ability to continue in operational existence for the foreseeable future is dependent on the successful approval and funding of this proposal, as well as anticipated improvements in securing funding in the medium term.

13. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Responsibilities of Accounting Authority for the Financial Statements

14. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act South Africa and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor for the Audit of the Financial Statements

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

17. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 117 of the Annexure to the Auditor's Report, forms part of our Auditor's report.

Report on the Audit of the Annual Performance Report

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

19. We selected the following programme relating to a *strengthened financial position for growth and sustainability* presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected an indicator that measures the company's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page number	Purpose
New sales contracts signed annually	60	Strengthened financial position for growth and sustainability

20. We selected the following programme related to *network infrastructure – An increased base achieved through customer fulfilment and state-of-the-art infrastructure and services* presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected an indicator that measures the company's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page number	Purpose
Improve Actual Time to Restore Core Network Faults	60	Network infrastructure – An increased base achieved through customer fulfilment and state-of-the-art infrastructure and services
Kilometres increase of the fibre network	60	
Percentage of gross revenue paid as network performance rebates	60	

21. We selected the following programme related to *the Preferred partner of Government in enabling the digital transformation* presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected an indicator that measures the company's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page number	Purpose
Number of hotspots connected to broadband networks	61	The Preferred partner of Government in enabling the digital transformation
Number of USAASA Sites connected to broadband network	61	
Number of households connected to broadband networks	61	

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

23. We performed procedures to test whether:

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

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.

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

25. We did not identify any material findings on the reported performance information for the selected programme.

Other Matters

26. We draw attention to the matter below:

Achievement of Planned Targets

27. The annual performance reports include information on reported achievements against planned targets and provides explanation for over- and under- achievements.

Report on Compliance with Legislation

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

29. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

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

31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

32. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.

33. Material misstatements were identified on non-current assets, disclosure notes relating to irregular expenditure and related parties (opening balances) by the auditors in the submitted financial statement. These were subsequently corrected, and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion with material findings.

Consequence Management

34. We were unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditures as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not finalised.

Expenditure Management

35. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 28 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

36. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 28 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.

Procurement and Contract Management

37. Some of the goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive, as required by section 51(1)(a)(iii) of the PFMA. Similar non-compliance was also reported in the prior year.

Other Information in the Annual Report

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

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

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

41. We have nothing to report in this regard.

Internal Control Deficiencies

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

43. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on financial statements and compliance with legislation included in this report.

44. Management did not implement effective controls in certain areas to ensure accurate financial reporting nor did they exercise adequate oversight responsibility over compliance with applicable legislation, which resulted in irregular expenditure and material adjustments made to the financial statements.

Other Reports

45. We draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

46. Following a whistleblower report in April 2024, an independent forensic consultant was appointed to investigate allegations of corruption within the public entity involving certain employees. The investigation covered the period from 1 April 2024 to 31 March 2025 and was concluded on 13 March 2025. The findings resulted in disciplinary action being taken against the two employees implicated.

Audit Tenure

47. In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that MNB Chartered Accountants has been the auditor of Broadband Infraco SOC Limited for 2 years.

MNB Chartered Accountants Inc.

MNB Chartered Accountants
Engagement Director: Rivalani Glen Ntuli
Registered Auditor
31 July 2025
Midrand

Annexure to the Auditor's Report

The annexure includes the following:

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

Auditor's Responsibility for the Audit

Professional Judgement and Professional Scepticism

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

Financial Statements

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

- identify and assess the risks of material misstatement of the 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 company's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the company 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a company to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those Charged with Governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with Legislation – Selected Legislative Requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations	
Public Finance Management Act No.1 of 1999	• Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); • Section 53(4); • Section 54(2)(c); 54(2)(d);	• Section 55(1)(a); 55(1)(b); 55(1)(c)(i); • Section 56; 57(b); and • Section 66(3)(c); 66(5)
Treasury Regulations, 2005	• Regulation 16A3.2; 16A3.2(a); • Regulation 16A6.1; • Regulation 16A6.2(a); 16A6.2(b); • Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); • Regulation 16A6.4; • Regulation 16A6.5; • Regulation 16A6.6; • Regulation 16A.7.1; • Regulation 16A.7.3; • Regulation 16A.7.6; • Regulation 16A8.3;	• Regulation 16A8.4; • Regulation 16A9.1(b)(ii); 16A 9.1(d); 16A9.1(e); 16A9.1(f); • Regulation 16A9.2; 16A9.2(a)(ii); • Regulation 30.1.1; 31.1.2(c); 30.1.3(a); 30.1.3(b); 30.1.3(d); • Regulation 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); • Regulation 31.3.3; • Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c); and • Regulation 3.1.1; 33.1.3
Companies Act 71 of 2008	• Section 45(2); • Section 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); • Section 45(4);	• Section 46(1)(a); 46(1)(b); 46(1)(c); • Section 112(2)(a); and • Section 129(7)
Construction Industry Development Board Act 38 of 2000	• Section 18(1)	
Construction Industry Development Board Regulations, 2004	• Regulation 17; and	• Regulation 25(7A)
National Treasury Instruction No. 5 of 2020/21	• Paragraph 4.8; • Paragraph 4.9; and	• Paragraph 5.3
Second Amendment National Treasury Instruction No. 5 of 202/21	• Paragraph 1	
Erratum National Treasury Instruction No. 5 of 202/21	• Paragraph 2	
National Treasury Instruction No. 1 of 2021/22	• Paragraph 4.1	
National Treasury Instruction No. 4 of 2015/16	• Paragraph 3.4	
National Treasury SCM Instruction No. 4A of 2016/17	• Paragraph 6	
National Treasury SCM Instruction No. 03 of 2021/22	• Paragraph 4.1; • Paragraph 4.2(b); • Paragraph 4.3; • Paragraph 4.4; 4.4(a);	• Paragraph 4.17; • Paragraph 7.2; and • Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	• Paragraph 3.4(a); 3.4(b); and	• Paragraph 3.9
National Treasury SCM Instruction No. 2 of 2021/22	• Paragraph 3.2.1; • Paragraph 3.2.4; 3.2.4(a); and	• Paragraph 3.3.1
National Treasury Practice Note 5 of 2009/10	• Paragraph 3.3	
National Treasury Practice Note 7 of 2009/10	• Paragraph 4.1.2	
Preferential Procurement Policy Framework Act 5 of 2000	• Section 1;	• Section 2.1(a); 2.1(f)

Legislation	Sections or regulations	
Preferential Procurement Regulations, 2022	• Regulation 4.1; • Regulation 4.2; • Regulation 4.3; • Regulation 4.4;	• Regulation 5.1; • Regulation 5.2; • Regulation 5.3; and • Regulation 5.4
Preferential Procurement Regulations, 2017	• Regulation 4.1; • Regulation 4.2; • Regulation 5.1; • Regulation 5.3; • Regulation 5.6; • Regulation 5.7; • Regulation 6.1; • Regulation 6.2; • Regulation 6.3; • Regulation 6.6; • Regulation 6.8; • Regulation 7.1;	• Regulation 7.2; • Regulation 7.3; • Regulation 7.6; • Regulation 7.8; • Regulation 8.2; • Regulation 8.5; • Regulation 9.1; • Regulation 10.1; • Regulation 10.2; • Regulation 11.1; and • Regulation 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	• Section 34(1)	

Directors' Report

The Directors have pleasure in submitting their report on the Annual Financial Statements of Broadband Infraco SOC Limited for the year ended 31 March 2025.

1. Review of Financial Results and Activities

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards, the Public Finance Management Act and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently similarly as per the prior year.

Company revenue increased by 13 % from R 520 million in the prior year to R 587 million for the year ended 31 March 2025.

Company cash generated from operations decreased from R410 million in the year ended March 2024 to R 222 million for the year ended 31 March 2025. This is largely due to fibre build undertaken in the current year.

2. Share Capital

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

3. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
G Zowa	Chief Executive Officer	Executive	
M Mzizi		Non-executive Independent	Appointed 08 January 2025
U Exner		Non-executive Independent	Appointed 08 January 2025
Z Kabini	Board Chairperson	Non-executive Independent	
L Mabece		Non-executive Independent	
B Segooa		Non-executive Independent	
P Makape		Non-executive Independent	
D Mothilall		Non-executive Independent	Resigned 03 September 2024
L Tyira		Non-executive Independent	
ID Dwane		Non-executive Independent	
T Phakedi	Chief Financial Officer	Executive	
C Catin	Acting Company Secretary	Executive	Appointed 17 January 2025
B Makhubo	Company Secretary	Executive	Appointed 01 July 2024, resigned 31 December 2024
M Sefalafala	Acting Company Secretary	Executive	Resigned 30 June 2024

Appointment of Directors

The terms of the directors from the major shareholder came to an end at the end of November 2024. The directors were reappointed on 8 January 2025.

4. Events after the Reporting Period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt within the Annual Financial Statements, which materially affects the financial position of the Company or the results of its operations to the date of approval of these Annual Financial Statements.

5. Auditors

MNB Chartered Accountants continued in office as auditors for the Company since August 2023.

6. Going Concern

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

The Company had accumulated losses of R (2,130,882) and that the Company's total liabilities exceed its assets by R (301,352). The conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding the above, the directors have a reasonable expectation that the Company will continue to operate as a going concern for the foreseeable future based on the following mitigating factors:

- The expansion of the network through the SA Connect project, the Company is expecting to gain access to new geographical markets and customer segments. This expansion is expected to translate into a broader and more diverse sales pipeline which will provide more consistent and reliable revenue streams.
- Implementation of the sales strategy as per the corporate plan, this will include upselling to existing customers and cross selling new services to new customers that align with their needs.
- Cost containment measures have been implemented, and additional plans are being developed within the Company to preserve cash and manage expenses effectively.

In light of the above considerations, and more significantly, the directors' continued efforts to secure funding for ongoing operations, the directors believe that the preparation of the Annual Financial Statements on a going concern basis is appropriate. Refer to Note 27 for further details.

7. Secretary

The Acting Company Secretary is Ms C Catin.

8. Approval of Annual Financial Statements

The Annual Financial Statements set out on pages 122 to 152, which have been prepared on the going concern basis, will be approved by the Board of Directors on 31 July 2025, and will be signed on its behalf by:

Ms Zandile Kabini
Chairperson of the Board

Mr Gift Zowa
Chief Executive Officer

Statement of Financial Position as at 31 March 2025

	Note(s)	2025 R '000	2024 Restated* R '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,157,638	725,036
Right-of-use assets	4	7,676	7,048
Intangible assets	5	30,382	43,108
Prepayments	6	3,227	4,367
		1,198,923	**779,559**
Current Assets			
Prepayments	6	6,523	8,031
Trade and other receivables	7	210,701	76,899
Cash and cash equivalents	8	127,218	496,476
		344,442	**581,406**
Total Assets		**1,543,365**	**1,360,965**
Equity and Liabilities			
Equity			
Share capital	9	1,829,530	1,829,530
Retained income		(2,130,882)	(1,841,373)
		(301,352)	**(11,843)**
Liabilities			
Non-Current Liabilities			
Lease liabilities	4	3,682	2,066
Contract liabilities	10	1,054,032	377,763
		1,057,714	**379,829**
Current Liabilities			
Lease liabilities	4	4,437	6,253
Contract liabilities	10	211,716	490,561
Current tax payable	11	14,983	14,983
Provisions	12	2,999	2,573
Employee benefit obligation	13	21,635	6,781
Trade and other payables	14	531,233	471,828
		787,003	**992,979**
Total Liabilities		**1,844,717**	**1,372,808**
Total Equity and Liabilities		**1,543,365**	**1,360,965**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2025 R '000	2024 Restated* R '000
Revenue	16	586,786	519,985
Cost of sales	17	(447,194)	(335,522)
Gross profit		**139,592**	**184,463**
Other operating income	18	6,751	2,939
Other operating gains (losses)	19	(733)	5,982
Expected credit loss allowances	20	(3,288)	(1,292)
Other operating expenses	20	(437,747)	(343,919)
Operating loss	20	**(295,425)**	**(151,827)**
Investment income	22	34,502	13,927
Finance costs	23	(28,485)	(43,613)
Other non-operating gains (losses)		-	2,365
Loss before taxation		**(289,408)**	**(179,148)**
Taxation	24	(102)	(15,334)
Loss for the year		**(289,510)**	**(194,482)**
Total comprehensive loss for the year		**(289,510)**	**(194,482)**

Statement of Changes in Equity

	Share capital R '000	Accumulated Losses R '000	Total equity R '000
Opening balance as previously reported Adjustments	1,829,530	(1,651,224)	178,306
Prior period error*	-	4,333	4,333
Restated* Balance at 01 April 2023	**1,829,530**	**(1,646,891)**	**182,639**
Loss for the year	-	(194,482)	(194,482)
Total comprehensive Loss for the year	**-**	**(194,482)**	**(194,482)**
Restated* Balance at 01 April 2024	**1,829,530**	**(1,841,372)**	**(11,842)**
Loss for the year	-	(289,510)	(289,510)
Total comprehensive Loss for the year	**-**	**(289,510)**	**(289,510)**
Balance at 31 March 2025	**1,829,530**	**(2,130,882)**	**(301,352)**
Note(s)	9		

Statement of Cash Flows

	Note(s)	2025 R '000	2024 Restated* R '000
Cash flows from operating activities			
Cash generated from operations	25	222,274	409,742
Interest income	22	17,005	7,163
Finance costs	23	(24)	(42,579)
Tax paid		(102)	(351)
Net cash from operating activities		**239,153**	**373,975**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(597,750)	(98,003)
Net cash from investing activities		**(597,750)**	**(98,003)**
Cash flows from financing activities			
Payment on lease liabilities	4	(9,928)	(5,526)
Total cash movement for the year		**(368,525)**	**270,446**
Cash at the beginning of the year		496,476	220,560
Effect of exchange rate movement on cash balances		(733)	5,470
Total cash at end of the year	8	**127,218**	**496,476**

Accounting Policies

Corporate Information

Broadband Infraco SOC Limited is a State Owned Company incorporated and domiciled in South Africa. The address of the Company's registered office is Sentech: 2040 Octave Street, Radiokop, Honeydew. The Company is owned by the South African Government as represented by the Minister of Communications and Digital Technologies. The Company has two Shareholders being the Department of Communications and Digital Technologies and Industrial Development Corporation. The main objectives as set out in the Act include:

- Expanding the availability and affordability of access to electronic communication (including but not limited to, under-developed and under-serviced areas).
- The provision of electronic communication network service and electronic communication services in accordance to international best practices and pricing.

The Company is primarily involved in the establishment of a national long-distance fibre-optic network and the establishment of an international marine-cable network deployed between South Africa and the United Kingdom.

The Annual Financial Statements for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors.

1. Material Accounting Policies

Management has considered the principles of materiality in IFRS Practice Statement 2: Making Materiality Judgments, and only those accounting policies which are considered material have been presented in these Financial Statements.

1.1 Basis of Preparation

The Financial Statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS"), Public Finance Management Act No.1 of 1999 and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these Annual Financial Statements and the Companies Act 71 of 2008

Management has assessed whether Broadband Infraco meets the criteria listed in paragraph 7 of Directive 12: Selection of an appropriate reporting framework by public entities issued by the Accounting Standards Board. This assessment is highlighted below:

- *The Company's operations are commercial in nature.* Management has assessed that the operations of Broadband Infraco, currently and for the foreseeable future, is commercial in nature as the Company's overall financial objective is to provide goods and services to generate a profit.
- *Only an insignificant portion of the Company's funding is acquired through government grants or other forms of financial assistance from Government.* Broadband Infraco does not currently nor are there any indications that they will at any time in the future, receive any funding or financial assistance from Government.

Based on the assessment, Management is of the view that the most appropriate reporting framework for Broadband Infraco would be to continue to report in terms of IFRS.

The Financial Statements have been prepared on the historic cost basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African thousand Rands, which is the Company's functional currency and rounded to the nearest R '000.

These accounting policies are consistent with the previous period.

1.2 Significant Judgments and Sources of Estimation Uncertainty

Critical Judgments in Applying Accounting Policies

The critical judgments made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Recognition of Deferred Tax Asset

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences (asapplicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Company applies judgment in assessing whether future taxable profits will be available.

Based on past experience of the financial performance of the entity, the deferred tax asset arising from accumulated tax losses incurred has not been recognised, as it is not probable that taxable profit will be available against which the loss can be utilised as there is no expected taxable profits within the next 24 months to utilise the loss, due to lower sales revenue.

The cumulative estimated tax loss on which no deferred tax has been recognised is disclosed in note 15.

Going Concern

The Company's Directors have assessed the appropriateness of the application of going concern principle as the basis owing to the material uncertainty that exists and have assessed it as being appropriate.

Following due consideration of the operating budgets, an assessment of the funding requirements, solvency and liquidity, cash flow forecasts and other pertinent issues, the directors have concluded that the Company has adequate resources and Shareholder support (if

Accounting Policies (continued)

required) to enable the Company to continue operations for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

Refer to note 27 for further details.

Impairment of Financial Instruments

The Company has used the simplified approach to recognise lifetime expected losses for its trade receivables and contractassets as permitted by IFRS 9. Impairment losses calculated 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, to each ageing category of receivables at the end of each month in order to calculate the total provision. Receivables have been grouped together based on similar credit characteristics and a single expected credit loss has been calculated based on the net loss history.

Twelve month expected credit losses are calculated for cash and cash equivalents using the general approach.

Useful lives of Property, Plant and Equipment and Intangibles

Management assesses the appropriateness of the useful lives and residual values of property, plant and equipment and intangible assets at the end of each reporting period. The useful lives of network infrastructure, spares and test equipment, office equipment, motor vehicles and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 12.

Recognition of Revenue

As revenue from broadband services and maintenance services are recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied.

The Company recognises revenue when it transfers control of services to a customer. The Company opted to use the output method for recognising revenue and as such, revenue is recognised on the basis of direct measurement of the value of services transferred to the customer at the date relative to the remaining broadband services and operations and maintenance promised under each contract.

For Indefeasible rights of use income, revenue is deferred over the period of the contract. The revenue is recognised on a monthly basis as the services are rendered.

1.3 Property, Plant and Equipment

Property, plant and equipment is initially measured at cost.

Major spare parts and standby equipment which are expected to be used for more than one year are included in property, plant and equipment, and depreciated at a similar rate with the related equipment.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Item	Depreciation method	Average useful life
Network Infrastructure	Straight line	5-20 years
Network Infrastructure - Capital Work in Progress	Not depreciated	-
Spares and test equipment	Straight line	5-15 years
Office equipment	Straight line	10 years
Computer equipment	Straight line	3-6 years
Motor vehicles	Straight line	5 years

The depreciation charge for each year is recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Network Infrastructure - Capital Work in Progress (WIP) refers to the network under construction. WIP is recorded at the cost price and transferred to equipment once the asset is ready for use.

1.4 Intangible Assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost, less any accumulated amortisation and any impairment losses.

Intangible assets consist of servitudes and licences acquired and is measured at cost less accumulated amortisation on a straight-line basis over expected useful lives. The Company has full right of use of these assets without any restriction.

Servitudes are any leases, right of use or other real rights in or over land, which existed immediately prior to the commencement of the Infraco Act, for the conveyance or provision of telecommunication facilities. They are regarded as having an indefinite useful life because, based on all relevant factors, there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Amortisation is not provided for servitudes, but they are tested for impairment annually and whenever there is an indication that they may be impaired.

For licences, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its continued use. Any gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, is included in profit or loss when the asset is derecognised.

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

Item	Useful life
Servitudes	Not amortised
Computer software	5-7 years

1.5 Financial Instruments

Classification

Classification depends on the business model of the Company as well as the cash flow characteristics of the instrument itself and takes place at initial recognition.

The Company classifies non-derivative financial assets into the following categories:

- Financial assets measured at amortised cost

The Company classifies non-derivative financial liabilities into the following categories:

- Financial liabilities measured at amortised cost

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below.

Trade and Other Receivables

Trade and other receivables comprise of trade receivables, trade receivables with related parties, retention debtors and other receivables. Trade and other receivables are classified as financial assets, when applicable, VAT receivable and deposits.

Trade and other receivables are classified as financial assets measured at amortised cost due to the Company's business model whose objective it is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company initially recognises trade and other receivables on the date that they are originated. The trade and other receivables are measured initially at their transaction price, if at initial recognition of the trade and other receivable the Company expects to receive payment within one year or less from date that the goods or services were transferred to the customer.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in profit or loss under operating expenses.

Investment income is calculated using the effective interest method, and is included in profit or loss on note 22.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balance, cash on hand and short term deposits with maturities of three months or less, from date of acquisition, and that are subject to an insignificant risk of change in their fair value and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are measured at fair value.

Accounting Policies (continued)

1.6 Tax

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A Company shall offset deferred tax assets and deferred tax liabilities if, and only if:

- The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  ii. The same taxable Company; or
  iii. Different taxable companies which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax Expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

1.7 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

1.8 Lessee

The Company recognises a right-of-use asset and lease liability in the statement of financial position at commencement of the lease.

The lease liability is measured at the present value of lease payments not paid at commencement date. The Company generally uses the incremental borrowing rate. Lease payments include all fixed payments per contract.

The Company subsequently measures the lease liability using the discount rate used at initial recognition. The lease liability is remeasured if there is a change in the variable payments linked to an index or rate, if the Company changes its assessment of whether or not it will exercise the option to purchase or option to renew the agreement, or if there is a change in the estimated amount payable under a residual value guarantee. The right-of-use asset is adjusted with the corresponding adjustment to the extent that the balance is reduced to zero, thereafter the adjustments are recognised in profit and loss.

The right-of-use asset is measured initially at cost which comprise of the initial amount of the lease liability plus any lease payments made on or before commencement date, plus any direct cost incurred and an estimate of cost to dismantle or restore the underlying asset, less any lease incentives. There were no restoration or dismantling of the right of use assets.

The right-of-use asset is subsequently depreciated, on a straight-line basis, over the lease term. Depreciation is recognised in profit and loss and presented as part of Statement of Profit and Loss. The right-of-use asset is annually assessed for impairment and adjusted for any re-measurements of the lease liability or modifications of the agreement.

Short-term leases and low-value assets.

The Company has elected not to recognise a right-of-use asset and lease liability for all short-term leases with a lease term of 12 months or less. The lease payments of these leases are recognised on a straight-line basis over the lease term.

1.9 Impairment of Non-financial Assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

If any such indication exists, the Company estimates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.10 Share Capital and Equity

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

Accounting Policies (continued)

1.11 Employee Benefits

Short-term Employee Benefits

The cost of short-term employee benefits, i.e. those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care, are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

The expected cost of payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined Contribution Plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 Provisions

Provisions are recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.13 Revenue

Revenue from contracts with customers

The Company recognises revenue from the following major sources:

- Sale of broadband services;
- Operations and maintenance;
- Colocation; and
- Admin and management fees.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of services to a customer. The Company opted to use the output method for recognising revenue and as such, revenue is recognised on the basis of direct measurement of the value of services transferred to the customer at the date relative to the remaining broadband services and operations and maintenance promised under each contract.

For bundled packages, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it.

The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Company sells broadband services and maintenance services.

Sale of Broadband Services

The Company provides the sale of broadband services through its national and international backhaul network facilities. In addition the Company earns installation fees for installation services attached to the provision of the broadband services. The broadband service is highly dependent and interrelated with the installation services. The broadband service and installation services are therefore viewed as a single performance obligation. Customers either pay in advance for these services (see Indefeasible rights of income below) or pay monthly in equal installments over the contractual period.

Sale of Maintenance Services

The Company recognises revenue from these services as maintenance is performed. Revenue is recognised on the basis of direct measurement of the value of services transferred to the customer at the date relative to the remaining operations and maintenance promised under each contract over time.

Admin and Management Fees

The Company recognises admin and management fees where it carries out the responsibility of managing the funds received from the shareholder for the implementation of the Broadband Access Fund. The Company acts as a principal and should therefore recognise the revenue as the management services are rendered, at the gross amount of the consideration received by the shareholder.

Colocation

This is offered to customers that procure capacity of fibre network from the Company. The customer will indicate the size of the equipment together with the power consumption to interconnect with the Company at the specific Point of Presence.

The Company recognises revenue from these services as they are provided. Revenue is recognised on the basis of direct measurement of the value of services transferred

to the customer at the date relative to the remaining broadband services and operations and maintenance promised under each contract.

1.14 Cost of Sales

The related cost of providing services recognised as revenue in the current period is included in cost of sales. The cost of sales relate to the following revenue sources:

- Sale of broadband services;
- Maintenance services; and
- Colocation.

Contract costs comprise:
- Costs that relate directly to the specific contract; and
- Costs that are attributable to contract activity in general and can be allocated to the contract.

1.15 Translation of Foreign Currencies

Foreign Currency Transactions

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

At the end of the reporting period, foreign currency monetary items are translated using the closing rate.

In circumstances where the Company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance,The Company determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary(Receivables/ Payables) items at rates different from those at which they were translated on initial recognition during the period or in previous Annual Financial Statements are recognised in profit or loss in the period in which they arise.

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

1.16 Related Parties

Related-party transactions are defined as transactions with entities that have the same controlling shareholder as the Company and transactions with directors and key management and their families and entities controlled or jointly controlledby these individuals as well as other major public entities

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1.17 Contract Liabilities

Contract liabilities relates to the following revenue received under Indefeasible Rights of Use (IRU) agreements of which services are prepaid by the customer on commissioning of services. The revenue is recognised on a monthly basis as theservice is provided over the period of the agreement.

It also relates to disbursements from the Department of Communication and Digital Technologies for the implementation of the BAF project as well as SA Connect Phase 2.

1.18 Irregular Expenditure

Irregular expenditure is recorded in the note 28 to the Financial Statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes. This is after the irregular expenditure is confirmed by the loss control steering committee as guided by the irregular expenditure framework issued by the National Treasury.

Section 1 of the Public Finance Management Act No.1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation.

1.19 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to a transaction, event or condition which was undertaken without value or substance and which did not yield any desired results or outcome. Reasonable care means applying due diligence (careful application, attentiveness, caution) to ensure that the probability of a transaction, event or condition not being achieved as planned is being managed to an acceptable level. See Note 28.

Section 1 of the Public Finance Management Act, No. 1 of 1999, as amended, defines fruitless and wasteful expenditure as expenditure that was made in vain and would have been avoided had reasonable care been exercised.

1.20 Prepayments Made

Prepayments comprise Indefeasible Right of Use, insurance premiums and mostly rental expenses that are payable in advance. Prepayment assets are recognised when payment is made in advance in accordance with the signed agreement. Prepayment are derecognised when the services for prepayment are being rendered in accordance with the signed agreement.

Notes to the Audited Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and Interpretations Effective and Adopted in the Current Year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7.	01 January 2024	The impact of the amendment is not material.
• Non-current liabilities with covenants - amendments to IAS 1.	01 January 2024	The impact of the amendment is not material.

3. Property, Plant and Equipment

	2025			2024		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Motor vehicles	3,316	(3,277)	39	3,316	(3,258)	58
Office equipment	1,676	(1,520)	156	1,704	(1,502)	202
Computer equipment	8,038	(4,839)	3,199	7,726	(4,006)	3,720
Network infrastructure	2,274,286	(1,829,905)	444,381	2,329,006	(1,760,621)	568,385
Spares and test equipment	50,655	(24,649)	26,006	55,524	(27,304)	28,220
Network infrastructure - Capital Work in progress	683,857	-	683,857	124,451	-	124,451
Total	**3,021,828**	**(1,864,190)**	**1,157,638**	**2,521,727**	**(1,796,691)**	**725,036**

Reconciliation of Property, Plant and Equipment - 2025

	Opening balance	Additions	Disposals	Transfers*	Depreciation	Impairment loss	Total
Motor vehicles	58	-	-	-	(19)	-	39
Office equipment	202	3	-	-	(49)	-	156
Computer equipment	3,720	606	(163)	147	(1,105)	(6)	3,199
Network infrastructure	568,385	3,013	(18,131)	30,113	(138,919)	(80)	444,381
Spares and test equipment	28,220	1,366	(3,290)	3,095	(3,379)	(6)	26,006
Network infrastructure - Capital Work in progress	124,451	592,761	-	(33,355)	-	-	683,857
Total	**725,036**	**597,749**	**(21,584)**	**-**	**(143,471)**	**(92)**	**1,157,638**

Notes to the Audited Annual Financial Statements (continued)

3. Property, Plant and Equipment (continued)

Reconciliation of Property, Plant and Equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Motor vehicles	120	-	-	-	(62)	-	58
Office equipment	938	18	(801)	-	47	-	202
Computer equipment	6,161	2,289	(873)	-	(3,847)	(10)	3,720
Network infrastructure	714,537	12,543	(19,805)	227	(139,108)	(9)	568,385
Spares and test equipment	35,115	359	(3,385)	-	(3,859)	(10)	28,220
Network infrastructure - Capital Work in progress	33,976	90,667	-	(192)	-	-	124,451
Total	**790,847**	**105,876**	**(24,864)**	**35**	**(146,829)**	**(29)**	**725,036**

Change in Estimates

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

The average useful lives of company assets have been assessed and based on this analysis, the useful lives of all assets have been revised. The impact is a change in the annual depreciation charge for the current year and an overall increase of the same amount in future years.

Below is the impact on the different asset classes:

Asset classes	Depreciation using old RUL 2025	Depreciation using revised 2025 RUL	Change in depreciation
Network infrastructure	(22,619)	11,224	(11,395)
Office equipment	(30)	19	(11)
Computer equipment	(286)	141	(145)
Spares and equipment	(443)	240	(203)
Motor vehicles	(30)	19	(11)
Intangible assets - Software	(3,134)	2,475	(659)
	(26,542)	**14,118**	**(12,424)**

The net effect of the change is an increase of R 12,424m in depreciation for the 2025 financial year. The effect on future periods is expected to be an equivalent overall increase in depreciation over the extended useful lives of the assets.

Included in Network Infrastructure is the 5.1 Terabit/s West Africa Cable System (WACS) project. The cable connects South Africa to the United Kingdom, with landing stations in Portugal and 12 other countries along the West Coast of Africa. The Company is a Tier 1 investor in the 5.1 Terabit/s West Africa Cable System, and is part of the consortium that jointly controls the WACS asset.

The Company has full right of use of these assets without any restriction.

None of the property, plant and equipment have been pledged as security nor does the Company have any contractual commitments to acquire property, plant and equipment.

Transfers reflect the movements between work in progress and the different asset categories upon completion of a project.

3. Property, Plant and Equipment (continued)

Other Information

The Company has undertaken a physical verification on all sites. The outcomes of the verification is used to update the fixed asset register. All assets which were identified on the floor but not on the fixed asset register are taken on at 31 March 2022 which the deemed as the earliest period. The assets which were not on the floor but on the fixed assets register have been disposed off accordingly at 31March 2025.

4. Lease Liabilities and Right-of-use Assets

The Company has entered into leases for its operation which include property, fibre and office equipment. These are long-term leases which are included in its Right of Use account in the Annual Financial Statements and short-term leases less than 12 months are expensed. The nature of the leases of the Company are mainly related to lease of land or premises and fibre in line with nature of communication transmission business in the form of fibre to connect business, state institutions and the public.

The lease agreements provide details of the size of property or the kilometre distance for the fibre. The period of the lease started and end on dates which vary since the Company has more than one lease.

Some lease contracts ended and the Company entered into negotiations to extend those leases and signed addendums to the leases to increase them.

As noted above the termination and extension are included in the lease agreement.

Details pertaining to leasing arrangements, where the Company is the lessee are presented below:

	2025 R'000	2024 R'000
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are as follows:		
Property	7,657	4,274
IT equipment	19	249
Fibre	-	2,525
	7,676	**7,048**
Additions to right-of-use assets		
Property	8,197	755

Depreciation recognised on Right-of-use Assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 20), as well as depreciation which has been capitalised to the cost of other assets.

Notes to the Audited Annual Financial Statements (continued)

4. Lease Liabilities and Right-of-use Assets (continued)

	2025 R'000	2024 R'000
Property	4,861	3,686
IT equipment	230	230
Fibre	2,526	1,010
	7,617	**4,926**
Lease disclosures		
Interest expense on lease liabilities	1,422	1,034
Variable lease payments not included in the measurement of lease liabilities included in operating expenses	-	8,026
Total lease payments	9,928	5,526
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year (Current)	4,437	6,253
Two to five years (Non-Current)	3,682	2,066
	8,119	**8,319**
Non-current liabilities	3,682	2,066
Current liabilities	4,437	6,253
	8,119	**8,319**

Exposure to Liquidity Risk

Refer to note 30 Financial instruments and risk management for the details of liquidity risk exposure and management.

Exposure to Currency Risk

Refer to note 30 Financial instruments and financial risk management for details of currency risk management for lease liabilities.

5. Intangible Assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	89,705	(71,902)	17,803	125,563	(95,219)	30,344
Servitudes	12,579	-	12,579	12,764	-	12,764
Total	**102,284**	**(71,902)**	**30,382**	**138,327**	**(95,219)**	**43,108**

Notes to the Audited Annual Financial Statements (continued)

5. Intangible Assets (continued)

	2025 R '000	2024 R '000

Reconciliation of intangible assets - 2025

R '000	Opening balance	Disposals	Amortisation	Total
Computer software	30,344	(4,753)	(7,788)	17,803
Servitudes	12,764	(185)	-	12,579
	43,108	**(4,938)**	**(7,788)**	**30,382**

Reconciliation of intangible assets - 2024

R '000	Opening balance	Amortisation	Total
Computer software	39,606	(9,262)	30,344
Servitudes	12,764	-	12,764
	52,370	**(9,262)**	**43,108**

6. Prepayments

Operating expenses	6,523	8,031
Indefeasible Right of Use	3,227	4,367
	9,750	**12,398**
Non-Current Assets	3,227	4,367
Current Assets	6,523	8,031
	9,750	**12,398**

7. Trade and Other Receivables

Financial instruments at amortised costs:		
Trade receivables	246,049	103,266
Loss allowance	(36,923)	(33,635)
Trade receivables at amortised cost	209,126	69,631
Accrued interest	92	1,091
Non-financial instruments:		
VAT	-	4,709
Deposits	1,483	1,468
Total trade and other receivables	**210,701**	**76,899**

Trade and other receivables pledged as security

The Company has not pledged any trade and other receivables as collateral.

7. Trade and Other Receivables (continued)

Exposure to Credit Risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which the customersoperate, has a major influence on credit risk.

The Company has established a policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Exposure limits are established for each customer in accordance with the approved contracts and the Company's approval framework.

The majority of the Company's customers have had transactions with the Company over the years, and losses have occurred infrequently.

The Company does not require collateral in respect of trade and other receivables, as it mainly renders services to major companies in the industry in which the Company operates.

The Company established an allowance for impairment that represents its estimated and anticipated losses in respect of trade and other receivables.

The historical impairment loss rate has been defined as the historical impairment provision for each risk category of debtor as a percentage of total historical revenue. The previous financial year has been used as the period to assess. This decision was due to the Company never previously completely writing off any amounts owing. Therefore, the previous financial year was deemed a good base, as the number of customers increased during the financial year. The period used should be identical to the historical period used in calculating the historical write-off percentage.

The following loss rates were adopted for customers:

The creation and release of allowance for impairment have been included in the operating expenses in profit or loss. Amounts charged to the allowance are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned below.

	2025	2025	2024	2024
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 2.4%	2,357	56	1,713	41
31 - 60 days past due: 3.6%	1,285	46	625	23
61 - 90 days past due: 5.1%	851	43	372	19
91 - 120 days past due: 9.1%	676	62	2,324	211
121 - 150 days past due: 22.4%	747	167	830	186
151 - 180 days past due: 46.8%	841	394	1,370	641
More than 181 days past due: 100%	38,323	36,155	32,514	32,514
Total	**45,080**	**36,923**	**39,748**	**33,635**

Notes to the Audited Annual Financial Statements (continued)

7. Trade and Other Receivables (continued)

Reconciliation of Loss Allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

	2025 R '000	2024 R '000
Accumulated Impairment balance	**(33,635)**	**(32,382)**
Impairment for the year	(3,288)	(1,253)
Impairment reversal	-	-
Closing balance	**(36,923)**	**(33,635)**

8. Cash and Cash Equivalents

Cash and Cash Equivalents consist of:		
Current accounts	17,190	27,108
Broadband Access Fund	13,419	141,974
Short-term deposits	96,609	327,394
	127,218	**496,476**

Included in Cash and Cash Equivalent is a ring-fenced fund amount of R 13 million from the Department of Communication and Digital Technologies for the management of Presidential Employment Stimulus (PES) Broadband Access Fund for the implementation of Phase 2 of SA Connect. The funds are ring-fenced and are to be used in accordance with the terms and conditions of the signed Service Level Agreement with the department.

BBI Cash Ownership Composition		
Own BBI Controlled Funds	113,799	354,502
Broadband Access Fund (Ring-fenced)	13,419	141,974
	127,218	**496,476**

9. Share Capital

Authorised		
Ordinary	1,000	1,000
Reconciliation of number of shares issued:		
Reported as at 01 April 2024	1,000	1,000
Issued		
Industrial Development Corporation of South Africa	478,400	478,400
Department of Communications and Digital Technologies	1,351,130	1,351,130
	1,829,530	**1,829,530**

Shares are held as follows:

- 740,000 ordinary shares held by the State, represented by Department of Communications and Digital Technologies
- 260,000 ordinary shares held by the Industrial Development Corporation of South Africa.

Notes to the Audited Annual Financial Statements (continued)

10. Contract Liabilities

Contract liabilities relates to revenue received under Indefeasible Rights of Use (IRU) contracts of which services are prepaid by customers on commissioning of the services. These amounts are received in advance and revenue is recognised on a monthly basis over the contract term as the services are being rendered.

	2025 R '000	2024 R '000
Deferred income	1,231,668	726,154
Deferred income (PES)	34,080	142,170
	1,265,748	**868,324**
Split between non-current and current portions		
Non-current liabilities	1,054,032	377,763
Current liabilities	211,716	490,561
	1,265,748	**868,324**
Reconciliation of deferred income (PES Broadband Access Fund)		
Opening Balance	142,170	173,913
Interest received	6,725	11,905
Payments made to ISPs	(96,644)	(33,158)
Recognised in profit and loss	(18,171)	(10,490)
Closing balance	**34,080**	**142,170**
Reconciliation of contract liabilities		
Opening balance	726,153	300,307
Payments received	55,444	73,846
Payments received for SA Connect Phase 2	689,625	450,756
Revenue recognised in the reporting period that was included in the opening balance	(184,653)	(73,665)
Revenue recognised in the reporting period from new contracts concluded	(54,901)	(25,091)
Closing balance	**1,231,668**	**726,153**

11. Current Tax (payable) Receivable

Normal tax	(14,983)	(14,983)
Net current tax receivable (payable)		
Current liabilities	(14,983)	(14,983)

12. Provisions

Reconciliation of provisions - 2025

	Opening balance	Additions	Reversed during the year	Total
Other provisions (Credit Notes)	2,573	1,595	(1,169)	2,999

Notes to the Audited Annual Financial Statements (continued)

12. Provisions (continued)

Reconciliation of provisions - 2024

	Opening balance	Additions	Reversed during the year	Total
Legal proceedings	2,400	-	(2,400)	-
Other provisions (Credit Notes)	1,664	3,293	(2,384)	2,573
	4,064	**3,293**	**(4,784)**	**2,573**

Other Provisions

Other provisions relates to provision for credit notes. These are for services that did not meet the service level agreements and rebates have to be issued.

13. Employee Benefit Obligation

	2025 R '000	2024 R '000
Provision for Performance Bonus	14,074	-
Leave Accrued	7,561	6,781
	21,635	**6,781**

14. Trade and Other Payables

Financial instruments:		
Trade payables	519,369	467,707
Salary related payables	37	-
Accrual	1,437	1,173
Non-financial instruments:		
PAYE	2,782	2,948
VAT	7,608	-
	531,233	**471,828**

Notes to the Audited Annual Financial Statements (continued)

15. Deferred Tax

Deferred Tax Asset

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

	2025 R '000	2024 R '000
Reconciliation of deferred tax asset		
Movement in temporary differences	(47,487)	(34,657)
Deferred tax assets not recognised	47,487	34,657
At end of the year	**-**	**-**
Recognised (cumulative balances)		
IFRS 16 Right of Use Assets	(2,072)	(1,903)
IFRS 16 Liability	1,198	2,246
Capital allowances	(14,579)	(9,357)
Prepayments	(951)	(1,593)
Expected credit losses	3,988	3,633
Leave pay accrual	2,042	1,831
Provision for doubtful debts	9,969	9,081
Bonus provision	(3,800)	-
Credit note provision	810	695
Unrealised foreign exchange differences	26	138
Contract liabilities (Deferred income)	558,106	179,004
Deferred tax asset not recognised	(554,737)	(183,775)
	-	**-**

The unused tax losses amount to R 2,002,243,653 (2024: R 1,110,741,470)

16. Revenue

Revenue from contracts with customers		
Rendering of services	**586,786**	**519,985**

Disaggregation of Revenue from Contracts with Customers

The Company disaggregates revenue from customers per type of service as follows:

Rendering of services		
Administration and management fees received	18,471	10,490
Colocation	1,557	2,293
Broadband services	539,125	455,943
Operations and maintenance	27,633	51,259
	586,786	**519,985**

The revenue from sale of broadband services is net of provisions for credit notes as disclosed in note 12.

Notes to the Audited Annual Financial Statements (continued)

17. Cost of Sales

	2025 R '000	2024 R '000
Rendering of services	**447,194**	**335,522**
Rendering of services		
Colocation	35,305	40,303
Cost of broadband services	286,230	140,359
Maintenance	125,659	154,860
	447,194	**335,522**

18. Other Operating Income

Compensation from insurance claims	279	25
Recoveries	6,472	2,914
	6,751	**2,939**

19. Other Operating Gains (losses)

Foreign exchange gains (losses)		
Net foreign exchange gains	(733)	5,982

20. Other Operating Expenses

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Depreciation and amortisation		
Depreciation of property, plant and equipment	143,471	146,829
Depreciation of right-of-use assets	7,617	4,926
Amortisation of intangible assets	7,788	8,898
Total depreciation and amortisation	**158,876**	**160,653**
Impairment losses		
Property, plant and equipment	92	29
Movement in credit loss allowances		
Trade and other receivables	3,288	1,292

Expenses by Nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	149,999	118,760
Lease expenses	8,187	7,422
Depreciation, amortisation and impairment	158,968	160,682
Other expenses	120,593	57,055
	437,747	**343,919**

Notes to the Audited Annual Financial Statements (continued)

21. Employee Costs

	2025 R '000	2024 R '000
Employee costs		
Basic salaries	135,926	118,760
Performance Bonus	14,073	-
	149,999	**118,760**

22. Investment Income

Investments in financial assets:		
Bank	17,097	8,254
Trade and other receivables	17,405	5,673
Total investment income	**34,502**	**13,927**

23. Finance Costs

Lease liabilities	1,422	1,034
Interest paid	27,063	42,579
Total finance costs	**28,485**	**43,613**

24. Taxation

Major Components of the Tax Expense

Current		
Current tax	-	14,983
Withholding tax - recognised	102	351
	102	**15,334**

Reconciliation of the Tax Expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(289,408)	(179,148)
Tax at the applicable tax rate of 27% (2024: 27%)	(78,140)	(48,370)
Tax effect of adjustments on taxable income		
Deferred tax not recognised	78,242	63,704
	102	**15,334**

Notes to the Audited Annual Financial Statements (continued)

25. Cash Generated from Operations

	2025 R '000	2024 R '000
Loss before taxation	(289,408)	(179,147)
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	158,969	160,682
Gains on modification of leases	-	(2,365)
Losses on disposal of assets	26,522	16,900
Gains on exchange differences	(733)	(5,470)
Net impairments	3,288	1,292
Movements in provisions	426	(1,491)
Movements in contract liabilities	505,514	425,847
Movement in employee benefit obligation	14,853	(2,086)
Movement in contract liabilities (PES Fund)	(108,090)	(31,743)
Adjust for items which are presented separately:		
Interest income	(34,502)	(13,927)
Finance costs	28,485	43,613
Changes in working capital:		
(Increase) decrease in trade and other receivables	(143,722)	46,916
(Increase) decrease in prepayments	2,648	(3,496)
Increase (decrease) in trade and other payables	58,024	(45,783)
	222,274	**409,742**

26. Related Parties

Relationships

Ultimate holding party - Executive authority	The state, represented by the Department of Communication and Digital Technologies
Shareholder with significant influence	Industrial Development Corporation of South Africa
Departments	Department of Science and Technology
Major public entities	Eskom, Transnet, CSIR, Sentech, SITA, ICASA, USAASA, Telkom, Limpopo Connexion

Notes to the Audited Annual Financial Statements (continued)

26. Related Parties (continued)

Related Party Balances

	2025 R '000	2024 R '000
Shareholders Equity		
Department of Communications and Digital Technologies	1,351,130	1,351,130
Industrial Development Corporation of South Africa	478,400	478,400
Amounts included in Trade receivable (Trade Payable) regarding major public entities		
Limpopo Connexion	2,375	1,668
KZN Department of Education	5,608	5,361
Sentech	1,598	-
SITA	381	(459)
Transnet	20,369	12,541
CSIR	19,733	4,894
Eskom	(169,273)	(167,296)
Sentech	(2,443)	(3,017)
Transnet	(211,122)	(262,360)
Telkom*	-	(732)
Universal Services and Access Agency of South Africa	101,120	-
KZN Premier	-	17,320
Contract liabilities		
Department of Communications and Digital Technologies - PES	34,080	142,170
Department of Communications and Digital Technologies - SA Connect Phase 2	1,013,028	450,756
KZN Premier	9,246	11,304
CSIR	123,484	170,378

Related Party Transactions

Purchases from (sales to) related parties		
Sentech	(1,335)	(441)
CSIR	(91,530)	(40,146)
KZN Department of Education	(3,672)	(3,420)
SITA	(41,288)	(65,803)
Transnet	(2,884)	(2,848)
Eskom	78,801	21,325
Sentech	5,786	13,260
Transnet	95,882	153,374
Universal Service and Access Agency of South Africa	(126,081)	(138,167)
KZN Premier	(18,233)	(4,178)
Limpopo Connexion*	(2,375)	(3,622)
ICASA*	1,987	1,658
Telkom*	2,046	2,987

	2025 R '000	2024 R '000
Purchases from (sales to) ultimate holding company		
Department of Communications and Digital Technologies	(201,558)	(152,016)
Compensation to Directors and other key management		
Short-term employee benefits - Non-executive directors	2,703	2,875
Short-term employee benefits - Executive Directors	6,812	5,972
Short-term employee benefits - Key management	7,845	7,085
	17,360	**15,932**

Refer to note 29 for "details of directors and other key management compensation".

There are no special terms and conditions with regards to transactions between the Company and related parties.

* The public entities were previously not included in the related parties note, however upon further consideration, these entities are major public entities and as such the comparative has been amended to reflect this.

27. Going Concern

The Company incurred a net loss of R 289,510 during the year ended 31 March 2025. The Company's current liabilities exceeded its current assets by R 442,561 . The Company had accumulated losses of R 2,130,882 and total liabilities exceed its assets by R 301,309. The conditions might indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As part of the ongoing strategy of management to address the going concern issue, the Company embarked on the following initiatives:

- Prioritise the merger of Broadband Infraco SOC Ltd and Sentech SOC Ltd. This will enable large scale investment in
- the communication infrastructure that will improve sustainability of both entities jointly.
- Implement and provision sales contracts clinched in the previous year from strategic partnerships with other SOC's.
- Continue renegotiation of key suppliers' contracts as well as faster execution of projects.
- Prioritise implementation of the SA Connect phase 2 project.
- Continue implementing retention strategies of major customers.

The journey that has been embarked on since 2007, in line with the government policy on technological innovation to support the economy and confirming the intent to rationalise State Owned Entities (SOEs), with the relevant stakeholders to enter into a merger agreement between Broadband Infraco SOC Limited and SENTECH SOC Limited and the ultimate establishment of a State Digital Infrastructure Company ("SDIC") is expected to further strengthen the going concern position of the entity.

In 2019, the Minister of Communications and Digital Technologies formally announced the formation of the SDIC following on the 2017 Cabinet approval for the merger of Sentech and BBI. This process is now well underway with a corporate strategy, integration plan and the business model submitted to DCDT. The Minister is in discussion with the Boards of both entities on the corporate structure of the SDIC and integration process.

The Company has enhanced efforts to expand its network, this will increase the number of customers which will in turn be invoiced for the services and generate revenue to improve the financial position. Broadband Infraco SOC Limited prepares its Audited Annual Financial Statements on a going concern basis and presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The judgment for assuming the Company will be a going concern in the next 12 months is based on the fact that Shareholders have not indicated that they intend to discontinue the Company, but instead will continue to support the entity.

On 15 April 2024, National Treasury invited proposals for large-scale infrastructure projects supporting economic growth. In response, Broadband Infraco SOC Ltd, with the support of the Shareholder submitted a R14.4 billion proposal to deliver 100% broadband connectivity across South Africa.

Notes to the Audited Annual Financial Statements (continued)

This submission builds on the momentum and successful implementation of the SA Connect Phase 2 and the Presidential Stimulus Project, which demonstrated the Company's capability to deliver national-scale broadband initiatives. Letters of support have been received from private infrastructure providers who have also committed to assisting with implementation.

The project is expected to generate sustainable revenue over a 10-year period, contributing to the long-term financial viability of the Company. The Directors believe that the proposal is well aligned with national priorities and supported by the necessary technical and strategic capacity.

The directors have reviewed the Company's financial performance forecast for the year 31 March 2026 as well as 31 March 2027 and in light of this review and the current financial position, they are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future, taking into account expected improvement in accessing some funding in the medium term.

28. Irregular, Fruitless and Wasteful Expenditure

Expenditure

	2025 R '000	2024 R '000
Unauthorised Expenditure	-	-
Irregular Expenditure	399,990	16,580
Fruitless and Wasteful Expenditure	321	625
Total	**400,311**	**17,205**

29. Directors' and Prescribed Officer's Emoluments

Executive

2025

Directors' emoluments	Service Period - Month(s)	Basic Salary	Expenses allowances	Total
Services as Director or prescribed officer				
G Zowa	12	3,337	812	4,149
T Phakedi	12	2,634	29	2,663
		5,971	**841**	**6,812**

2024

Directors' emoluments	Service Period - Month(s)	Basic Salary	Expenses allowances	Total
Services as Director or prescribed officer				
G Zowa	12	3,163	496	3,659
T Phakedi	12	2,275	38	2,313
		5,438	**534**	**5,972**

29. Directors' and Prescribed Officer's Emoluments (continued)

Non-executive

2025

Directors' emoluments	Service Period - Month(s)	Basic Salary	Total
Services as Director or prescribed officer			
M Mzizi	3	91	91
U Exner	3	97	97
Z Kabini	11	809	809
L Mabece	12	412	412
B Segooa	11	388	388
P Makape*	11	-	-
D Mothilall	5	159	159
L Tyira	11	365	365
ID Dwane	12	382	382
		2,703	**2,703**

2024

Directors' emoluments	Service Period - Month(s)	Basic Salary	Total
Services as Director or prescribed officer			
Z Kabini	12	896	896
L Mabece	12	412	412
B Segooa	12	387	387
P Makape*	12	-	-
D Mothilall	12	381	381
L Tyira	12	412	412
ID Dwane	12	387	387
		2,875	**2,875**

* No emoluments were paid to director who serves as a public servant, in respect of their duties as a director.

Notes to the Audited Annual Financial Statements (continued)

29. Directors' and Prescribed Officer's Emoluments (continued)

Prescribed Officers

2025

Directors' emoluments	Service Period - Month(s)	Basic Salary	Expenses allowances	Total
Services as Director or prescribed officer				
MM Mojapelo	12	1,866	38	1,904
CI Mokgohloa	12	1,656	79	1,735
G Pete	12	1,656	267	1,923
P Mafagana	12	1,899	302	2,201
NN Dlamini	1	78	3	82
		7,155	**689**	**7,844**

2024

Directors' emoluments	Service Period - Month(s)	Basic Salary	Expenses allowances	Total
Services as Director or prescribed officer				
MM Mojapelo	12	1,769	38	1,807
CI Mokgohloa	12	1,160	194	1,354
G Pete	12	1,566	260	1,826
P Mafagana	12	1,796	302	2,098
		6,291	**794**	**7,085**

30. Financial Instruments and Risk Management

Categories of Financial Instruments

Categories of Financial Assets

2025

	Notes	Amortised cost	Total
Trade and other receivables	7	209,126	209,126
Cash and cash equivalents	8	127,218	127,218
Interest accrued		92	92
		336,436	**336,436**

Notes to the Audited Annual Financial Statements (continued)

30. Financial Instruments and Risk Management (continued)

2024

	Notes	Amortised cost	Total
Trade and other receivables	7	69,631	69,631
Cash and cash equivalents	8	496,476	496,476
Interest accrued		1,091	1,091
		567,198	**567,198**

Categories of Financial Liabilities

2025

	Notes	Amortised cost	Leases	Total
Trade and other payables	14	520,843	-	520,843
Lease liabilities	4	-	8,119	8,119
		520,843	**8,119**	**528,962**

2024

	Notes	Amortised cost	Leases	Total
Trade and other payables	14	468,880	-	468,880
Lease liabilities	4	-	8,319	8,319
		468,880	**8,319**	**477,199**

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There have been no changes to what the entity manages as capital or the strategy for capital maintenance from the previous year.

Lease liabilities		8,119	8,319
Trade and other payables	14	531,233	471,828
Total borrowings		**539,352**	**480,147**
Cash and cash equivalents	8	(127,218)	(496,476)
Net borrowings		**412,134**	**(16,329)**
Equity		(301,352)	(11,843)

Financial Risk Management

Overview

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Foreign currency risk

30. Financial Instruments and Risk Management (continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Refer to note 7 for more information on credit risk management and policy.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company maintains flexibility in funding by maintaining availability under committed credit lines.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2025

	Notes	Carrying amount
Non-current liabilities		
Lease liabilities		3,682
Current liabilities		
Trade and other payables	14	531,234
Lease liabilities	4	4,437
		(539,353)

2024

	Notes	Carrying amount
Non-current liabilities		
Lease liabilities		2,066
Current liabilities		
Trade and other payables	14	471,828
Lease liabilities	4	6,253
		(480,147)

Financing Facilities

Foreign Currency Risk

The Company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Company deals primarily are US Dollars.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Notes to the Audited Annual Financial Statements (continued)

30. Financial Instruments and Risk Management (continued)

Exchange Rates

	2025 R '000	2024 R '000
Rand per unit of foreign currency:		
US Dollar	18.291	18.538

Interest Rate Risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

31. Events after the Reporting Period

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

32. Prior Period Errors

The prior period error is mainly due to updating the fixed asset register which did not comply to the requirements of IAS 16 on initial and subsequent recognition. The correction of the error(s) results in adjustments as follows:

2024

	As previously reported	Correction of an error	Restated balance
Statement of financial position			
Property, plant and equipment	696,539	28,497	725,036
Intangible assets	45,154	(2,046)	43,108
Accumulated loss	1,852,840	(11,468)	1,841,372
Current tax payable	-	(14,983)	(14,983)
Statement of profit and loss and other comprehensive income			
Other expenses - Depreciation	155,399	(8,570)	146,829
Other expenses - Amortisation	8,818	80	8,898
Other expenses	70,684	(13,629)	57,055
Taxation	351	14,983	15,334

2023

	As previously reported	Correction of an error	Restated balance
Statement of financial position			
Property, plant and equipment	784,912	5,934	790,846
Intangible assets	53,973	(1,603)	52,370
Accumulated loss	1,651,224	(4,331)	1,646,893

LIST OF ACRONYMS

Acronyms	Description
3G	3rd Generation Mobile Telecommunications
ACE	Africa Coast to Europe
AFS	Annual Financial Statements
ANP	Analytic Network Process
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BA	Business Administration
BAF	Broadband Access Fund
B-BBEE	Broad-Based Black Economic Empowerment
BBI	Broadband Infraco SOC Ltd
BCM	Business Continuity Management
BGE	Build, Grow, and Expand
BPM	Business Process Management
BSC	Bachelor of Science
Capex	Capital Expenditure
CAPS	Curriculum and Assessment Policy Statement
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Companies' Intellectual Property Commission
CMSO	Chief Marketing Sales Officer
COSO	Committee of Sponsoring Organisations
CRA	Compliance Risk and Audit
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
CTO	Chief Technical Officer
DCDT	Department of Communications and Digital Technologies
DPE	Department of Public Enterprise
DPME	Department of Performance Monitoring and Evaluation
DWDM	Dense Wavelength Division Multiplexing
EBITDA	Earnings Before Interest, Taxation, Depreciation, and Amortisation
ECA	Electronic Communications Act, No. 36 of 2005
ERM	Enterprise Risk Management
ESS	Employee Self-Service
EASSy	Eastern Africa Submarine Cable System
EXCO	Executive Management Committee
FMPPI	Framework for Managing Programme Performance Information
FTTX	Fibre to the Home/Business
FvToCI	Fair Value through Other Comprehensive Income
FY	Financial year
Gbit/s	Gigabits per second

Acronyms	Description
Gbps	Gigabits per second
GIS	Geographic Information System
GRI	Global Reporting Initiative
HR	Human Resource
HRM	Human Resource Management
HRRC	Human Resources and Remuneration Committee
IA	Internal Audit
IAR	Integrated Annual Report
IAS	International Accounting Standards
ICASA	Independent Communications Authority of South Africa
ICC	International Convention Centre
ICT	Information Communication Technology
ICTU	Information Communication Technology Union (ICTU)
IDC	Industrial Development Corporation
I-ECNS	Individual Electronic Communications Network Services
I-ECS	Individual Electronic Communications Services
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IFTP	Investment Finance Tender and Procurement Committee
IIRC	International Integrated Reporting Council
IoD	Institute of Directors
IP	Internet Protocol
IR	Integrated Reporting
IRBA	Independent Regulatory Board of Auditors
IRU	Irrefutable Rights of Use
ISA	International Auditing Standards
ISO	International Standards Organisation
IT	Information Technology
KAM	Key Account Manager
King IV	The King Report on Corporate Governance for South Africa
LTE	Long Term Evolution
LTIFR	Lost-Time Injury Frequency Rate
Mbps	Megabits per Second
MICT SETA	Media, Information and Communication Technologies Sector Education and Training Authority
MoI	Memorandum of Incorporation
MoU	Memorandum of Understanding
MPLS	Multi-Protocol Label Switching
MSA	Master Service Agreement
MTTR	Mean Time To Restore
NCOP	National Council of Provinces
NDP	National Development Plan
NEDS	Non-executive Directors

Acronyms	Description
NOC	National Operating Centre
NOSA	National Occupational Safety Association
OD	Organisational Development
OH&S	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
Opex	Operational Expenditure
OPGW	Optical Fibre Composite Overhead Ground Wire
OSI	Open Systems Interconnection
PAA	Public Audit Act
PAYE	Pay As You Earn
PDI	Previously-Disadvantaged Individuals
PFMA	Public Finance Management Act
PoP	Point of Presence
PPP	Public-Private-Partnerships
PPPFA	Preferential Procurement Policy Framework Act
PRM	Preventative Routine Maintenance
PWDs	People with Disabilities
RAID	Redundant Array of Independent Disks
R&D	Research and Development
SA	South Africa
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SATA	Southern African Telecommunications Association
SCM	Supply Chain Management
SCOPA	Standing Committee of Public Accounts
SDGs	United Nations Sustainable Development Goals
SDH	Synchronous Digital Hierarchy
SEC	Social and Ethics Committee
SHEQ	Safety, Health, Environment, and Quality
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium, and Micro Enterprise
SNG	Sizwe NtsalubaGobodo
SNO	Second National Operator
SOC	State-Owned Company
SOE	State-Owned Enterprise
SONA	State of the Nation Address
Tbps	Terabits per Second
UCT	University of Cape Town
UJ	University of Johannesburg
UKZN	University of KwaZulu-Natal
UP	University of Pretoria

Acronyms	Description
USAASA	Universal Service and Access Agency of South Africa
USD	United States Dollars
VAT	Value Added Tax
WACS	West Africa Cable System
WIP	Work in Progress
ZAR	South African Rand

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