THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

The definitions and interpretations commencing on page 11 of this Circular apply, *mutatis mutandis*, throughout this Circular, including this front cover.

Action required by Shareholders:

- This Circular is important and should be read in its entirety. Moreover, Shareholders are referred to the section titled "*Action Required by Shareholders*" commencing on page 5 of this Circular, which sets out the detailed actions required of them.
- If you are in any doubt as to the actions you should take in relation to this Circular, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.

Telkom does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, any CSDP or Broker of any beneficial owner of Shares including, without limitation, any failure on the part of the CSDP or Broker to notify such beneficial owner of this Circular, of the General Meeting or of any of the matters contained in this Circular.

Telkom

TELKOM SA SOC LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1991/005476/30)
Share code: TKG
JSE bond code: BITEL
ISIN: ZAE000044897
("**Telkom**" or the "**Company**")

CIRCULAR TO SHAREHOLDERS

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in connection with:

- **the proposed disposal by Telkom of 100% of its shares in (and all or part of its claims against) its wholly-owned subsidiary Swiftnet (which houses its Masts and Towers business) to the Purchaser (an acquisition vehicle whose shareholders comprise an infrastructure fund managed by a subsidiary of Actis and a vehicle owned by RBH as its BEE partner), which disposal constitutes a Category 1 transaction for Telkom in terms of the JSE Listings Requirements and requires the approval of the requisite majority of Telkom's Shareholders;**

and incorporating:

- **a notice convening the General Meeting of Shareholders; and**
- **a Form of Proxy *(blue)* in respect of the General Meeting (to be completed by Certificated Shareholders and Own-Name Dematerialised Shareholders only).**

Financial Advisors to Telkom

Legal Advisors to Telkom

JSE and Transaction Sponsor to Telkom

Financial Advisors to the Purchaser and Actis

Legal Advisors to the Purchaser and Actis

Independent Reporting Accountants and Auditors

Legal Advisors to RBH

Financial Advisors to RBH

Date of issue: Monday, 22 April 2024

This Circular is available in English only and copies thereof may be obtained during normal business hours from the registered office of Telkom or at the Transfer Secretaries at the addresses set out in the "Corporate Information and Advisors" section of this Circular. The Circular will also be available on Telkom's website (https://group.telkom.co.za/ir/index.shtml.) as from the date of distribution hereof until the date of the General Meeting and/or through a secure electronic manner at the election of the person requesting inspection from the Group Company Secretary by emailing secretariat@telkom.co.za.

IMPORTANT LEGAL NOTICES, DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

The definitions and interpretations commencing on page 11 of this Circular apply, *mutatis mutandis*, to this section.

APPLICABLE LAW AND FOREIGN SHAREHOLDERS

This Circular is for information purposes only and does not constitute, or form part of, any offer or invitation to sell or issue, an advertisement or any solicitation of any offer or invitation to purchase or subscribe for, any securities of Telkom in any jurisdiction, including (but not limited to) South Africa and the United States.

This Circular has been prepared for purposes of complying with the applicable provisions of the Companies Act and JSE Listings Requirements, and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

No actions have been taken, including, without limitation, obtaining any approvals, authorisations or exemptions, that would permit the transmission, publication or otherwise distribution of this Circular in any jurisdiction where action for that purpose may be required.

Neither this Circular nor any materials pertaining to the Disposal may be distributed or published or otherwise transmitted in any jurisdiction, electronically or otherwise, except under circumstances that will be in compliance with applicable law or regulation. Foreign Shareholders should inform themselves about and observe any applicable legal requirements of the jurisdictions in which each such foreign Shareholder is located in or is a resident of. It is the responsibility of any foreign Shareholder to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with this Circular, including obtaining any governmental, exchange control or other consents or the making of any filings which may be required, or the compliance with other necessary formalities in connection with receiving or accessing this Circular.

Any Shareholder who is in doubt as to their position should consult an appropriate independent professional advisor in their relevant jurisdiction without delay.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

This Circular is not an offer of securities for sale in the United States.

Shareholders with a registered address in the United States are advised that your CSDP or Broker should contact you to ascertain how you wish to cast your vote at the General Meeting. If you have not been contacted by your CSDP or Broker, it is advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.

FORWARD-LOOKING STATEMENTS

This Circular contains statements about Telkom that are, or may be, "*forward looking statements*". All statements other than statements of historical fact are, or should be deemed to be, forward-looking statements, including, without limitation those concerning: strategy; the economic outlook for the electronic communication and technology industry; expectations regarding cash costs and other operating results; growth prospects and outlook of the Group's operations; and Telkom's liquidity and capital resources and expenditure.

These forward-looking statements are not based on historical facts, but rather reflect Telkom's current plans, estimates, projections and expectations concerning future results and events and generally are identified by the use of forward-looking words or phrases such as "*believe*", "*expect*", "*forecast*", "*foresee*", "*plan*", "*intend*", "*seek*", "*aim*", "*anticipate*", "*estimate*", "*likely*", "*predict*", "*project*", "*potential*", "*assume*", "*target*", "*continue*", "*may*", "*will*", "*should*", "*could*", "*endeavour*", "*shall*", "*risk*" or the negative of these terms or similar expressions that are predictions of or indicate future events and future trends. Similarly, statements that describe Telkom's objectives, plans or goals are, or should be deemed to be, forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that might cause the Group's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although Telkom believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will materialise or prove to have been correct. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements include, without limitation, matters not yet known to Telkom or not currently considered material by Telkom.

Shareholders should keep in mind that any forward-looking statement made in this Circular is correct as of the Last Practicable Date. New factors that arise after the Last Practicable Date that could cause the business of the Group or other matters to which such forward-looking statements relate, not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Telkom has no duty to, and does not intend to, update publicly or release any revisions to these forward-looking statements, except as may be required by law.

Any forward-looking statements have not been reviewed or reported on by the external auditors.

DATE OF INFORMATION PROVIDED

Unless specifically stated or the context clearly indicates otherwise, all information provided in this Circular is provided as at the Last Practicable Date.

CORPORATE INFORMATION AND ADVISORS

Registered Office of Telkom
Telkom SA SOC Limited
Telkom Park
61 Oak Avenue
Highveld
Centurion, South Africa, 0157
(Private Bag X881, Pretoria, South Africa, 0001)

Place of incorporation: South Africa
Date of incorporation: 30 September 1991
Website: https://www.telkom.co.za/

Registered Office of Swiftnet
Swiftnet SOC Limited
Telkom Park
61 Oak Avenue
Highveld
Centurion, South Africa, 0157
(Private Bag X881, Pretoria, South Africa, 0001)

Place of incorporation: South Africa
Date of incorporation: 23 November 1994

Financial Advisors to Telkom
FTI Capital Advisors (DIFC) Limited
(License number: CL3964)
Burj Daman Tower
15th Floor, Unit C1501
Dubai International Financial Centre
Dubai, United Arab Emirates
(PO Box 506815)

Financial Advisors to the Purchaser and Actis
Rothschild and Co South Africa Proprietary Limited
(Registration number: 1999/021764/07)
7th Floor, 144 Oxford
144 Oxford Road
Johannesburg, South Africa, 2196
(PO Box 411332, Craighall, South Africa, 2024)

Group Company Secretary of Telkom
Ms. Ephy Motlhamme
Telkom Park
61 Oak Avenue
Highveld
Centurion, South Africa, 0157
(Private Bag X881, Pretoria, South Africa, 0001)
Email: secretariat@telkom.co.za

Investor Enquiries
Ms. Nondyebo Mqulwana
GE: Investor Relations
Telkom Park
61 Oak Avenue
Highveld
Centurion, South Africa, 0157
(Private Bag X881, Pretoria, South Africa, 0001)
Email: telkomir@telkom.co.za

JSE and Transaction Sponsor to Telkom
Nedbank Corporate and Investment Banking
(a division of Nedbank Limited)
(Registration number: 1951/000009/06)
Nedbank, 135 Rivonia Campus
135 Rivonia Road
Sandown, Sandton
Johannesburg, South Africa, 2196
(PO Box 1144, Johannesburg, South Africa, 2000)

Legal Advisors to Telkom
Bowman Gilfillan Inc.
(Registration number: 1998/021409/21)
11 Alice Lane
Sandton
Johannesburg, South Africa, 2196
(PO Box 785812, Sandton, South Africa, 2146)

Legal Advisors to the Purchaser and Actis
Webber Wentzel
90 Rivonia Road
Sandton
Johannesburg, South Africa, 2196
(PO Box 61771, Marshalltown, South Africa, 2107)

Financial Advisors to RBH
Rand Merchant Bank
(a division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
(PO Box 786273, Sandton, 2146)

Legal Advisors to RBH
Baker McKenzie
1 Commerce Square
39 Rivonia Road
Sandhurst, Sandton
Johannesburg, South Africa, 2196

Independent Reporting Accountant and Auditor
SizweNtsalubaGobodo Grant Thornton Inc.
(Registration number: 2005/034639/21)
Building 4, Summit Place Office Park
221 Garstfontein Road, Menlyn
Pretoria, South Africa, 0063
(Private Bag X2008, Menlyn, 0063)

Independent Reporting Accountant and Auditor
PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
4 Lisbon Lane
Waterfall City, Jukskei View
Johannesburg, South Africa, 2090
(PO Box X36, Sunninghill, South Africa, 2157)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, Johannesburg, South Africa, 2196
(Private Bag X9000, Saxonwold, South Africa, 2132)
Email: telkomqueries@computershare.co.za

ACTION REQUIRED BY THE SHAREHOLDERS

The definitions and interpretations commencing on page 11 of this Circular apply, *mutatis mutandis*, to this section.

Shareholders are requested to take note of the following information regarding the actions required by them in connection with this Circular:

1. If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, legal advisor, accountant, or other professional advisor immediately.
2. If you have disposed of all your Shares, then this Circular (together with the Notice of General Meeting and Form of Proxy (*blue*)) should be handed to the purchaser of such Shares or to the CSDP, Broker or other agent through whom such disposal was effected.
3. This Circular contains information relating to the proposed Disposal and associated matters, and the Ordinary Resolution required from Shareholders in connection with the foregoing. Consequently, you should carefully read through this Circular in its entirety and decide how you wish to vote on the Ordinary Resolution (as set forth in the Notice of the General Meeting) to be proposed at the General Meeting.
4. **General Meeting**

   Shareholders are invited to attend a General Meeting, convened in terms of the Notice of General Meeting (which is attached to, and forms part of, this Circular) for purposes of considering and, if deemed fit, passing, with or without modification, the Ordinary Resolution which is set forth in the Notice of General Meeting.

   The General Meeting will be conducted through a hybrid method, through electronic communication and in person at the **BCX Multi-Function Room, 1021 Lenchen Avenue North, Centurion** at **10:00** (South African Standard Time) on **Friday, 24 May 2024**.
5. **Dematerialised Shareholders without "*own-name*" registration**

   If you have Dematerialised your Shares without "*own-name*" registration, then the following actions are relevant to you in connection with the General Meeting:

   Voting at the General Meeting

   - Your CSDP or Broker should contact you to ascertain how you wish to cast your vote (or to ascertain whether you wish to abstain from casting your vote) at the General Meeting and thereafter to cast your vote (or abstain from casting your vote) in accordance with your instructions.
   - If you have not been contacted by your CSDP or Broker, it would be advisable for you to contact your CSDP or Broker and furnish it with your voting instructions.
   - If your CSDP or Broker does not obtain voting instructions from you, it will vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.
   - You must **NOT** complete the attached Form of Proxy *(blue)*.

   Attendance and representation at the General Meeting:

   - In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the General Meeting in person, or if you wish to send a proxy to represent you at the General Meeting. Your CSDP or Broker will issue the necessary letter of representation to you or your proxy to attend the General Meeting.
   - Unless you advise your CSDP or Broker, in accordance with the mandate between you and your CSDP or Broker, that you wish to attend the General Meeting and have been provided with a letter of representation from it or instructed it to send its proxy to represent you at the General Meeting, your CSDP or Broker may assume that you do not wish to attend the General Meeting and may act in accordance with the mandate between you and your CSDP or Broker.

   Telkom does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, the CSDP or Broker of any beneficial owner of Shares including, without limitation, any failure on the part of the CSDP or Broker to notify such beneficial owner of this Circular, of the General Meeting or of any of the matters contained in this Circular.

6. **Own-Name Dematerialised Shareholders and Certificated Shareholders**

If you are an Own-Name Dematerialised Shareholder or you are a Certificated Shareholder, then the following is relevant to you in connection with the General Meeting:

Voting, attendance and representation at the General Meeting:

- You may attend, participate and speak in the General Meeting, and you may vote (or abstain from voting) at the General Meeting.
- Alternatively, you may appoint one or more proxies to represent you at the General Meeting by completing the attached Form of Proxy *(blue)* in accordance with the instructions therein. A proxy need not be a Shareholder. It is requested, for administrative reasons, that the duly completed Form of Proxy (*blue*) be lodged with or posted to the Transfer Secretaries, in accordance with the details provided below, to be received by no later than **10:00** (South African Standard Time) on **Wednesday, 22 May 2024**:

Hand deliveries to:	Postal or email deliveries to:
Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg, South Africa, 2196	Computershare Investor Services Proprietary Limited Private Bag X9000 Saxonwold South Africa, 2132 Email: proxy@computershare.co.za

- If you do not lodge or post the completed Form of Proxy *(blue)* to reach the Transfer Secretaries by the relevant time, you will nevertheless be entitled to have the Form of Proxy (*blue*) lodged immediately prior to the commencement of the General Meeting in accordance with the instructions therein, with the Transfer Secretaries or the Chairperson of the General Meeting (and are requested to be so lodged by at least **09:30**, which is 30 (thirty) minutes prior to the time appointed for commencement of the General Meeting).

7. **Identification of Shareholders and proxies**

In terms of section 63(1) of the Companies Act, before any person may participate in the General Meeting, that person must present reasonably satisfactory identification, and the person presiding in the General Meeting must be reasonably satisfied that the right of the person to attend, participate and vote in the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-barcoded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence or a valid passport.

8. **Electronic participation by Shareholders**

In addition to being able to attend the General Meeting in person, Telkom will offer Shareholders (or their proxies) reasonable access through electronic facilities to participate in the General Meeting.

A Shareholder (or its proxy) will be able to:

- listen in to, and speak during, the General Meeting through electronic facilities; and
- vote during the General Meeting through a virtual meeting platform.

The Company has retained the services of Computershare to host the General Meeting on an interactive platform and to facilitate electronic participation and voting by Shareholders.

Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to register online at www.smartagm.co.za by no later than **10:00** on **Wednesday, 22 May 2024**. Shareholders may still register online to participate in and/or vote electronically at the General Meeting after this date and time, provided, however, that for those Shareholders to participate and/or vote electronically at the General Meeting, they must be verified and registered before the commencement of the General Meeting.

As part of the registration process you will be requested to upload proof of identification (i.e., valid green-barcoded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence or a valid passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number. Following successful registration, the Transfer Secretaries will provide you with a meeting ID number, username and password in order to connect electronically to the General Meeting. General Meeting participation will be through the Lumi app or website by following the steps set out at www.smartagm.co.za.

While the Company will bear all costs for hosting the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company and/or Computershare. Neither the Company nor Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the General Meeting.

TABLE OF CONTENTS

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 11 of this Circular apply, *mutatis mutandis*, to this section.

Key Action	
Notice Record Date, being the date on which a Shareholder must be recorded in the Register in order to be eligible to receive this Circular and the Notice of General Meeting	Friday, 12 April 2024
Circular, inclusive of Notice of General Meeting and Form of Proxy *(blue)*, distributed to Shareholders on	Monday, 22 April 2024
Announcement regarding convening of General Meeting and distribution of Circular released on SENS on	Monday, 22 April 2024
Announcement regarding convening of General Meeting and distribution of Circular published in the South African press on	Tuesday, 23 April 2024
Last Day to Trade in Shares in order to be eligible to participate and speak in and vote at the General Meeting (see *note 3* below)	Tuesday, 14 May 2024
Voting Record Date, being the date on which a Shareholder must be recorded in the Register in order to be eligible to participate and speak in and vote at the General Meeting (see *note 4* below)	Friday, 17 May 2024
For effective administration, completed Forms of Proxy *(blue)* to be lodged with the Transfer Secretaries by no later than 10:00 on (see *notes 5* and *6* below)	Wednesday, 22 May 2024
General Meeting of Shareholders to be held electronically and in person at 10:00 on	Friday, 24 May 2024
Results of General Meeting released on SENS on	Monday, 27 May 2024
Results of the General Meeting published in the South African press on	Tuesday, 28 May 2024

Notes:

(1) All of the above dates and times are South African Standard Time.

(2) The above dates and times are subject to change. Any required changes will be released on SENS.

(3) Shareholders are reminded that Shares can only be traded in Dematerialised form. No orders to Dematerialise or rematerialise Shares will be processed from the Business Day following the Last Day to Trade (being **Tuesday, 14 May 2024**) up to and including the Voting Record Date (being **Friday, 17 May 2024**), but such orders will again be processed from the first Business Day after the Voting Record Date.

(4) Only Shareholders who are registered in the Register on Voting Record Date (being **Friday, 17 May 2024**), will be eligible to participate and speak in and vote at the General Meeting.

(5) Should completed Forms of Proxy (*blue)* not be lodged with or posted to the Transfer Secretaries by **10:00** on **Wednesday, 22 May 2024**, they may nevertheless be lodged immediately prior to the commencement of the General Meeting in accordance with the instructions therein, with the Transfer Secretaries or the Chairperson at the General Meeting (and are requested to be so lodged by at least **09:30**, which is 30 (thirty) minutes prior to the time appointed for commencement of the General Meeting).

(6) Should the General Meeting be adjourned or postponed for whatever reason, Forms of Proxy *(blue)* submitted for the General Meeting will remain valid in respect of any ensuing adjourned or postponed general meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the documents attached hereto, unless otherwise stated or the context indicates otherwise: (i) the words in the first column below shall have the meaning assigned to them in the second column; (ii) a reference to the singular shall include the plural and *vice versa*; (iii) an expression which denotes one gender includes all other genders; (iv) a natural person includes a juristic person and *vice versa*; and (v) cognate expressions shall bear corresponding meanings:

"Accrued Interest"	has the meaning ascribed thereto in paragraph 5.3 of this Circular;
"Actis"	Actis LLP, a United Kingdom limited liability partnership: (i) registered in England and Wales under registration number: OC305927; and (ii) having its registered office is at 2 More London Riverside, London SE1 2JT;
"Actis Ohio Fund"	collectively: (i) an *en commandite* partnership, established and managed by Actis Ohio SA GP as general partner (the "**Actis Ohio Partnership**"); and (ii) a new company to be incorporated in accordance with the laws of the Republic of Mauritius prior to the Closing Date and established for purposes of the Disposal (and which will be held by a subsidiary of Actis);
"Actis Ohio SA GP"	Actis Ohio SA GP Proprietary Limited: (i) a private company incorporated in accordance with the laws of South Africa under registration number: 2024/070723/07; (ii) a subsidiary of Actis; and (iii) the general partner and manager of the Actis Ohio Partnership;
"Base Purchase Price"	an amount of R6 750 000 000 (six billion, seven hundred and fifty million Rand), and further described in paragraph 5.3 of this Circular;
"BEE"	black economic empowerment, as contemplated in the Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"Broker"	any person or entity registered as a "*broking member (equities)*" in accordance with the provisions of the Financial Markets Act;
"Business Day"	any day other than a Saturday, Sunday or gazetted public holiday in South Africa;
"Business Plan"	the annual business plan of Swiftnet for the financial years ending 31 March 2022 through to 31 March 2032 (together with any updates) adopted by Swiftnet;
"Capital Expenditure"	the actual aggregate capital expenditure of Swiftnet in relation to new mast and tower infrastructure builds (including the related permitting) as well as expenditure that enhances the value of existing mast and tower infrastructure owned by Swiftnet (including refurbishment of any existing infrastructure), for the period commencing on the Signature Date and ending on the Effective Date, as calculated in accordance with IFRS® Accounting Standards;
"Cash"	means: • cash on hand; • cash standing to the credit of any account with a bank or other financial institution; and • cash equivalents, in each case to which Swiftnet is beneficially entitled as at the Effective Date;
"Certificated Shareholders"	Shareholders holding Certificated Shares;
"Certificated Shares"	Shares which have not yet been Dematerialised, but title to which is evidenced by a share certificate or other documents of title acceptable to the Company;
"Circular"	this bound document, dated **Monday, 22 April 2024**, including the Notice of General Meeting and Form of Proxy *(blue)*;
"Closing Date"	has the meaning ascribed thereto in paragraph 5.5 of this Circular;

"Closing Statement"	has the meaning ascribed thereto in paragraph 5.5 of this Circular;
"Companies Act"	the South African Companies Act, No. 71 of 2008, as amended;
"Competition Act"	the South African Competition Act, No. 89 of 1998, as amended;
"Competition Authorities"	the South African Competition Commission established pursuant to Chapter 4, Part A of the Competition Act; the South African Competition Tribunal Commission established pursuant to Chapter 4, Part B of the Competition Act; and/or the Competition Appeal Court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
"Consideration"	has the meaning ascribed thereto in paragraph 5.3 of this Circular;
"Continuing Telkom Loan"	has the meaning ascribed thereto in paragraph 5.4 of this Circular;
"CSDP"	a Central Securities Depository Participant, being a "*participant*" as defined in section 1 of the Financial Markets Act;
"Debt"	the aggregate amount of all borrowings and indebtedness in the nature of borrowings or debt of Swiftnet, as at the Effective Date, including, without limitation, any agreed debt-like items included in the calculation to be set out in the Closing Statement, but excluding the Sale Claims which are assigned to the Purchaser in terms of the Sale Agreement and, if applicable, the Continuing Telkom Loan;
"Dematerialise" or **"Dematerialised"**	the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares in accordance with the rules of Strate, as contemplated in the Financial Markets Act;
"Dematerialised Shares"	Shares which have been Dematerialised and ownership of which is recorded in a sub-register of Shareholders administered by a CSDP, which sub-register forms a constituent part of the Register;
"Directors" or **"Board"**	the board of directors of Telkom as constituted, from time to time. The directors of Telkom as at the Last Practicable Date are listed on page 18 of this Circular;
"Disposal"	the disposal by Telkom of the Sale Equity (being 100% of Telkom's shares in, and all or part of its claims against, its wholly-owned subsidiary, Swiftnet) to the Purchaser pursuant to the Sale Agreement, the salient terms and conditions of which are set out in this Circular;
"EBITDA"	the earnings of Swiftnet for the relevant financial period, determined in accordance with IFRS® Accounting Standards, before any amount attributable to: • net interest; • tax; • depreciation and amortisation; • write-offs, impairments and losses of property, plant and equipment and intangible assets; • foreign exchange and fair value movements, but, specifically excluding any: • adjustments made by applying IFRS 16; and • once-off costs and expenses, including, but not limited to, costs or expenses incurred in connection with or relating to the implementation of the internalisation of certain employees into Swiftnet;
"Effective Date"	has the meaning ascribed thereto in paragraph 5.5 of this Circular;
"Effective Date Accounts"	the unaudited internally prepared management accounts of Swiftnet for the period commencing on the first day of Swiftnet's financial year, being 1 April, and ending on the Effective Date;

"EPS"	earnings per Share, in each case to be determined in accordance with IFRS® Accounting Standards;
"Existing Shareholder Loan"	has the meaning ascribed thereto in paragraph 5.4 of this Circular;
"Financial Markets Act"	the Financial Markets Act, No. 19 of 2012, as amended;
"Forecast Capital Expenditure"	the aggregate forecast capital expenditure for the period commencing on the Signature Date and ending on the Effective Date, as set out in the Business Plan, provided that in the event that the period between the Signature Date and the Effective Date includes a portion of a financial year, the forecasted capital expenditure as set out in the Business Plan for such financial year shall be *pro-rated* accordingly;
"Form of Proxy (*blue*)"	the form of proxy *(blue)* as contained in this Circular for use only by Certificated Shareholders and Own-Name Dematerialised Shareholders, for purposes of appointing a proxy to represent such Shareholder at the General Meeting;
"General Meeting"	the general meeting of Shareholders to be held both electronically and in person at the **BCX Multi-Function Room, 1021 Lenchen Avenue North, Centurion**, at **10:00** (South African Standard Time) on **Friday, 24 May 2024**, to consider and, if deemed fit, to adopt with or without modification, the Ordinary Resolution set out in the Notice of General Meeting;
"Group" or **"Telkom Group"**	Telkom and its subsidiaries;
"Group Company Secretary"	the Group Company Secretary of Telkom from time to time, who at the date of this Circular is as set out in the "*Corporate Information and Advisors*" section of this Circular;
"HEPS"	headline earnings per Share;
"Historical Financial Information"	the audited historical financial information of Swiftnet for the years ended 31 March 2023, 31 March 2022 and 31 March 2021;
"ICASA"	the Independent Communications Authority of South Africa, a statutory body established in terms of section 3 of the Independent Communications Authority of South Africa Act, No. 13 of 2000, as amended;
"IFRS® Accounting Standards"	the International Financial Reporting Standards as issued from time to time by the International Accounting Standards Board or its successor body;
"Income Tax"	South African income tax as levied in terms of the Income Tax Act, No. 58 of 1962, as amended;
"Independent Reporting Accountants" or **"Independent Auditors"**	(i) in respect of the *Pro Forma* Financial Information, PwC; (ii) in respect of the Interim Condensed Historical Financial Information, PwC; and (iii) in respect of the Historical Financial Information, SNG GT;
"Interim Condensed Historical Financial Information"	the reviewed interim condensed historical financial information of Swiftnet for the six months ended 30 September 2023;
"JSE"	as the context requires, either the: (i) JSE Limited, registration number: 2005/022939/06, a limited liability public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act; or (ii) securities exchange operated by the aforementioned company;
"JSE Listings Requirements"	the listings requirements published by the JSE, as amended;
"Last Day to Trade"	the last Business Day to trade Shares in order to settle same and reflect in the Register so as to be eligible to vote on the Ordinary Resolution set forth in the Notice of General Meeting, expected to be **Tuesday, 14 May 2024**;
"Last Practicable Date"	**Wednesday, 10 April 2024**, being the last practicable date in respect of which information was capable of being included in this Circular prior to its finalisation;

"Management Services Agreement" has the meaning ascribed thereto in paragraph 13.1 of this Circular;

"Masts and Towers" the ground-based masts and/or towers and/or rooftop and wall-mounted masts deployed to support wireless transmission equipment, owned and/or operated by Swiftnet;

"Material Adverse Change" any actual adverse effect, fact or circumstance (including, without limitation, the termination and/or non-renewal of any of the Material Master Lease Agreements or Swiftnet receiving communication of the intention of the counterparty to any such Material Master Lease Agreement to terminate or not to renew such Material Master Lease Agreement or any third party claim) which has had or is reasonably likely to have (alone or together with any other such actual adverse effect, fact or circumstance):

- an adverse financial impact of an 8.5% or more reduction in EBITDA calculated with reference to the most recently completed 12 (twelve) month period, compared to the immediately preceding 12 (twelve) month period; or
- a reduction in NAV by a Rand amount equal to 10% of EBITDA calculated with reference to the most recently completed 12 (twelve) month period compared to Reference NAV;

but excluding any event, condition or change (or anything whatsoever) directly arising from:

- any effects of any acts of God, natural disasters, national or international public health emergencies, pandemics or outbreaks (including Covid-19 or any variants thereof);
- the effect of any change in financial, securities or credit markets (including any disruption thereof, any decline in any market index and changes in prevailing interest rates or foreign exchange rates) or in general economic, business, regulatory, political or market conditions in South Africa or elsewhere in the world;
- the effect of any commencement, continuation or escalation of war, armed hostilities, strikes, violent demonstrations or terrorist activities or other international or national calamity or act of terrorism;
- changes in conditions generally affecting the industry in which Swiftnet operates;
- changes in applicable law or accounting standards or practices;
- any breach by the Purchaser of its obligations in terms of the Sale Agreement;
- any action or inaction taken by Swiftnet or Telkom with the prior written consent of the Purchaser;
- the effect of any condition or restriction imposed by any governmental entity for the purpose of completing the Disposal, that is deemed reasonably acceptable in terms of the provisions of the Sale Agreement;
- anything fairly disclosed prior to the Signature Date by Telkom, provided that Telkom has provided the Purchaser with any information reasonably required by the Purchaser to assess the potential EBITDA or NAV impact of any matter so fairly disclosed; or
- the announcement of the Disposal, compliance with the terms of the Sale Agreement, the consummation of the Disposal or the change in control of Swiftnet resulting from the Disposal (save for any actual or communication of intended termination and/or non-renewal in respect of any of the Material Master Lease Agreements or any third-party claim);

"Material Master Lease Agreements"	the following ordinary course of business master lease agreements, concluded between Swiftnet and: • Telkom (for and on behalf of its Telkom Consumer business unit), on or about 18 March 2021, as amended by an addendum dated 26 April 2023 ("**Group MLA**"); • Openserve, on or about 1 January 2023, incorporating the Group MLA by reference, subject to certain amendments; and • two other mobile network operators, in terms of which, each third-party tenant agrees, among other things, to lease space on Mast and/or Tower sites owned by Swiftnet;
"NAV"	net asset value;
"Notice Record Date"	the date determined by the Board in terms of section 59 of the Companies Act for Shareholders to be eligible to receive the Circular, expected to be **Friday, 12 April 2024**;
"Notice of General Meeting"	the notice to Shareholders convening the General Meeting, which notice together with the Form of Proxy (*blue*) is attached to, and forms part of, this Circular;
"Openserve"	Openserve Proprietary Limited, a: (i) private company incorporated in accordance with the laws of South Africa under registration number: 2019/387229/07; and (ii) wholly-owned subsidiary of the Company;
"Ordinary Resolution"	the ordinary resolution set out in the Notice of General Meeting for the approval of the Disposal as a "*Category 1 transaction*" in terms of section 9 of the JSE Listings Requirements;
"Own-Name Dematerialised Shareholders"	Dematerialised Shareholders who have instructed their CSDP to hold their Dematerialised Shares in their own name on the sub-registers maintained by the CSDP;
"Prime Rate"	in relation to any period, means the South African published closing prime overdraft rate as published by South Africa Reserve Bank at: https://www.resbank.co.za/Research/Rates/Pages/CurrentMarketRates.aspx (Prime lending rate (predominant rate)) expressed as a percentage rate per annum;
"*Pro Forma* Financial Information"	*pro forma* financial information of the Telkom Group illustrating the effects of the Disposal;
"Purchase Price Adjustments"	the adjustments to the Base Purchase Price described in paragraph 5.3 of this Circular;
"Purchaser"	Towerco Bidco Proprietary Limited: (i) a private company incorporated in accordance with the laws of South Africa under registration number: 2023/170689/07; (ii) being an entity incorporated for the purpose of the Disposal and whose shareholders comprise: (a) Actis Ohio Fund, which will hold up to 70% of the issued shares of the Purchaser; and (b) Royal Bafokeng Infrastructure, which will hold no less than 30% of the issued shares of the Purchaser;
"PwC"	PricewaterhouseCoopers Inc. a personal liability company incorporated in accordance with the laws of South Africa under registration number: 1998/012055/21;
"RBH"	Royal Bafokeng Holdings Proprietary Limited: a (i) private company incorporated in accordance with the laws of South Africa under registration number: 2006/006906/07; and (ii) wholly-owned subsidiary of the Royal Bafokeng Nation Development Trust (IT number: 2482/2004), the ultimate holding entity;
"Reference NAV"	the total assets minus total liabilities of Swiftnet as determined from Swiftnet's most recent audited financial statements;

"Register"	the securities register of Shareholders maintained in terms of the Companies Act, including the register of Certificated Shareholders maintained by the Transfer Secretaries on behalf of the Company and each of the sub-registers of Dematerialised Shares maintained by the relevant CSDPs in accordance with the Companies Act;
"Royal Bafokeng Infrastructure"	Royal Bafokeng Infrastructure Investments Proprietary Limited: (i) a private company incorporated in accordance with the laws of South Africa under registration number 2006/027981/07; and (ii) a wholly-owned subsidiary of RBH;
"SAICA"	the South African Institute of Chartered Accountants;
"Sale Agreement"	the sale agreement between Telkom and the Purchaser dated 20 March 2024, in terms of which the Disposal shall be implemented;
"Sale Claims"	all of Telkom's claims against Swiftnet, as at the Closing Date, arising from any cause whatsoever and constituting all the claims which Telkom has against Swiftnet as at the Closing Date, including any claims under the Shareholder Loan, other than the Continuing Telkom Loan (if applicable);
"Sale Equity"	the Sale Shares and the Sale Claims, collectively;
"Sale Shares"	400 000 000 (four hundred million) ordinary no par value shares in Swiftnet, which shares comprise 100% of the issued shares in Swiftnet;
"SENS"	the Stock Exchange News Service of the JSE;
"Shareholder Loan"	the aggregate of any and all amounts owed by Swiftnet to Telkom in accordance with the terms of the Shareholder Loan Agreement, dated 31 March 2022, in terms of which: (i) Telkom advanced an aggregate loan amount of R500 000 000 (five hundred million Rand) to Swiftnet, for purposes of funding Swiftnet's capital expenditure programme; and (ii) as at the Last Practicable Date, a capital balance amount of *circa*.R360 000 000 (three hundred and sixty million Rand) remained outstanding and payable to Telkom;
"Shareholder Loan Agreement"	has the meaning ascribed thereto in paragraph 13.2 of this Circular;
"Shareholders"	registered holders of Shares, from time to time;
"Shares"	ordinary shares in Telkom;
"Signature Date"	the last date of signature of the Sale Agreement, being 20 March 2024;
"SNG GT"	SizweNtsalubaGobodo Grant Thornton Inc. a personal liability company incorporated in accordance with the laws of South Africa under registration number: 2005/034639/21;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Proprietary Limited, a private company incorporated in accordance with the laws of South Africa under registration number: 1998/022242/07, which is a registered central securities depository in terms of the Financial Markets Act and which is responsible for the electronic settlement system for transactions that take place on the JSE and off market trades;
"subsidiary"	a subsidiary company, as defined in section 3 of the Companies Act;
"Suspensive Conditions"	the suspensive conditions set out in paragraph 5.6 of this Circular;
"Swiftnet"	Swiftnet SOC Limited, incorporated in accordance with the laws of South Africa under registration number: 1994/009541/30, and a wholly-owned subsidiary of Telkom;
"Target Working Capital"	the ZAR amount determined by multiplying 1.9% to Swiftnet's revenue for the 12 (twelve) months immediately preceding the Effective Date;

"Telkom"	Telkom SA SOC Limited, a state-owned company which is: (i) incorporated in accordance with the laws of South Africa under registration number: 1991/005476/30; and (ii) listed on the Main Board of the JSE;
"Terms Announcement"	has the meaning ascribed thereto in paragraph 1 of this Circular;
"TNAV"	tangible net asset value;
"Total Purchase Price"	has the meaning ascribed thereto in paragraph 5.3 of this Circular;
"Transfer Secretaries" or **"Computershare"**	Computershare Investor Services Proprietary Limited, a private company incorporated in accordance with the laws of South Africa under registration number: 2004/003647/07 and the Transfer Secretaries of Telkom, as at the Last Practicable Date;
"United States"	the United States of America;
"VAT"	value-added tax levied in terms of the VAT Act;
"VAT Act"	the Value-added Tax Act, No. 89 of 1991, as amended;
"Voting Record Date"	the date on which Shareholders must be registered in the Register in order to be eligible to participate, speak in and vote at the General Meeting, expected to be **Friday, 17 May 2024**;
"Working Capital"	the aggregate current assets (excluding the Cash and other agreed receivables) less the aggregate current liabilities (excluding the Debt, Sale Claims and other agreed payables) of Swiftnet, in each case as at the Effective Date; and
"ZAR" or **"Rand"** or **"R"**	the South African Rand, the lawful currency of South Africa.

TELKOM SA SOC LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1991/005476/30)
Share code: TKG
JSE bond code: BITEL
ISIN: ZAE000044897
("**Telkom**" or the "**Company**")

DIRECTORS

Executives

Serame Taukobong (*Group Chief Executive Officer*)
Nonkululeko Dlamini (*Group Chief Financial Officer*)

Non-executives*

Mvuleni Geoffrey Qhena (*Chairperson*)
Brian Kennedy
Ethel Matenge-Sebesho
Herman Singh
Ipeleng Selele
Keith Rayner
Louis von Zeuner
Olufunke Ighodaro
Prudence Lebina
Sibusiso Luthuli
Sibusiso Sibisi
Sung Yoon

* all non-executive Directors are independent non-executive Directors.

CIRCULAR TO SHAREHOLDERS

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1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

Shareholders are referred to the announcement released by Telkom on SENS on Friday, 22 March 2024 (the "**Terms Announcement**"), wherein Telkom advised Shareholders that it had entered into the Sale Agreement in respect of the Disposal of 100% of Telkom's shares in, and all or part of its claims against, its wholly-owned subsidiary Swiftnet (which houses its Masts and Towers business) to the Purchaser, being an entity incorporated for the purposes of the Disposal, and whose shareholders comprise: (i) an infrastructure fund known as the Actis Ohio Fund; and (ii) Royal Bafokeng Infrastructure a vehicle 100% owned by RBH.

The Disposal constitutes a Category 1 transaction as contemplated in section 9 of the JSE Listings Requirements in respect of Telkom, as the purchase consideration in respect of the Disposal exceeds 30% of the market capitalisation (excluding treasury shares) of Telkom. Consequently, implementation of the Disposal is subject to, among other Suspensive Conditions detailed in paragraph 5.6 below, Shareholder approval by way of the Ordinary Resolution as set out in the Notice of General Meeting.

The purpose of this Circular is to:

- provide Shareholders with relevant information in respect of the Disposal so as to enable them to make an informed decision as to whether or not they should vote in favour of the Ordinary Resolution set forth in the Notice of the General Meeting; and
- convene the General Meeting in terms of the Notice of General Meeting, at which Shareholders will be asked to consider and, if deemed fit, adopt, with or without modification, the Ordinary Resolution approving implementation of the Disposal.

2. RATIONALE FOR THE DISPOSAL

The Board has previously communicated its view in prior SENS announcements, the last of which being the Terms Announcement, that Telkom's market capitalisation does not represent its intrinsic value, and that it will explore all strategic options to unlock value. The Disposal is in line with such value-unlock strategy and involves the disposal of a non-core asset, allowing Telkom to reduce debt from the Disposal proceeds.

In addition, Telkom has ambitious growth plans across its business units, particularly for Openserve (South Africa's leading wholesale infrastructure connectivity provider with the largest open-access network across South Africa) and Telkom Consumer (South Africa's largest fixed broadband provider measured by network deployed, an internet service provider and, together with its mobile network, a converged communications provider). The reduction of Telkom debt through application of the Disposal proceeds will strengthen Telkom's balance sheet and enable Telkom to release free cash flow for investment in Telkom's core businesses and deployment in pursuit of growth opportunities.

The Disposal has the support of the Board, which recommends that Shareholders vote in favour of the Ordinary Resolution to approve the Disposal.

3. OVERVIEW OF TELKOM AND SWIFTNET

3.1 Telkom

Telkom is a leading information and communications technology ("**ICT**") services provider in South Africa. Telkom offers end-to-end ICT solutions, including high-speed fibre, mobile and data services, information technology services, property management and Masts and Towers solutions.

The Group operates through the following division and subsidiaries (including Swiftnet):

- *Telkom Consumer (a division of Telkom)* – South Africa's largest fixed broadband provider measured by network deployed, an internet service provider and, together with its mobile network, a converged communications provider. Telkom Small and Medium Business is also included in this segment;
- *Openserve (a wholly-owned subsidiary of Telkom)* – South Africa's leading wholesale infrastructure connectivity provider with the largest open-access network across South Africa;
- *Business Connexion Proprietary Limited (a wholly-owned subsidiary of Telkom)* – a state-of-the-art technology company that provides ICT solutions and an integrated portfolio of technology solutions in South Africa; and
- *Gyro Group Proprietary Limited* ("**Gyro**") *(a wholly-owned subsidiary of Telkom)* – which manages the Masts and Towers portfolio housed in Swiftnet and Telkom Group properties as well as data centres.

3.2 Swiftnet

The core business of Swiftnet, being the subject of the Disposal, involves generating revenue from leasing space on its owned Masts and Towers related infrastructure to customers, mainly mobile network operators, enabling such customers to deliver connectivity to their respective subscribers or customers and/or operate wireless networks.

Swiftnet is one of the largest owners, operators and developers of Masts and Towers infrastructure in the South African market. It owns approximately 4 000 (four thousand) commercially viable Masts and Towers in South Africa.

4. PROSPECTS OF TELKOM AND SWIFTNET AFTER THE DISPOSAL

South Africa is facing a unique set of challenges, including weakening growth prospects and crippling unemployment. While the economy rebounded post-Covid-19, the outlook for the country is weighed down by persistent loadshedding, which negatively impacts the local economy, including food prices. Consumers' disposable incomes have been eroded by inflation and recurring interest rate hikes. As such, consumers consider their costs and discretionary spend carefully, including scrutinising their mobile and data expenses. In addition, the local competitive landscape is fiercely contested, with well-resourced larger competitors investing in their data capabilities and newer, agile players disrupting the data space.

Notwithstanding this challenging operating environment, Telkom expects to continue to see positive momentum from a number of mitigation measures it has implemented, including: (i) investing in its infrastructure (particularly alternative energy solutions) to alleviate the effects of loadshedding with the aim of maintaining the availability of its fixed and mobile networks; (ii) driving cash generation by harnessing operating expenditure savings; and (iii) managing its working capital.

Telkom continues to consider its options to maximise value for Shareholders, premised on Telkom's market capitalisation not reflecting its intrinsic value. As such, interest in particular assets continue to be carefully monitored, with the goal of realising the best return for Shareholders. Telkom has future growth plans in place for its remaining assets and will continue operating them to the benefit of the Group. The reduction of Telkom debt through application of the Disposal proceeds will strengthen Telkom's balance sheet and enable Telkom to release cash for investment in such assets and deployment in pursuit of growth opportunities.

Post the Disposal, Telkom is confident that the Purchaser will continue to operate Swiftnet to its full potential.

5. SALIENT TERMS OF THE DISPOSAL

5.1 Introduction

On 20 March 2024, Telkom and the Purchaser entered into the Sale Agreement, pursuant to which the Purchaser will acquire the Sale Equity of Swiftnet (comprising all of the issued Shares in, and all or part of the claims against, Swiftnet) from Telkom for the Consideration. The Sale Agreement is governed by the laws of South Africa. What follows below is a summary of the principal terms of the Sale Agreement.

5.2 About the Purchaser

The Purchaser is a newly incorporated entity incorporated for the purpose of the Disposal, and whose shareholders comprise: (i) an infrastructure fund known as Actis Ohio Fund, which will hold up to 70% of the issued shares of the Purchaser; and (ii) Royal Bafokeng Infrastructure, a vehicle owned 100% by RBH, which will hold no less than 30% of the issued shares of the Purchaser.

Actis

Actis is a leading global investor in sustainable infrastructure, delivering competitive returns for institutional investors and measurable positive impact for the countries, cities and communities in which it operates. Actis invests in structural themes that support long-term, equitable growth in defensive, critical infrastructure across energy transition, digitalisation transition, and supply chain transformation.

The firm's decades of global experience, operational know-how and strong culture allows it to create global sustainability leaders at scale. Since inception, Actis has raised USD25 000 000 000 (twenty-five billion Dollars) to invest in a better tomorrow. Over the last two decades Actis has deployed *circa.* USD1 400 000 000 (one billion four hundred million Dollars) in investments in South Africa. Digital infrastructure represents an important sector for Actis. The firm has committed more than USD1 500 000 000 (one and a half billion Dollars) into the sector globally and digital infrastructure will continue to be an important part of Actis' investment strategy. Actis is a signatory to the United Nations backed Principles for Responsible Investment ("**UNPRI**"), an investor initiative developed by the United Nations Environment – Finance Initiative. The firm has consistently been awarded the highest rating score in the UNPRI independent assessment.

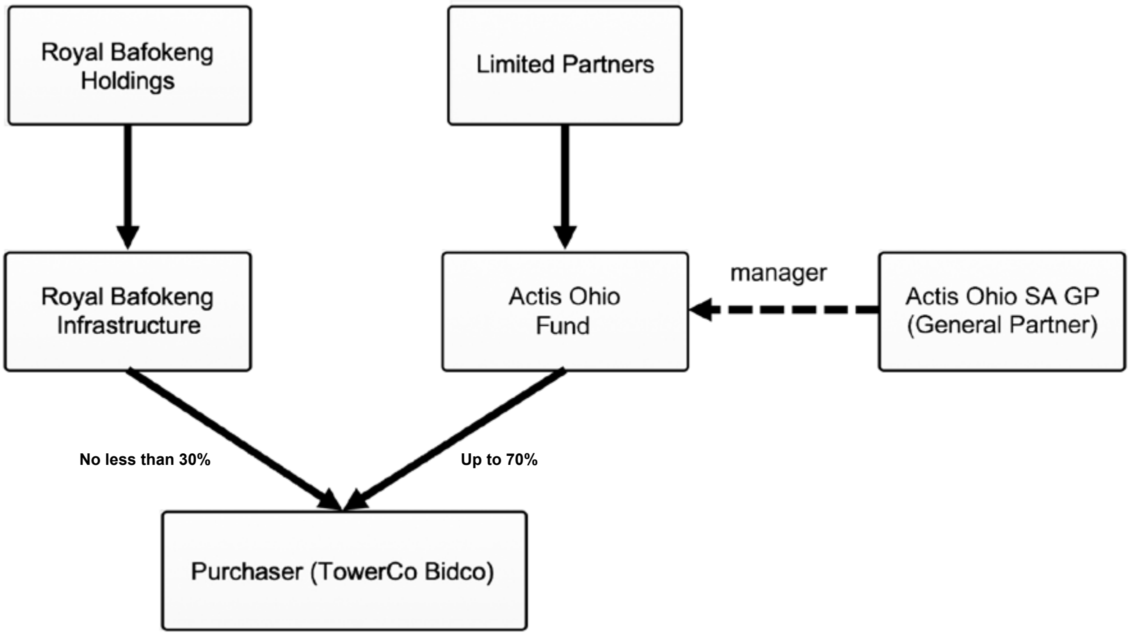
For further detail on Actis please refer to www.act.is.

Royal Bafokeng Infrastructure

Royal Bafokeng Infrastructure is a wholly-owned subsidiary of RBH. RBH is an African community investment holding company with a unique responsibility of preserving and growing the financial capital of the Royal Bafokeng Nation. RBH is a long-term investor with a legacy of acquiring significant stakes in high growth, defensive sectors and high-quality companies with established track-records. RBH actively manage a diverse portfolio consisting of listed and unlisted assets in a range of geographies and sectors, including telecoms, infrastructure, property, financial services, resources and industrials. RBH is a B-BBEE Level 1 contributor.

For further detail on RBH please refer to www.bafokengholdings.com.

Please see the below diagram reflecting the simplified shareholding structure of the Purchaser:



5.3 **Purchase Consideration**

The aggregate cash consideration payable for the Sale Equity by the Purchaser in cash to Telkom on the Closing Date will be calculated with reference to an enterprise value of R6 750 000 000 (six billion, seven hundred and fifty million Rand), being the base value of Swiftnet on a debt free cash free basis and before considering the adjustments mentioned below.

The total purchase price payable by the Purchaser to Telkom shall be an amount equal to the "**Total Purchase Price**":

- the Base Purchase Price of R6 750 000 000 (six billion, seven hundred and fifty million Rand); plus
- any Cash generated in Swiftnet up to (and including) the Effective Date; less
- the Continuing Telkom Loan (if applicable); less
- any Debt in Swiftnet up to (and including) the Effective Date; less
- the Rand amount (if any) by which the Capital Expenditure at the Effective Date is less than 90% of the Forecast Capital Expenditure (if applicable); plus
- the amount by which the Working Capital of Swiftnet at the Effective Date exceeds the Target Working Capital, or less the amount by which the Working Capital is less than the Target Working Capital,

with each of these adjustments to be calculated as at the Effective Date.

The Sale Agreement further provides for a "*locked box structure*", which allows the Purchaser to receive the financial benefits accruing to Swiftnet between the Effective Date and the Closing Date. This in turn means that no "*leakage*" (other than as permitted in terms of the Sale Agreement) to the Telkom Group (and its Affiliates) (as contemplated in the Sale Agreement, including distributions) may take place during this period, and Telkom is obliged to reimburse the Purchaser for any unauthorised "*leakage*" occurring during this period (or alternatively, the unauthorised "*leakage*" may be deducted from the Consideration payable by the Purchaser to Telkom).

In exchange for the cash benefits generated in Swiftnet that pass to the Purchaser in the period between the Effective Date and the Closing Date, the Purchaser has additionally agreed to pay interest (at the Prime Rate minus 5%) on the Total Purchase Price to Telkom, which interest will accrue from the Effective Date (as defined below) up to (and including) the Closing Date ("**Accrued Interest**").

The Total Purchase Price together with the Accrued Interest represents the "**Consideration**", which will be provisionally and finally calculated and paid to Telkom as set out in paragraph 5.5 below.

The Purchaser will fund the Consideration from both equity and third-party debt raised from South African banks.

5.4 **Telkom Shareholder Loan**

As at the Last Practicable Date, a capital balance amount of *circa.*R360 000 000 (three hundred and sixty million Rand) remained outstanding under a shareholder loan advanced by Telkom to Swiftnet (the "**Existing Shareholder Loan**"). At the Closing Date, a portion of the Existing Shareholder Loan of up to R225 000 000 (two hundred and twenty-five million Rand) may remain outstanding as payable by Swiftnet to Telkom together with applicable interest on the outstanding loan amount until fully settled (the "**Continuing Telkom Loan**"). To the extent that this occurs, the Continuing Telkom Loan will not be transferred to the Purchaser (and will be excluded from Sale Equity and accordingly remain payable by Swiftnet to Telkom post the Disposal) and the Base Purchase Price will be adjusted accordingly.

To the extent applicable, and subject to the conclusion of an amendment agreement to the Shareholder Loan Agreement discussed in paragraph 5.6 of this Circular, the following salient terms will apply to the Continuing Telkom Loan with effect from the Closing Date:

- interest will accrue on any amounts outstanding at a rate equal to the interest rate payable by the Purchaser to its third-party lenders relating to debt raised for purposes of the Disposal, plus 200 (two hundred) basis points;
- settlement will occur in 5 (five) semi-annual payments over a 30 (thirty) month period, on the basis that R50 000 000 (fifty million Rand) of the outstanding capital balance shall be settled within the first 12 (twelve) months, R125 000 000 (one hundred and twenty-five million Rand) in the second 12 (twelve) months and the remaining R50 000 000 (fifty million Rand) by the end of the 30 (thirty) month period; and
- the Continuing Telkom Loan will be subordinated only to the Purchaser's third-party debt raised for purposes of the Disposal at the date of the Disposal. No dividends and/or distributions (whether to the Purchaser or any other person) and/or payments by way of interest or capital on any loan accounts held by the Purchaser in Swiftnet may be paid until the Continuing Telkom Loan (and any accrued but unpaid interest thereon) is settled in full.

5.5 **Effective Date and Closing Date**

The Sale Agreement will take full legal effect on the last day of the month preceding the month in which all of the Suspensive Conditions have been fulfilled or, to the extent legally permissible, waived (the "**Effective Date**").

Within 20 (twenty) Business Days from the Effective Date, Telkom is required to prepare and deliver a closing statement supported by the Effective Date Accounts (the "**Closing Statement**") to the Purchaser, which Closing Statement will confirm: (i) the provisional Purchase Price Adjustments to be made to the Base Purchase Price to arrive at the provisional Total Purchase Price (determined with reference to the Effective Date Accounts); and (ii) the total amount of interest accrued on the provisional Total Purchase Price, payable by the Purchaser to Telkom (the aggregate of which being the "**Provisional Consideration**").

The Provisional Consideration is required to be paid by the Purchaser on the 15th (fifteenth) Business Day after the delivery of the Closing Statement (the "**Closing Date**"), and against such payment the Disposal will close and take effect and delivery of the Sale Equity will take place.

Within 60 (sixty) Business Days from the Effective Date, Telkom is required to procure that the Effective Date Accounts are audited (the "**Audited Effective Date Accounts**") and delivered to the Purchaser. After having received the Audited Effective Date Accounts, the Purchaser is required to deliver to Telkom a calculation statement (the "**Final Consideration Statement**") which will confirm the final Purchase Price Adjustments to be made to the Base Purchase Price to arrive at the final Total Purchase Price (determined with reference to the Audited Effective Date Accounts); and the total amount of interest accrued on the final Total Purchase Price, (the aggregate of which being the ("**Final Consideration**")). Telkom will have 10 (ten) Business Days to review the Final Consideration Statement and either confirm its agreement with the Final Consideration Statement or, in the event of dispute, such dispute will be finally resolved by an independent third-party expert as provided for in the Sale Agreement.

In the event that the Final Consideration is greater than the Provisional Consideration, the Purchaser shall pay the difference, on a Rand-for-Rand basis to Telkom including interest accrued at a rate equal to the Prime Rate minus 5% on such amount from the Closing Date until the date of settlement. In the event that the Final Consideration is less than the Provisional Consideration, Telkom shall re-imburse the Purchaser the difference, on a Rand-for-Rand basis including interest accrued at a rate equal to the Prime Rate minus 5% on such amount from the Closing Date until the date of settlement.

5.6 **Suspensive Conditions and termination**

The Disposal is subject to the fulfilment or, to the extent permissible, waiver of the following suspensive conditions contained in the Sale Agreement (the "**Suspensive Conditions**"):

- given that the Disposal constitutes a Category 1 transaction for Telkom in terms of section 9 of the JSE Listings Requirements, the Shareholders having passed the Ordinary Resolution approving the Disposal;
- approval for implementation of the Disposal having been obtained from the Competition Authorities in accordance with the requirements under the Competition Act;
- approval for implementation of the Disposal, which results in a change of control of Swiftnet's licences, having been obtained from ICASA in accordance with the requirements of the Electronic Communications Act, No. 36 of 2005, as amended;
- approval, to the extent necessary, of applicable regulatory authorities (including, but not limited to, the South African Reserve Bank), for the direct and/or indirect capital structure of the Purchaser;
- the Purchaser having converted its credit approved long-form debt term sheets into acquisition debt financing agreement/s with its third-party lenders for the provision of debt funding for the Disposal, and such agreement/s becoming unconditional in accordance with their terms;
- the conclusion of a transitional services agreement (described in paragraph 5.10 below) and amendments to certain operational agreements to which Swiftnet is a party;
- an amendment of the existing Shareholder Loan Agreement to make provision for the Continuing Telkom Loan, to the extent applicable at the Closing Date; and
- no Material Adverse Change having occurred in accordance with the provisions of the Sale Agreement.

Each of the Suspensive Conditions above have a specific fulfilment date, and all the Suspensive Conditions must either be fulfilled or waived, to the extent permitted, within 15 (fifteen) months from the Signature Date of the Sale Agreement (with an automatic extension of three months if the regulatory approvals are not timeously obtained or such longer period as the parties may agree). If the Suspensive Conditions are not fulfilled or waived, to the extent permitted, by the relevant party on or before the relevant fulfilment date, then the Sale Agreement will automatically terminate.

5.7 **Pre-Closing Date Undertakings**

Telkom has given certain customary undertakings to operate the business of Swiftnet in the ordinary course and not to take certain actions in relation to the business of Swiftnet during the period between the Signature Date and the Closing Date.

5.8 **Warranties and Indemnities**

The Sale Agreement contains certain warranties and specific indemnities in favour of the Purchaser which are customary for a transaction of this nature, and the warranties and specific indemnities are subject to customary financial and other limitations of liability, with full details of the foregoing set out in the Sale Agreement.

5.9 **Restraint of Trade and Non-Solicitation Undertakings**

Telkom has provided customary non-compete and non-solicitation undertakings in respect of the Masts and Towers business, tenants, suppliers and employees of Swiftnet. The restrictions will apply for a period of 24 (twenty-four) months from the Closing Date.

5.10 **Other Significant Terms**

A six-month transitional services arrangement (with an option to renew for a further six months) is being implemented to ensure the continuity in the operation of Swiftnet's business post the Closing Date. The terms and conditions applicable to this transitional arrangement will be set out in a transitional services agreement to be agreed between Telkom and Swiftnet (in a form reasonably satisfactory to the Purchaser), which agreement will be concluded on an arms-length basis and will include terms and conditions customary for such transitional arrangements. The transitional service agreement will provide that, at a minimum, Telkom will recover its costs incurred in providing the transitional services to Swiftnet post the Closing Date.

5.11 **Categorisation of the Disposal and Shareholder Approval**

The Base Purchase Price measured against the market capitalisation (excluding treasury shares) of Telkom, as at the close of business on Wednesday, 20 March 2024 results in a percentage ratio of more than 30%. Accordingly, the Disposal is classified as a Category 1 transaction in terms of section 9.5(b) of the JSE Listings Requirements and as such requires Shareholder approval by way of the Ordinary Resolution which will require the support of more than 50% of the votes exercised thereon at the General Meeting of Shareholders in terms of paragraph 9.20 of the JSE Listings Requirements.

For the avoidance of doubt, the Disposal does not constitute a disposal of the greater part of the assets or undertaking of Telkom, as contemplated in section 112 of the Companies Act.

The Disposal is not made to a "*related party*" (in that neither the Purchaser nor any of its shareholders are a "*related party*" to Telkom) and accordingly does not constitute a "*related party transaction*" in terms of section 10 of the JSE Listings Requirements.

6. USE OF PROCEEDS

Telkom will use the proceeds of the Disposal primarily to reduce Telkom's debt, thereby strengthening Telkom's balance sheet and enabling Telkom to release free cash flow for investment in its core businesses and deployment in pursuit of growth opportunities.

7. *PRO FORMA* FINANCIAL INFORMATION OF THE TELKOM GROUP

The *pro forma* financial effects of the Disposal on the Telkom Group set out below should be read in conjunction with the *pro forma* statement of profit or loss and other comprehensive income, the *pro forma* statement of financial position and related notes (the "***Pro Forma* Financial Information**") as set out in **Annexure 5** to this Circular.

The *Pro Forma* Financial Information has been provided for illustrative purposes only, to provide information on how the Disposal may have affected the results and financial position of the Telkom Group, assuming it was implemented on 1 April 2023 and 30 September 2023, respectively. Because of their nature, the *Pro Forma* Financial Information may not fairly present the Telkom Group's financial position, changes in equity, results of operations or cash flow, nor the effect and impact of the Disposal going forward.

The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors. Consistent with the foregoing, the *pro forma* financial effects set forth in the table below are based on available information and certain assumptions and estimates, which the Board believe, are reasonable.

The *Pro Forma* Financial Information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA and Telkom's accounting policies, which are compliant with IFRS® Accounting Standards. The *Pro Forma* Financial Information should be read in conjunction with the Independent Auditor's reasonable assurance report, as contained in **Annexure 6** to this Circular.

The *pro forma* financial effects have been prepared in order to assist Shareholders in assessing the impact of the Disposal on the Group's EPS, diluted EPS, HEPS, diluted HEPS, NAV per Share and TNAV per Share.

The table below shows the *pro forma* financial effects of the Disposal, based on the published reviewed consolidated interim financial statements of the Telkom Group for the six-months ended 30 September 2023 and on the assumption that:

- for the purpose of calculating the NAV and TNAV per Share, the Disposal was effective on 30 September 2023; and
- for the purpose of calculating the basic EPS, diluted EPS, basic HEPS and diluted HEPS, the Disposal was effective on 1 April 2023.

	Before Disposal[1]	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)[2,4]	% Change	*Pro forma* after Disposal (assuming Continuing Telkom Loan excluded from the Disposal)[3, 4]	% Change
Basic EPS (cents)[5]	200.2	1,161.3	480%	1,161.3	480%
Continuing operations	161.5	1,161.3	619%	1,161.3	619%
Discontinued operations	38.7	–	(100)%	–	(100)%
Diluted EPS (cents)[5]	194.8	1,130.2	480%	1,130.2	480%
Continuing operations	157.2	1,130.2	619%	1,130.2	619%
Discontinued operations	37.6	–	(100)%	–	(100)%
Basic HEPS (cents)[5]	195.0	130.1	(33)%	130.1	(33)%
Continuing operations	156.3	130.1	(17)%	130.1	(17)%
Discontinued operations	38.7	–	(100)%	–	(100)%
Diluted HEPS (cents)[5]	189.8	126.6	(33)%	126.6	(33)%
Continuing operations	152.2	126.6	(17)%	126.6	(17)%
Discontinued operations	37.6	–	(100)%	–	(100)%
NAV (Rands)[6]	51.8	62.0	20%	62.0	20%
TNAV (Rands)[6]	31.6	42.1	33%	42.1	33%
Weighted average number of Shares outstanding	486 099 500	486 099 500		486 099 500	
Diluted weighted average number of Shares outstanding	499 500 979	499 500 979		499 500 979	
Shares in issue	511 140 239	511 140 239		511 140 239	

Notes and assumptions:

1. The information in the "*Before Disposal*" column has been extracted, without adjustment, from the reviewed condensed consolidated interim financial statements of the Telkom Group as at, and for the six months ended 30 September 2023.
2. The "*Pro forma After Disposal (assuming Existing Shareholder Loan is included in the Disposal)*" column reflects the impact of the Disposal on the Telkom Group as a consequence of the Disposal, assuming a Total Purchase Price of R6 717 million, after Purchase Price Adjustments (excluding the Continuing Telkom Loan).
3. The "*Pro forma After Disposal (assuming Continuing Telkom Loan excluded from the Disposal)*" column reflects the impact of the Disposal on the Telkom Group as a consequence of the Disposal, assuming a Total Purchase Price of R6 492 million, after Purchase Price Adjustments (including the Continuing Telkom Loan).
4. The effects of the Disposal are calculated on the assumption that R5 700 million of the Consideration is assumed to be applied to reduce the Telkom Group's short-term and long-term debt. The remaining Consideration is assumed to be held in a call account at an assumed weighted average interest rate of 8.35% until such time as the Telkom Group has assessed which future capital investments the Consideration will be used for.
5. The effects on basic EPS, diluted EPS, basic HEPS and diluted HEPS are calculated on the basis that the Disposal was effective on 1 April 2023 for purposes of presenting the *pro forma* financial effects thereof on the Telkom Group.
6. The effects on the NAV and TNAV per Share was calculated on the basis that the Disposal was effective on 30 September 2023 for purposes of presenting the *pro forma* financial effects thereof on Telkom Group.

Detailed notes and assumptions regarding the *Pro Forma* Financial Information are set out in **Annexure 5** to this Circular.

8. WORKING CAPITAL STATEMENT

The Directors have considered the effects of the Disposal and are of the opinion that the working capital available to the Telkom Group (following implementation of the Disposal) will be adequate for the Telkom Group's ordinary business purposes for a period of at least 12 (twelve) months from the date of this Circular.

9. **SWIFTNET'S HISTORICAL AND INTERIM CONDENSED HISTORICAL FINANCIAL INFORMATION**

The Historical Financial Information of Swiftnet is disclosed in **Annexure 1** to this Circular. The preparation and fair presentation of the Historical Financial Information is the responsibility of Swiftnet's directors. The preparation and contents of the Historical Financial Information in terms of the JSE Listings Requirements is the responsibility of the Directors.

The Historical Financial Information for Swiftnet should be read in conjunction with the Independent Auditor's report thereon, contained in **Annexure 2** to this Circular.

The Interim Condensed Historical Financial Information of Swiftnet is disclosed in **Annexure 3** to this Circular. The preparation and fair presentation of the Interim Condensed Historical Financial Information is the responsibility of Swiftnet's directors. The preparation and contents of the Interim Condensed Historical Financial Information in terms of the JSE Listings Requirements is the responsibility of the Directors.

The Interim Condensed Historical Financial Information of Swiftnet should be read in conjunction with the Independent Auditor's review report thereon, contained in **Annexure 4** to this Circular.

10. **INFORMATION ON DIRECTORS**

Directors' remuneration and service contracts

The Directors' remuneration and benefits are set out from page 50 of Telkom's Remuneration Report for the year ended 31 March 2023; available on Telkom's website: https://group.telkom.co.za/ir/apps_static/ir/pdf/financial/pdf/Telkom_Remuneration_Report_2023.pdf. There will be no change to the Directors' remuneration and benefits as a result of the Disposal.

Directors' interests in Shares

Set out below are the interests of Directors (and their associates) in Shares as at 31 March 2024. This includes the interests of persons who were Directors, but resigned during the last 18 (eighteen) months. Direct and indirect beneficial interests are disclosed, as applicable.

Director (and/or associates)	Number of Shares held directly	Number of Shares held indirectly	Total	Percentage of issued share capital (%)
Executive Directors				
S Taukobong	47 857	–	7 857	0.009%
NS Dlamini	–	–	–	–
DJ Reyneke*	9 377	–	9 377	0.002%
Non-executive Directors				
B Kennedy	200	–	200	0.00004%
Total	**57 434**	**–**	**57 434**	**0.011%**

* DJ Reyneke resigned as a director of Telkom with effect from 30 November 2023.

Save as set out in the table above, no other Director (and/or their associates), including any former directors who have resigned or retired during the past 18 (eighteen) months, held any interest either directly or indirectly in Telkom's issued Share capital as at the Last Practicable Date.

Directors' interests in transactions

None of the Directors, including any Director who has resigned during the last 18 (eighteen) months, had or has any interest, direct or indirect, in any transactions that were effected by Telkom during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

11. **MAJOR SHAREHOLDERS**

As far as the Board is aware, as at the Last Practicable Date and based on the most recent month-end (31 March 2024) information available to the Directors, the following persons held, whether directly or indirectly, a beneficial interest in 5% or more of the issued Shares:

Name of Shareholder	Number of Shares	% of issued Shares
Government of South Africa	207 038 058	40.5%
Public Investment Corporation (SOC) Limited	68 351 960	13.4%
M&G Investment Managers Proprietary Limited	31 742 190	6.2%
Total	**307 132 208**	**60.1%**

12. **MATERIAL CHANGES**

There have been no material changes in the financial or trading position of Swiftnet since the end of its last financial interim period being 30 September 2023.

13. **MATERIAL CONTRACTS**

The following are the only material contracts, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of business, that Swiftnet has entered into (whether verbally or in writing) within the 2 (two) years preceding the Last Practicable Date, or at any time, and containing an obligation or settlement that is material to Swiftnet at the Last Practicable Date:

13.1 **Management Services Agreement**

Telkom's wholly-owned subsidiaries, Gyro and Swiftnet, entered into a management services agreement on 9 November 2022 ("**Management Services Agreement**"), in terms of which Gyro provides (or procures the provision of) the following management services: (i) portfolio management services; (ii) property management services; (iii) facilities management services; (iv) project management services; and (v) administration (shared) services, to Swiftnet.

The Management Services Agreement will continue in the period between Signature Date and the Closing Date and, unless otherwise agreed by the parties in writing, be terminated on the Closing Date.

Any fees that have been and will be paid by Swiftnet in terms of the Management Services Agreement are on arm's-length terms and charged on a basis and with reference to the actual management services rendered to Swiftnet during each year of assessment.

13.2 **Shareholder Loan Agreement**

Telkom and Swiftnet entered into a shareholder loan agreement on 31 March 2022, pursuant to which Telkom advanced an aggregate loan amount of R500 000 000 (five hundred million Rand) to Swiftnet, for purposes of funding Swiftnet's capital expenditure programme (the "**Shareholder Loan Agreement**"). Further details relating to the Shareholder Loan Agreement are set out in paragraph 14 (Material Loans) below.

Save to the extent that the Continuing Telkom Loan remains outstanding at the Closing Date as discussed in paragraph 5.4 above, the Shareholder Loan forms part of the Sale Equity which will be sold by Telkom to the Purchaser pursuant to the Disposal.

14. MATERIAL LOANS

14.1 Swiftnet

Pursuant to the Shareholder Loan Agreement, Telkom advanced an aggregate loan amount of R500 000 000 (five hundred million Rand) to Swiftnet, for purposes of funding Swiftnet's capital expenditure programme. The terms of the loan are set out in the table below. Such loan represents the only loan in Swiftnet.

Principal Amount	R500 000 000 (five hundred million Rand)
Interest Rate	Three Month Jibar plus 1.65%
Default rate	2% above the Interest Rate which shall be levied against the Principal Amount if Swiftnet fails to make a payment due to Telkom.
Interest payments	Interest shall be serviced on a quarterly basis.
Security	Unsecured
Tenor	Five years and five months
Final Maturity Date	9 February 2027
Repayment terms	The Principal Amount shall be repaid in full on the Final Maturity Date.
Other relevant terms and conditions	• The Existing Shareholder Loan ranks at least *pari passu* with all other present and future unsecured and unsubordinated indebtedness of Swiftnet. • The Final Maturity Date may be extended at the election of Telkom.

14.2 Telkom

The Disposal will not result in a change to the material loans of Telkom.

15. OPINION AND RECOMMENDATIONS

The Board recommends that Shareholders vote in favour of the Ordinary Resolution. Each of the Directors who hold Shares intends to vote his/her Shares in favour of the Ordinary Resolution.

16. LITIGATION STATEMENT

As at the Last Practicable Date, there are no legal or arbitration proceedings, including proceedings that are pending or threatened, of which Telkom is aware, that may have or have had, in the 12 (twelve)-month period preceding the date of this Circular, a material effect on the financial position of Swiftnet.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, as listed on page 18 of this Circular:

- individually and collectively accept full responsibility for the accuracy of all information given;
- certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement in this Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made; and
- certify that, to the best of their knowledge and belief, this Circular contains all information required by law and the JSE Listings Requirements.

18. EXPERTS' CONSENTS AND PERCEIVED CONFLICT OF INTEREST

18.1 Experts' consents

Each of FTI Capital Advisors (DIFC) Limited, Bowman Gilfillan Inc., Nedbank Corporate and Investment Banking (a division of Nedbank Limited) ("**Nedbank**"), Webber Wentzel, Rothschild and Co South Africa Proprietary Limited, Rand Merchant Bank (a division of FirstRand Bank Limited), Baker McKenzie and Computershare Investor Services Proprietary Limited have consented in writing to act in their capacities stated and to their names being stated in this Circular and none of the aforementioned have withdrawn their consent prior to the publication of this Circular.

Each of PwC and SNG GT has given and has not withdrawn its written consent to the issue of this Circular, containing its Independent Auditor's reports in the form and context in which they appear.

18.2 **Perceived conflicts of interest**

In terms of paragraph IV of the Appendix to Schedule 16 contained in the JSE Listings Requirements, a sponsor is required to disclose details of all matters that might reasonably be expected to impair its independence and objectivity in its professional dealings with Telkom.

Nedbank has been appointed as Telkom's Transaction Sponsor in relation to the Disposal. In its capacity as Transaction Sponsor, Nedbank has confirmed to the JSE and Telkom that there is no matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in its professional dealings in relation to Telkom, and that would impact on its ability to act within the Code of Conduct as set out in Schedule 16 of the JSE Listings Requirements.

Nedbank, as a strictly regulated entity, has stringent compliance procedures in place to ensure that the activities of relevant divisions are monitored and that effective information barriers are in place between such divisions, ensuring that as Transaction Sponsor, Nedbank is able to act independently and objectively in relation to this mandate, and that its professional dealings with Telkom are maintained. Nedbank's compliance control room identifies and manages conflict risks and ensures that strict information barriers, both physical and virtual, are maintained to ensure the Transaction Sponsor acts independently from other divisions within the bank.

19. NOTICE OF GENERAL MEETING

The General Meeting will be held both by electronic communication and in person at the **BCX Multi-Function Room, 1021 Lenchen Avenue North, Centurion** at **10:00** (South African Standard Time) on **Friday, 24 May 2024**, at which the Ordinary Resolution will be considered and, if deemed fit, adopted, with or without modification.

The Notice of General Meeting is attached to and forms part of this Circular. A Form of Proxy *(blue)* is also included with this Circular for use by those Certificated Shareholders and Own-Name Dematerialised Shareholders who, while being unable to participate in the General Meeting, may nevertheless wish to be represented thereat. Such persons are requested to complete and to return the Form of Proxy *(blue)* in accordance with its instructions.

Shareholders are advised to carefully read both the "*Action Required by Shareholders*" section commencing on page 5 of this Circular and the Notice of General Meeting.

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person. In addition:

- the General Meeting may not begin until sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of the Ordinary Resolution at the General Meeting; and
- the Ordinary Resolution may not begin to be considered unless sufficient persons are present or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect thereof at the time the matter is called on the agenda.

Every Shareholder present or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to one vote on a show of hands, irrespective of the number of the voting rights that Shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

20. **EXPENSES**

It is estimated that the total expenses which have been incurred by Telkom, or that are expected to be incurred by Telkom in concluding and implementing the Disposal are approximately R68 000 000 (sixty-eight million Rand) (including VAT) and include the following:

Nature of fee/category of recipient	**Name of recipient**	**Amount**
		ZAR
Financial Advisors to Telkom	FTI Capital Advisors (DIFC) Limited	31 200 000
Legal Advisors to Telkom	Bowman Gilfillan Inc.	29 270 000
Transaction Sponsor to Telkom	Nedbank Corporate and Investment Banking (a division of Nedbank Limited)	520 000
Independent Reporting Accountants and Auditors	SizweNtsalubaGobodo Grant Thornton Inc.	1 780 000
	PricewaterhouseCoopers Inc.	4 450 000
Printing and posting	Ince	700 000
JSE documentation fee	JSE	75 000
Total		**68 000 000**

21. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours from **08:00** to **17:00**, from **Monday, 22 April 2024**, being the issue date of this Circular, up to and including the date of the General Meeting on **Friday, 24 May 2024**, at the registered office of Telkom (Telkom Park, 61 Oak Avenue, Highveld, Centurion, South Africa, 0157) and/or through a secure electronic manner at the election of the person requesting inspection from the Group Company Secretary by emailing secretariat@telkom.co.za:

- the Sale Agreement;
- the Management Services Agreement;
- the Shareholder Loan Agreement;
- the Historical Financial Information of Swiftnet, as set out in **Annexure 1** to this Circular;
- the signed Independent Auditor's report on the Historical Financial Information of Swiftnet, as set out in **Annexure 2** to this Circular;
- the Interim Condensed Historical Financial Information of Swiftnet, as set out in **Annexure 3** to this Circular;
- the signed Independent Auditor's review report on the Interim Condensed Historical Financial Information of Swiftnet, as set out in **Annexure 4** to this Circular;
- the signed Independent Auditor's assurance report on the compilation of the *Pro Forma* Financial Information of the Telkom Group, as set out in **Annexure 6** to this Circular;
- copies of service agreements of Swiftnet directors (or a summary of such agreements) entered into during the last three years;
- a signed copy of this Circular (available in English only);
- the memorandum of incorporation of Swiftnet; and
- the general expert consent letters referred to in paragraph 18.1 of this Circular.

By order of the Board

Serame Taukobong
(Group Chief Executive Officer)

Nonkululeko Dlamini
(Group Chief Financial Officer)

(Being duly authorised hereto to sign this Circular for and on behalf of each and every Director of Telkom in accordance with a resolution of the Board adopted at a meeting of the Board on 16 April 2024 which was attended by each and every Director)

Monday, 22 April 2024

Registered Office of Telkom
Telkom Park
61 Oak Avenue
Highveld
Centurion, South Africa, 0157

ANNEXURE 1 – HISTORICAL FINANCIAL INFORMATION OF SWIFTNET FOR THE YEARS ENDED 31 MARCH 2021, 31 MARCH 2022 AND 31 MARCH 2023

Introduction to the Historical Financial Information of Swiftnet

The definitions and interpretations commencing on page 11 of the Circular apply, *mutatis mutandis*, to this **Annexure 1**.

The Historical Financial Information of Swiftnet consists of the statements of financial position and the related statements of profit or loss and other comprehensive income, changes in equity and cash flow for the years ended 31 March 2021, 31 March 2022, and 31 March 2023, and the notes to the Historical Financial Information comprising a summary of the significant accounting policies and other explanatory information of Swiftnet.

The Historical Financial Information has been specifically prepared for the purposes of the Circular in order to comply with section 8.4 of the JSE Listings Requirements.

The Historical Financial Information has been prepared in accordance with IFRS® Accounting Standards, the interpretation adopted by the International Accounting Standards Board ("**IASB**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The directors of Swiftnet are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with IFRS® Accounting Standards and for such internal controls as the directors of Swiftnet determine are necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

SizweNtsalubaGobodo Grant Thornton Inc. provided the Independent Auditor's report on the Historical Financial Information for the years ended 31 March 2021, 31 March 2022, and 31 March 2023, included in **Annexure 2** to this Circular.

The Directors are responsible for the preparation, contents and presentation of the Historical Financial Information as included in this Circular and are responsible for ensuring that the Group complies with the JSE Listings Requirements.

Commentary on the Historical Financial Information of Swiftnet

Business overview in relation to the financial condition

The Masts and Towers infrastructure which Swiftnet leases to its customers are in the form of: (i) ground-based Masts and Towers such as monopole, lattice, concrete and tree towers; and (ii) rooftop masts. Additionally, Swiftnet leases space on IBS infrastructure to its tenants in secure locations within large building complexes, such as shopping malls. Each form of infrastructure and height (in the case of Masts and Towers) has an impact on the amount of revenue generated.

Swiftnet has a business and operating model with clear and predictable structural growth drivers and continues to invest for future growth through its capital expenditure program.

Swiftnet's strategic focus areas have been to commercialise and grow its Masts and Towers portfolio by:

1. acquiring strategic sites through proactive permitting, as well as permitting through mobile network operator ("**MNO**") and non-MNO demand to support their requirement for market expansion;
2. building new towers in line with MNO demand; and
3. expanding the range of products and services offered.

Decommissioning of commercially non-productive towers, as part of optimising the operational efficiency of the portfolio, has also been of focus.

Swiftnet's success in establishing deep customer relationships and operational excellence has enabled the business to maintain its market position across all regions in South Africa and Swiftnet remains a very important partner to its customers, as they deliver connectivity services to their customers throughout the country.

Based on the historical financial performance, Swiftnet is in a sound financial condition, with satisfactory financial performance at commendable EBITDA margins. Swiftnet has a strong and lowly geared balance sheet to support its growth objectives. Swiftnet generates strong cashflows and is solvent and liquid and has declared dividends to Telkom in each of the last three financial years.

The sound financial condition is further explained as follows (in respect of the financial performance for each of the last three financial years ended 31 March 2023):

Results of operations

31 March 2023

Swiftnet continued to commercialise its productive portfolio by increasing it to 4 016 towers. Capital expenditure amounted to R204 million, driven largely by new builds of 66 towers and new tenancies. In addition, eight In Building Coverage Solutions (IBS) and 10 Power-as-a-Service (PaaS) sites were constructed.

Despite terminations by one of the smaller MNOs and legacy technology decommissioning and optimisation by Openserve, Swiftnet's total reported revenue increased marginally by 0.9% to R1 304 million. This included strong revenue growth from continuing customers of 10.3% to R920 million which was attributed to lease escalations, new tenancies and equipment upgrades on existing sites. The proactive site acquisition and permitting initiatives resulted in 480 approved building plans that are ready to be executed when triggered by anchor tenancy. The company also successfully launched its first 5G outdoor Distribution Antenna System (oDAS) small cell sites, which form the basis for future site deployments in support of our customers' 5G rollout plans.

On a reported basis, Swiftnet achieved an EBITDA of R896 million at a 68.8% EBITDA margin. On a normalised basis, excluding the impact of once-off transaction advisory services during the financial year, normalised EBITDA amounted to R927 million, an increase in earnings from R909 million reported in the prior financial year. This reflected an improvement in underlying earnings performance at a normalised EBITDA margin of 71.1% from 70.4% reported in the prior financial year.

Profit for the year, compared to the prior year, decreased by 8.3% to R584 million which decline was attributed to an increase in finances costs amounting to R29 million, compared to R6 million in the prior year, relating to the loan from Telkom that became effective from the beginning of the financial year.

Free cash flow generated amounted to R515 million and the balance sheet remained strong with a Net Debt to EBITDA ratio of 0.2 times. Swiftnet was solvent with total assets exceeding total liabilities by R806 million, as at 31 March 2023.

31 March 2022

Revenue increased by 4.4% to R1 292 million and was driven by commercialising the existing portfolio, new tower builds and the rollout of IBS. This performance included the impact of terminations and an ongoing focus on modernisation from our MNO customers as the MNOs deployed their respective newly acquired permanent spectrum allocations.

EBITDA declined by 8.6% to R909 million and the EBITDA margin contracted to 70.4% compared to 80.4% in the previous year. Profit for the year also decreased by 11.9% to R637 million, compared to R723 million for the year ended 31 March 2021.

The decline in reported earnings was due to a rebasing of costs resulting from the implementation of a new Telkom Group-wide methodology of allocating property operating costs (utilities, facilities and security-related costs) across Telkom's business units and subsidiaries. This direct property cost allocation methodology is driven by site presence and usage. This new methodology was implemented prospectively and came into effect during the second half of the financial year. On a normalised basis, excluding the impact of this new methodology, EBITDA increased by 2.7% to R1 021 million compared to the prior year, at an EBITDA margin at 79%

Capital expenditure deployed during the financial year increased by 97.2% to R366 million, compared to the prior financial year and 152 towers and 17 IBS sites were constructed, bringing the total productive portfolio to 3 916 towers. Swiftnet also decommissioned commercially non-productive towers as we continued to optimise the operational efficiency of the portfolio.

Free cash flow generated amounted to R135 million and the balance sheet remained strong at Net Debt to EBITDA ratio of 0.3 times. As at 31 March 2022, Swiftnet was solvent with total assets exceeding total liabilities by R477 million.

31 March 2021

Swiftnet operations adapted to and navigated the uncertainties and new realities of operating in the Covid-19 environment. Swiftnet continued to operate remotely during the financial year and delivered satisfactory operational and financial performances despite the tower build programme being affected negatively, as building permits and availability of power for the new sites were delayed as municipalities operated at lower capacity during the year.

Despite the severe impact of the Covid-19 lockdown regulations on the tower build programme during the first half of the financial year, Swiftnet continued to invest in its business and capital expenditure for the year amounted to R186 million. Swiftnet accelerated the tower site acquisition programme, resulting in at least 2 000 sites in the permitting phase. Swiftnet obtained 368 building plan approvals and completed the construction of 116 towers. As part of its new products and solutions, Swiftnet started building 10 In-Building Coverage Solutions (IBS) in prominent shopping centres around the country and with plans to build more in the next financial year. Swiftnet completed a proof of concept for a small cell solution to prepare for 5G site rollout and were searching for sites that will be suitable for our clients' 5G network coverage requirements.

Revenue increased by 6.6% to R1 237 million during the financial year. New leases were concluded for the existing portfolio, increasing rental revenue as Swiftnet's major customers improved their network coverage and capacity for their customers during the lockdown period.

EBITDA increased by 23.2% to R994 million at an EBITDA margin of 80.4%, whilst profit for the year amounted to R723 million.

Free cash flow generated during the period amounted to R465 million. The balance sheet remained strong and Swiftnet was solvent, with total assets exceeding total liabilities by R1 304 million at the end of the financial year.

Swiftnet SOC Limited

(Registration number 1994/009541/30)
Historical Financial Information
for the years ended 31 March 2023, 31 March 2022 and 31 March 2021

Directors' Report

The historical financial information of Swiftnet SOC Limited for the financial years ended 31 March 2023, 31 March 2022 and 31 March 2021 are set out below.

1. Incorporation

Swiftnet SOC Limited (the 'company') is a company incorporated and domiciled in the Republic of South Africa ('South Africa').

2. Nature of business

The Company operates in South Africa and its main objective is to enable the transmission of telecommunication services by providing the rental of space on its masts and towers to third parties, Openserve (Pty) Ltd and to Telkom SA SOC Limited the 100% shareholder of the company, herein referred to as "Telkom" or Group.

3. Directors' Responsibility

The Directors of the company are responsible for the preparation of the historical financial information contained in this Annexure D.

4. Dividends

31 March 2023 financial year end:
In line with the dividend policy, an interim dividend of R255 058 793 was declared on the 8th of November 2022 and paid in December 2022 in cash. The interim dividend was based on 60% of the anticipated free cashflow excluding capital expenditure for the year.

31 March 2022 financial year end:
An interim dividend of R 417 084 213 was declared on 30 September 2021. The interim dividend was based on 60% of the anticipated free cash flow excluding capital expenditure for the financial year.

A final dividend of R 285 252 451 for the year ended 31 March 2021 was declared and paid in May 2021. The final dividend was based on 80% of free cash flow excluding capital expenditure for the period ended 31 March 2021.

A special dividend of R 761 818 904 was declared in November 2021 and paid on 31 March 2022. The special dividend included excess cash (R 155 000 000) and the transfer of the Common control reserve to Retained earnings (R606 818 904)

31 March 2021 financial year end:
An Interim dividend of R 414 712 968 (2020: R 448 172 050) was declared on 30 October 2020. The interim dividend was calculated as 60% of the anticipated Free Cash Flow for the financial year.

5. Preparer and supervisor of the historical financial statements

The historical financial information for the years ended 31 March 2023, 31 March 2022 and 31 March 2021 were prepared by NF Parrott CA(SA) under the supervision of the Chief Financial Officer (CFO), S Dumeko CA(SA).

6. Directorate

The directors in office during the previous three financial years ending 31 March 2023 were as follows:

Directors	Office	Designation	Appointment date	Resignation date
AD Mminele	Chairperson	Independent Non-executive	8 November 2021	29 July 2022
N Ford-Hoon (Fok)		Independent Non-executive	30 December 2021	29 July 2022
A Khumalo		Independent Non-executive	8 November 2021	29 July 2022
N Medupe		Independent Non-executive	30 December 2021	29 July 2022
IO Selele		Independent Non-executive	8 November 2021	15 July 2022
SN Maseko	Group CEO	Non-executive	1 April 2017	31 December 2021
S Taukobong	Group CEO / Chairperson	Non-executive	30 September 2021	
TBL Molefe	Group CFO	Non-executive	4 March 2019	4 December 2020
DJ Reyneke	Group CFO	Non-executive	7 December 2020	30 November 2023
LTS Maloba	CEO	Executive	13 November 2017	29 February 2024
S Dumeko	CFO	Executive	1 December 2019	

Directors' Report

7. Holding company

The company's holding company is Telkom SA SOC Limited, which is incorporated and domiciled in South Africa.

8. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

9. Significant events and transactions

Effective 1 April 2023, the trade debtors relating to the masts and towers co-location business was acquired and transferred from Telkom SA SOC Limited to the company for a consideration of R 183 754 556, which is now included in gross trade receivables.

As part of the Telkom Group Value Unlock Strategy, the Telkom SA SOC Limited Board has resolved to dispose of its investment in the company. The disposal of the company will result in loss of control of the subsidiary by Telkom.

10. Events after the reporting period

There were the following changes in directorate after 31 March 2023:

Directors	Office	Designation	Appointment date	Resignation date
DJ Reyneke	Group CFO	Non-executive	7 December 2020	30 November 2023
NS Dlamini	Group CFO	Non-executive	1 December 2023	
LTS Maloba	CEO	Executive	13 November 2017	29 February 2024

11. Independent Auditors Report

The financial statements for the years ended 31 March 2023, 31 March 2022 and 31 March 2021, from which the information below was extracted, were audited by SizweNtsalubaGobodo Grant Thornton Inc. who issued an unqualified audit opinion on the financial statements.

The historical financial information for the year ended 31 March 2023, 31 March 2022 and 31 March 2021, has been independently audited by SizweNtsalubaGobodo Grant Thornton Inc and their audit opinion can be found in Annexure 2 of this circular.

Approval of historical financial information

DocuSigned by:
Nonkululeko Dlamini
8A33D48C2E8046D...

NS Dlamini
Non-executive director
17 April 2024

DocuSigned by:
Siphethe Dumeko
4EBCEA312ADD4C1...

S Dumeko
Executive director: Chief Financial Officer
17 April 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	Audited 2023	Audited 2022	Audited 2021
Revenue	3	**1 303 565 170**	**1 291 474 662**	**1 237 024 583**
Operating expenses		**(407 222 158)**	**(382 817 342)**	**(242 712 603)**
Movement in credit loss allowances	5	(18 380 566)	13 457 880	(15 171 835)
Management fee	5	(159 245 115)	(202 808 556)	(185 282 370)
Audit fee	5	(1 565 782)	(1 223 362)	(1 620 231)
Property related costs	5	(208 411 586)	(176 781 034)	(29 723 729)
Other operating expenses	5	(19 619 109)	(15 462 270)	(10 914 438)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**896 343 012**	**908 657 320**	**994 311 980**
Depreciation and amortisation	5	(52 284 068)	(29 759 176)	(16 654 546)
Write-offs, impairments and losses of property, plant and equipment	4	(11 506 710)	(9 528 920)	(1 449 895)
Operating profit	5	**832 552 234**	**869 369 224**	**976 207 539**
Investment income	6	16 843 184	22 077 764	30 717 153
Finance costs	7	(28 937 866)	(5 532 902)	(2 429 650)
Foreign exchange movements		(4 002 696)	2 444 620	(73 825)
Profit before taxation		**816 454 856**	**888 358 706**	**1 004 421 217**
Taxation	8	(231 958 574)	(251 003 041)	(281 370 754)
Profit for the year		**584 496 282**	**637 355 665**	**723 050 463**
Other comprehensive income		-	-	-
Total comprehensive income for the year		**584 496 282**	**637 355 665**	**723 050 463**

Swiftnet SOC Limited

Historical Financial Information for the year ended 31 March 2023, 31 March 2022 and 31 March 2021

Statement of Financial Position

Figures in Rand	Note(s)	Audited 2023	Audited 2022	Audited 2021
Assets				
Non-Current Assets				
Property, plant and equipment	9	1 082 505 667	907 564 762	569 641 284
Right-of-use assets	10	137 492 388	77 542 114	38 443 209
Intangible assets	11	11 761 990	7 427 224	6 348 127
		1 231 760 045	**992 534 100**	**614 432 620**
Current Assets				
Loans receivable	12	5 449 688	122 845 660	859 268 255
Trade and other receivables	13	101 867 546	82 078 069	387 547 810
Income tax receivable		2 283 729	4 858 684	-
Deferred share issue costs	14	-	21 654 757	-
Cash and cash equivalents	15	407 541 220	342 746 271	76 788 788
		517 142 183	**574 183 441**	**1 323 604 853**
Total Assets		**1 748 902 228**	**1 566 717 541**	**1 938 037 473**
Equity and Liabilities				
Equity				
Share capital	16	5 000 000	5 000 000	5 000 000
Reserves		-	-	606 818 904
Retained earnings		801 437 834	472 000 345	691 981 344
		806 437 834	**477 000 345**	**1 303 800 248**
Liabilities				
Non-Current Liabilities				
Loans from group companies	17	308 106 349	440 000 000	-
Lease liabilities	10	116 549 814	70 143 360	33 727 735
Deferred taxation	18	38 260 150	31 694 827	28 656 631
		462 916 313	**541 838 187**	**62 384 366**
Current Liabilities				
Trade and other payables	19	353 496 672	475 703 396	564 057 135
Loans from group companies	17	96 000 000	60 000 000	-
Lease liabilities	10	28 947 611	11 129 359	6 058 738
Income tax payable		-	-	385 797
Provisions	20	1 103 798	1 046 254	1 351 189
		479 548 081	**547 879 009**	**571 852 859**
Total Liabilities		**942 464 394**	**1 089 717 196**	**634 237 225**
Total Equity and Liabilities		**1 748 902 228**	**1 566 717 541**	**1 938 037 473**

Statement of Changes in Equity

Figures in Rand	Note	Share capital	Common control reserve	Retained earnings	Total equity
Audited					
Balance 1 April 2020		**5 000 000**	**606 818 904**	**383 643 849**	**995 462 753**
Profit for the year		-	-	723 050 463	723 050 463
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**723 050 463**	**723 050 463**
Dividends paid	23	-	-	(414 712 968)	(414 712 968)
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**(414 712 968)**	**(414 712 968)**
Balance at 01 April 2021		**5 000 000**	**606 818 904**	**691 981 344**	**1 303 800 248**
Profit for the year		-	-	637 355 665	637 355 665
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**637 355 665**	**637 355 665**
Transfer between reserves*		-	(606 818 904)	606 818 904	-
Dividends paid	23	-	-	(1 464 155 568)	(1 464 155 568)
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**(606 818 904)**	**(857 336 664)**	**(1 464 155 568)**
Balance at 01 April 2022		**5 000 000**	**-**	**472 000 345**	**477 000 345**
Profit for the year		-	-	584 496 282	584 496 282
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**584 496 282**	**584 496 282**
Dividends paid	23	-	-	(255 058 793)	(255 058 793)
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**(255 058 793)**	**(255 058 793)**
Balance at 31 March 2023		**5 000 000**	**-**	**801 437 834**	**806 437 834**
Note		16			

*The Common Control Reserve was recycled to retained earnings and utilised for distribution.

Statement of Cash Flows

Figures in Rand	Note(s)	Audited 2023	Audited 2022	Audited 2021
Cash flows from operating activities				
Cash generated from operations	21	969 558 734	737 724 139	917 185 779
Interest received	6	16 843 184	22 077 764	30 717 153
Finance costs paid	7	(44 305 953)	(5 532 902)	(2 429 650)
Dividends paid	23	(255 058 793)	(345 000 000)	-
Taxation paid	22	(222 818 296)	(253 209 326)	(295 230 210)
Net cash generated from operating activities		**464 218 876**	**156 059 675**	**650 243 072**
Cash flows from investing activities				
Purchase of property, plant and equipment	9	(204 060 262)	(365 883 326)	(185 514 775)
Purchase of other intangible assets	11	(4 682 361)	(1 079 097)	(6 348 127)
Loan receivable repaid	12	-	207 424	26 921 171
Loan receivable advanced	12	(80 000 000)	-	(475 004 687)
Net cash utilised in investing activities		**(288 742 623)**	**(366 754 999)**	**(639 946 418)**
Cash flows from financing activities				
(Repayment of) / Proceeds of loans from group companies	24	(96 000 000)	500 000 000	-
Deferred share issue costs paid		-	(14 406 284)	-
Payment on lease liabilities	24	(14 681 304)	(8 940 909)	(4 180 312)
Net cash (utilised in) / generated from financing activities		**(110 681 304)**	**476 652 807**	**(4 180 312)**
Total cash movement for the year		**64 794 949**	**265 957 483**	**6 116 342**
Cash at the beginning of the year		342 746 271	76 788 788	70 672 446
Total cash at end of the year	15	**407 541 220**	**342 746 271**	**76 788 788**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of the historical financial information are set out below.

1.1 Basis of preparation

The historical financial information has been prepared on the going concern basis in accordance with, and in compliance with, the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board (IASB) and in compliance with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 (as amended) (the Companies Act).

The historical financial information has been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. The historical financial information is presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

Non-IFRS measures
EBITDA is defined as earnings before investment income, finance costs, foreign exchange and fair value movements, taxation, depreciation and amortisation and write-offs, impairments and losses of property, plant and equipment and intangible assets.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of historical financial information, in conformity with IFRS, requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables, loan receivable and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use and fair value less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the useful life assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each of the individual categories of property, plant and equipment. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy. The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate.

Expected credit losses

The company has based the measurement of expected credit losses ('ECL') on an unbiased, probability weighted amount that is determined by evaluating a range of possible outcomes and reflecting the time value of money.

The large component of ECL is on trade receivables. The company has elected a simplified approach to recognise lifetime expected credit losses, with impairment losses calculated using a provision matrix. The provision matrix is a probability weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances.

Current conditions, and forecasts of future economic conditions are also incorporated and factored in the calculation of expected credit losses. The credit risk and performance of wholesale customers is individually assessed with the expected credit losses calculated for each specific customer. The rest of the customers are grouped and assessed as a portfolio.

Deferred share issue costs

Transaction costs incurred and paid for before an equity transaction are accounted for as deferred share issue costs under current assets. If an equity transaction does not subsequently materialise, all costs are subsequently expensed.

Statement of cash flows

The entity participates in Telkom Group’s (the 'Group') cash pooling arrangement. In terms of this arrangement, it is required to transfer all excess cash to the Group’s treasury department through its intergroup loan account, also referred to as the Telkom SA SOC loan account. The cash flows to and from the Group's treasury department is presented on a gross basis in the Statement of cash flows as an investing activity rather than part of its cash and cash equivalents. The company also presents its cash flows from operating, investing and financing activities within the Statement of Cash Flows, as management believes that presenting such information would meet the objectives of IAS7 Statement of cash flows and provide relevant information to the users of its cash generated and used in its business activities.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the company is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the carrying amount or recognised as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Masts and Towers	Straight line	10 - 50 years
Network Equipment	Straight line	5 - 15 years
Support equipment	Straight line	10 years
Other	Straight line	3 - 7 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. 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.

Accounting Policies

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Impairment tests are performed annually for intangible assets with an indefinite useful life and for intangible assets not yet available for use. Impairment tests are performed on intangible assets with a finite useful life when there is an indicator that they may be impaired. When the carrying amount of the intangible asset is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit and loss to bring the carrying amount in line with the recoverable amount.

An intangible asset shall be derecognised upon disposal or when no future benefits are expected from its use or disposal. The gain or loss arising from the derecognition of the intangible asset shall be determined as the difference between the net proceeds if any, and the carrying amount of the asset. The gain or loss shall be recognised in profit and loss when the asset is derecognised. Gains shall not be reclassified as revenue.

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

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

Item	Depreciation method	Average useful life
Software and licenses	Straight line	10 years
Software under development	Not applicable	Not applicable

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

These loans (note 12) have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

1.5 Financial instruments (continued)

Impairment

The company uses the general approach to calculate expected credit losses on all, loan receivables and other financial assets that are measured at amortised cost. The general approach is based on a stage approach – stage one being 12-month expected credit losses and stage two being lifetime expected credit losses.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, Value Added Taxation (VAT) and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. Trade and other receivables are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

IFRS 9 requires the company to record expected credit losses on all of its trade and other receivables and cash and cash equivalents either on a 12-month or lifetime basis.

The company has elected the simplified approach to recognise lifetime expected credit losses for its trade and other receivables and as permitted. The historical loss rates are adjusted when their impact is material to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the asset.

Impairment losses calculated using the simplified approach are calculated using a provision matrix. The provision matrix is a probability-weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances.

Following the adoption of IFRS 9 Financial Instruments, the company has implemented a process whereby trade receivable balances are only written off at the point where there is no longer any probable recovery. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments that are based on the agreed arrangement period.

Measurement and recognition of expected credit losses

Receivables have been grouped together based on similar credit characteristics and a separate expected credit loss is calculated for each category. The expected credit loss is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

Trade receivables are considered to be in default when they are past due the standard credit term of 30 days. An indication of default is when accounts are in arrears at 60 days past due, contact is then made with the customer to determine reasons for non-payment and further analysis is done on an individual basis.

1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities and are subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of an interest expense, this is included in profit or loss under finance costs (note 7).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 28 for details of risk exposure and the management thereof.

Loans from group companies

Loans from group companies are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

Financial liabilities are derecognised when they are extinguished by discharging the obligation specified in the contract.

Cash and cash equivalents

Classification

Cash and cash equivalents are measured at amortised cost.

Recognition and measurement

Cash and cash equivalents are initially measured at fair value plus transaction costs

Impairment

Cash and cash equivalents with external parties are held with financial institutions. These bank balances are measured at amortised cost and are considered to have low credit risk as these assets are placed with institutions with high quality external credit ratings (investment grade). The loss allowance recognised is therefore based on the 12 month expected credit loss.

IFRS 9 requires the company to record expected credit losses on cash and cash equivalents, either on a 12-month or lifetime basis.

Twelve month expected credit losses are calculated for cash and cash equivalents using the general approach. Due to the fact that the company's cash and cash equivalents are noted as being current assets, twelve month and lifetime expected credit losses are expected to arise in a twelve month period. In addition, given that these amounts are invested with South Africa's largest banks, management's expectation is that the impact on the total expected credit loss provision is negligible.

Accounting Policies

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction if at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused credits can be utilised.

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.

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:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. 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.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

The company has risk management processes on the masts and towers portfolio leased out to tenants and these are included in various clauses in Master Lease Agreements (MLA). In the event that there is requirement to amend any of the clauses in the MLA, management will follow a governance process as stipulated in the contract with its customers.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

The company's leasing activities include the lease of land.

Details of leasing arrangements where the company is a lessee are presented in note 10 Leases.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rentals that do not depend on an index or a rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses Refer to note 10 for further disclosure on leases.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 7).

1.7 Leases (continued)

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of right-of-use assets comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset, is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Masts and Towers operating lease income revenue is recognised in profit and loss on straight-line basis over the lease term in accordance with IFRS 16 Leases.

Premiums to terminate leases are recognised in profit or loss as they arise.

1.7 Leases (continued)

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in revenue (note 3).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.8 Impairment of assets

The company assesses at the end of each 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.

Irrespective of whether there is any indication of impairment, the company also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually, by comparing its carrying amount with its recoverable amount. This impairment test is performed annually and at the same time every period.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

1.9 Share capital and equity

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

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

1.10 Provisions and contingencies

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 quantified as the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate and are classified as current or non-current liabilities depending on the underlying contractual maturities.

Contingent assets and contingent liabilities are not recognised.

Accounting Policies

1.11 Revenue

Masts and Towers operating lease income revenue is recognised in profit and loss on a straight-line basis over the lease term in accordance with IFRS 16 Leases.

Premiums to terminate leases are recognised in profit or loss as they arise.

1.12 Common control reserves

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party/parties both before and after the business combinations (and where control is not transitory) are referred to as common control business combinations.

The carrying amounts of the acquired entity are the consolidated carrying amounts as reflected in the consolidated financial statements from the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions is allocated to equity. This is in accordance with the predecessor value method. The company has adopted an accounting policy of recycling the common control reserve through retained earnings.

The common control reserve is recycled fully when the business that it is related to is sold internally or externally. In the case where the business is sold back piecemeal, the full reserve will be recycled to retained earnings when the last part of the business is sold internally or externally. Where the Memorandum of Incorporation (MOI) permits and the Companies Act requirements are met, the company also has an option to release the Common Control Reserve to retained earnings and utilise it as a distribution to pay dividends. In a common control transaction, the seller recognises the difference between the transaction price and the net assets in the statement of profit or loss and other comprehensive income within the “other income" (profit) and “other expenses" (loss) line items.

1.13 Finance costs and investment income

In terms of IFRS 9 Financial Instruments, finance costs and investment income are recognised in profit or loss using the effective-interest method, taking into account the expected timing and amount of cash flows. The effective-interest method is a method of calculating the amortised cost of a financial assets or financial liability (or group of financial assets or group of financial liabilities) and of allocating the finance costs or investment income over the relevant period. Finance costs and investment income include the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing financial instrument and its amount at maturity calculated on an effective-interest-rate basis.

1.14 Share issue costs

The transaction costs associated with issuing new shares are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to an equity transaction that otherwise would have been avoided.

Shared costs are allocated on a systematic basis between the costs directly attributable to the share issue and those costs which relate to the structuring of the equity transaction and not directly attributable to the share issue. Those costs that are deemed to be incurred on the equity transaction and not directly to a share issue are recorded directly in profit or loss as an expense.

Expenses relating to listing are expensed as they are incurred.

Transaction costs incurred and paid for before an equity transaction are accounted for as deferred share issue costs under current assets. If an equity transaction does not subsequently materialise, all costs are subsequently expensed.

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2023:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the International Accounting Standards Board (IASB).

It is unlikely that the amendment will have a material impact on the company's historical financial information.

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the company's historical financial information.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the historical financial information. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the company's historical financial information.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in historical financial information that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

It is unlikely that the amendment will have a material impact on the company's historical financial information.

2.2 Standards and interpretations effective and adopted

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

2. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2022.

The company has adopted the amendment for the first time in the historical financial information for the financial year ending 31 March 2023.

The impact of the amendment is not material.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The company has adopted the amendment for the first time in the historical financial information for the financial year ending 31 March 2023.

The impact of the amendment is not material.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The company has adopted the amendment for the first time in the historical financial information for the financial year ending 31 March 2023.

The impact of the amendment is not material.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The company has adopted the amendment for the first time in the historical financial information for the financial year ending 31 March 2023.

The impact of the amendment is not material.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the amendment is for years beginning on or after 01 January 2022.

2. New Standards and Interpretations (continued)

The company has adopted the amendment for the first time in the historical financial information for the financial year ending 31 March 2023.

The impact of the amendment is not material.

Classification of Liabilities as Current or Non-Current: Amendments to IAS 1

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The effective date of the amendment is for years beginning on or after 01 January 2022.

The company has adopted the amendment for the first time in the historical financial information for the financial year ending 31 March 2023.

The impact of the amendment is not material.

3. Revenue

Co-location revenue			
External co-location income from masts and towers	696 481 936	664 724 203	661 221 627
Internal co-location income from masts and towers	607 083 234	626 750 459	575 802 956
	1 303 565 170	**1 291 474 662**	**1 237 024 583**

Revenue is earned from the leasing of space on the company's masts and towers to third parties, and to Telkom SA SOC Ltd and to Openserve (Pty) Ltd.

There were no significant contract modifications that took place and both new and existing contracts were assessed to be enforceable at the end of the reporting date.

4. Write-offs, impairments and losses of property, plant and equipment and intangible assets

Write offs, impairments and losses				
Property, plant and equipment	9	11 506 710	9 528 920	1 449 895

5. Operating profit

Operating profit for the year is stated after charging / (crediting) the following, amongst others:

Auditor's remuneration - external			
Audit fees	1 565 782	1 223 362	1 620 231
Depreciation and amortisation			
Depreciation of property, plant and equipment	32 980 734	18 430 927	11 392 915
Depreciation of right-of-use assets	18 955 739	11 328 249	5 261 631
Amortisation of intangible assets	347 595	-	-
Total depreciation and amortisation	**52 284 068**	**29 759 176**	**16 654 546**

Property related costs

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021
5. Operating profit (continued)			
Masts maintenance	94 309 275	88 638 062	40 896 916
Facilities costs	50 534 383	49 825 039	47 497 012
Professional fees	33 688 712	6 281 143	12 906 425
Utilities costs /(recoveries)	21 934 216	18 920 680	(77 371 005)
Security costs	7 839 449	9 250 662	-
Other costs	105 551	3 865 448	5 794 381
	208 411 586	**176 781 034**	**29 723 729**

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

5. Operating profit (continued)

Movement in credit loss allowances

Increase / (Decrease) in impairment charge for bad and doubtful debts	17 565 255	(11 381 425)	15 175 639
(Decrease) / Increase in impairment charge on loan receivable	815 311	(2 076 455)	(3 804)
	18 380 566	**(13 457 880)**	**15 171 835**

Operating expenses by nature

Movement in credit loss allowances	18 380 566	(13 457 880)	15 171 835
Property related costs	208 411 586	176 781 034	29 723 729
Gyro Group management fee	159 245 115	202 808 556	185 282 370
Audit fee	1 565 782	1 223 362	1 620 231
Non executive directors fees (refer to Note 27)	2 257 527	1 251 101	-
Licence fees and user rights	8 011 532	6 407 373	7 043 473
Other general expenses*	9 350 050	7 803 796	3 870 965
	407 222 158	**382 817 342**	**242 712 603**

*Other general expenses are made up of lease expenses and expenses related to computer software.

6. Investment income

Interest income			
Investments in financial assets:			
Telkom Group Treasury (refer to note 12)	1 216 577	22 077 764	30 111 498
Cash and cash equivalents - Standard Bank	15 626 607	-	-
Interest on Business Connexion (Pty) Ltd loan (refer to note 12)	-	-	605 655
Total interest income	**16 843 184**	**22 077 764**	**30 717 153**

Interest income relates to interest earned from financial assets measured at amortised cost.

7. Finance costs

Lease liabilities	10 489 512	5 532 887	2 429 116
Trade and other payables	359 249	15	534
Interest expense on loan from Telkom (refer to note 17)	18 089 105	-	-
Total finance costs	**28 937 866**	**5 532 902**	**2 429 650**

The borrowings costs on the loan from Telkom SA SOC Limited of R 15 368 087 (2022: R-, 2021: R-) have been capitalised to property, plant and equipment. Refer to note 17.

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

8. Taxation

Major components of the tax expense

Current			
Local income tax - current period	225 383 605	247 964 845	283 945 319
Local income tax - prior period under provision	9 646	-	-
	225 393 251	**247 964 845**	**283 945 319**
Deferred			
Originating and reversing temporary differences	6 565 323	4 212 078	(2 574 565)
Rate change	-	(1 173 882)	-
	6 565 323	**3 038 196**	**(2 574 565)**
	231 958 574	**251 003 041**	**281 370 754**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27.00 %	28.00 %	28.00 %
Assets under construction write off	0.39 %	0.24 %	- %
Other disallowed expenditure (Consultants - Technical Services) *	1.07 %	0.15 %	0.01 %
Rate change	- %	(0.13)%	- %
Effective tax rate	**28.46 %**	**28.26 %**	**28.01 %**

* Disallowed expenditure incurred relates to transaction advisory costs that were expensed.

Notes to the Historical Financial Information

Figures in Rand

9. Property, plant and equipment

	Audited 2023			Audited 2022			Audited 2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Masts and Towers	1 781 887 795	(1 129 692 462)	652 195 333	1 500 348 874	(1 104 523 846)	395 825 028	1 405 647 487	(1 131 687 054)	273 960 433
Network equipment	72 574 370	(5 837 395)	66 736 975	12 794 146	(839 327)	11 954 819	-	-	-
Support equipment	575 270	(65 492)	509 778	113 115	(11 062)	102 053	-	-	-
Other	10 538	(5 018)	5 520	10 538	(3 513)	7 025	10 538	(2 007)	8 531
Under construction	363 058 061	-	363 058 061	499 675 837	-	499 675 837	295 672 320	-	295 672 320
Total	**2 218 106 034**	**(1 135 600 367)**	**1 082 505 667**	**2 012 942 510**	**(1 105 377 748)**	**907 564 762**	**1 701 330 345**	**(1 131 689 061)**	**569 641 284**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Scrapping & impairments	Transfers	Depreciation	Total
Masts and Towers	395 825 028	-	(450 100)	284 747 136	(27 926 731)	652 195 333
Network equipment	11 954 819	-	-	59 780 224	(4 998 068)	66 736 975
Support equipment	102 053	-	-	462 155	(54 430)	509 778
Other	7 025	-	-	-	(1 505)	5 520
Under construction	499 675 837	219 428 349	(11 056 610)	(344 989 515)	-	363 058 061
	907 564 762	**219 428 349**	**(11 506 710)**	**-**	**(32 980 734)**	**1 082 505 667**

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Scrapping & impairments	Transfers	Depreciation	Total
Masts and Towers	273 960 433	-	(1 948 650)	141 392 277	(17 579 032)	395 825 028
Network equipment	-	-	-	12 794 146	(839 327)	11 954 819
Support equipment	-	-	-	113 115	(11 062)	102 053
Other	8 531	-	-	-	(1 506)	7 025
Under construction	295 672 320	365 883 325	(7 580 270)	(154 299 538)	-	499 675 837
	569 641 284	**365 883 325**	**(9 528 920)**	**-**	**(18 430 927)**	**907 564 762**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Scrapping & impairments	Transfers	Depreciation	Total
Masts and Towers	234 712 301	-	(1 449 895)	52 089 437	(11 391 410)	273 960 433
Other	10 036	-	-	-	(1 505)	8 531
Under construction	162 246 982	185 514 775	-	(52 089 437)	-	295 672 320
	396 969 319	**185 514 775**	**(1 449 895)**	**-**	**(11 392 915)**	**569 641 284**

The additions to the assets under construction of R 219 428 384 includes borrowing costs capitalised (in accordance with IAS 23 Borrowing costs) amounting to R 15,368 087.

The capital expenditure under property, plant and equipment relates to mainly new masts and towers builds amounting to R 219 428 349 (2022: R 365 883 326, 2021: R185 514 775) for the company.

The additions to property, plant and equipment for the year ended 31 March 2023 includes the borrowing costs capitalised (in accordance with IAS 23 Borrowing costs) amounting to R 15 068 087 (2022: -, 2021: -).

As at 31 March 2021, Telkom SA SOC Limited had registered bonds over the company's masts and towers. These bonds were cancelled on 17 September 2021, as approved. There are no bonds registered over the masts and towers of the company at 31 March 2023. Assets that were impaired or scrapped relate to Masts and Towers that were decommissioned due to not being in use.

10. Leases (company as lessee)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2023	2022	2021
Land	137 492 388	77 542 114	38 443 209

Additions to right-of-use assets

	2023	2022	2021
Land recognised during the year	72 677 622	48 526 869	30 458 817
Lease modifications	6 228 387	1 900 286	-
	78 906 009	**50 427 155**	**30 458 817**

Cancellation of right-of-use assets

	2023	2022	2021
Land derecognised during the year	-	-	(140 191)

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

10. Leases (company as lessee) (continued)

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 5), as well as depreciation which has been capitalised to the cost of other assets.

Land	18 955 739	11 328 249	5 261 631

Lease liabilities

Non-current liabilities	116 549 814	70 143 360	33 727 735
Current liabilities	28 947 611	11 129 359	6 058 738
	145 497 425	**81 272 719**	**39 786 473**

The net carrying amounts of the lease liabilities have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Lessor

Amounts recognised in profit and loss for the year			
Co-location rental income from Masts and Towers	1 303 565 170	1 291 474 662	1 237 024 583

Contractual lease revenue			
0 to 12 months	1 208 267 876	1 116 212 239	1 347 703 078
2 to 5 years	4 087 844 110	3 082 770 223	5 768 671 103
More than 5 years	15 279 332	19 916 822	2 797 564 491
	5 311 391 318	**4 218 899 284**	**9 913 938 672**

Notes to the Historical Financial Information

Figures in Rand

11. Intangible assets

	2023			2022			2021		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Software and licenses	2 453 614	(347 595)	2 106 019	-	-	-	-	-	-
Software under development	9 655 971	-	9 655 971	7 427 224	-	7 427 224	6 348 127	-	6 348 127
Total	**12 109 585**	**(347 595)**	**11 761 990**	**7 427 224**	**-**	**7 427 224**	**6 348 127**	**-**	**6 348 127**

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Transfers	Amortisation	Total
Software and licenses	-	-	2 453 614	(347 595)	2 106 019
Software under development	7 427 224	4 682 361	(2 453 614)	-	9 655 971
	7 427 224	**4 682 361**	**-**	**(347 595)**	**11 761 990**

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Total
Software under development	6 348 127	1 079 097	7 427 224

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Total
Software under development	-	6 348 127	6 348 127

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

12. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

Business Connexion (Pty) Ltd loan receivable	-	-	207 424
The above loan has no fixed repayment terms or interest and was repaid in full by 31 March 2022.			
Telkom SA SOC Limited loan receivable	5 485 232	123 192 138	861 483 754
These funds are advanced to Telkom Group Treasury on cash pool arrangement and earn interest as determined by Telkom Group Treasury. Interest earned is capitalised monthly and the loan receivable is convertible to cash at a day’s notice of the company's management.			
Expected credit losses	(35 544)	(346 478)	(2 422 923)
	5 449 688	**122 845 660**	**859 268 255**

Split between non-current and current portions

Current assets	5 449 688	122 845 660	859 268 255

Reconciliation loan receivable

Telkom SA SOC Limited			
Opening balance	122 845 660	859 060 831	580 161 251
Loans raised	80 000 000	-	475 004 687
Additions to loan receivable (non- cash)	186 935 400	409 053 831	363 899 689
Settlement of loan receivable dividend (non - cash) (note 23)	-	(1 119 155 568)	(414 712 968)
Settlement of loan receivable other (non - cash)	(385 858 883)	(50 267 643)	(175 407 130)
Movement in expected credit losses	310 934	2 076 445	3 804
Interest	1 216 577	22 077 764	30 111 498
	5 449 688	**122 845 660**	**859 060 831**

Business Connexion (Pty) Ltd Loan			
Opening balance	-	207 424	23 237 220
Additions to loan receivable non- cash	-	-	3 294 850
Settlement of loan receivable capital cash	-	(207 424)	(26 921 171)
Settlement of loan receivable non - cash	-	-	(9 130)
Interest	-	-	605 655
	-	**-**	**207 424**

The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The maximum exposure to credit risk as at the reporting date is the fair value of each class of loan. The company does not hold any collateral as security.

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021
13. Trade and other receivables			
Financial instruments:			
Gross trade receivables	164 585 777	109 981 743	448 417 244
Other receivables	13 875 633	-	8 414 365
Impairment of trade receivables	(76 593 864)	(57 902 364)	(69 283 799)
Trade receivables at amortised cost	101 867 546	52 079 379	387 547 810
Non-financial instruments:			
Value Added Taxation (VAT)	-	29 998 690	-
Total trade and other receivables	**101 867 546**	**82 078 069**	**387 547 810**

Split between non-current and current portions

Current assets	101 867 546	82 078 069	387 547 810

Trade and other receivables are disclosed net of impairment at R 101 867 546 (2022: R 82 078 069, 2021: R 387 547 810). Trade receivables at amortised cost relates to balances outstanding with Telkom SA SOC Limited and its subsidiaries which are settled periodically on a net basis.

The carrying amounts of the trade receivables approximates their fair value and amortised cost.
The repayment terms of trade receivables vary between 30 days and 90 days from date of invoice.

Exposure to credit risk

The company measures the expected credit loss allowance for trade and other receivables at amortised cost at at an amount equal to lifetime expected credit losses (lifetime ECL). This represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

	2023	2023	2022	2022	2021	2021
The ageing of trade receivables at reporting date	Gross carrying amount at default	Loss allowance (Lifetime ECL)	Gross carrying amount at default	Loss allowance (Lifetime ECL)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Current: -1% (2022:-2% 2021: 0%)	123 567 740	(1 423 905)	124 028 246	(2 289 102)	195 287 295	(453 683)
30 days past due: -8% (2022:-38% 2021:-20%)	14 945 172	(1 223 398)	8 399 289	(3 174 894)	9 392 795	(1 889 374)
60 days past due: -23% (2022:-42% 2021:-41%)	15 757 624	(3 650 277)	6 085 121	(2 531 115)	4 972 067	(2 046 892)
90 days past due: -58% (2022:-51% 2021:-26%)	5 296 398	(3 053 405)	5 525 635	(2 803 816)	6 744 928	(1 779 197)
120 days + past due: -63% (2022:-47% 2021:-41%)	106 867 508	(67 242 879)	99 351 462	(47 103 437)	155 219 380	(63 114 653)
Total	**266 434 442**	**(76 593 864)**	**243 389 753**	**(57 902 364)**	**371 616 465**	**(69 283 799)**

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

13. Trade and other receivables (continued)

Reconciliation of exposure used for the ECL calculation

External colocation charged to Telkom	64 561 761	42 394 664	254 742 309
Internal colocation (Telkom Mobile and Openserve) charged to Telkom	100 024 016	67 587 079	193 674 934
Gross trade receivables (reflected on Swiftnet's statement of financial position)*	164 585 777	109 981 743	448 417 243
Less: External colocation charged to Telkom	(64 561 761)	(42 394 664)	(254 742 310)
Add: External colocation receivables (reflected on Telkom's statement of financial position)	166 410 426	175 802 674	177 941 532
Swiftnet's total exposure (used to calculate the ECL)	**266 434 442**	**243 389 753**	**371 616 465**

External debtors payments are collected by Telkom SA SOC Limited and the company invoices Telkom SA SOC Limited for its co-location income (relating to external tenants as well as for Telkom Mobile and Openserve) on a monthly basis. The gross carrying amount of R266 434 442 (2022: R243 389 753, 2021: R371 616 465) represents the company's counterparty credit risk exposure. The Company's ECL calculation is largely driven by the risk of default of external customers.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance in accordance with IFRS 9	**57 902 364**	**69 283 799**	**54 108 160**
Provision raised on new trade receivables	18 691 500	-	15 175 639
Provisions reversed on settled trade receivables	-	(11 381 435)	-
Closing balance	**76 593 864**	**57 902 364**	**69 283 799**

Impairment losses were calculated using the simplified approach, with historical losses used as an input to calculate the expected loss percentage. The methodology considers expected losses over the average remaining life, with the historical calibration period selected to adequately capture the risk of the portfolio.

14. Deferred share issue costs

Deferred share issue costs	-	21 654 757	-
	-	**21 654 757**	**-**

During the prior financial year ending 31 March 2022 the transaction costs associated with issuing new shares were accounted for as a deduction from equity to the extent they were incremental costs directly attributable to the imminent equity transaction that otherwise would have been avoided.

The shared costs were allocated on a systematic basis between the share issue and the listing and then recorded in part as an expense.

Equity costs incurred and paid for before the imminent equity transaction were accounted for as deferred share issue costs under current assets at the end of the prior financial year ending 31 March 2022, which was in anticipation of a listing of the company. The equity transaction did not subsequently materialise and all costs were expensed during the financial year ending 31 March 2023.

Actual deferred share issue costs paid for the financial year ending 31 March 2023 amounted to R0 (2022: R14,406,284, 2021: R0).

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	407 541 220	342 746 271	76 788 788

The cash and cash equivalents with external parties are held with Standard Bank of South Africa. These bank balances are measured at amortised cost and are considered to have low credit risk. Management considers "low credit risk" to be attributed to assets with high quality external credit ratings (investment grade).

External bank accounts are held with Standard Bank with credit ratings as below:

1. Fitch BB- Stable Outlook
2. Moodys Ba2 Stable Outlook.

16. Share capital

Authorised			
2,400,000,000 no par value ordinary shares	-	-	-
Issued			
400,000,000 no par value ordinary shares	5 000 000	5 000 000	5 000 000

17. Loans from group companies

Holding company

Telkom SA SOC Ltd The loan bears interest at the 3 month JIBAR plus margin of 1.65% but allows for voluntary repayments. The repayment term of the loan is 5 years and 6 months from 1 April 2022. The loan may be voluntarily repaid during the term by Swiftnet in whole or in part (provided that each part prepayment shall not be less than R2 000 000).	404 106 349	500 000 000	-

The loan was issued on 31 March 2022 and, the carrying amount approximates it's fair value due to parameters such as interest rates and the creditworthiness of the recipient.

Split between non-current and current portions

Non-current liabilities	308 106 349	440 000 000	-
Current liabilities	96 000 000	60 000 000	-
	404 106 349	**500 000 000**	**-**

Reconciliation Loan payable Telkom SA SOC LImited

Opening Balance	500 000 000	-	-
Additions	-	500 000 000	-
Interest repayment	(33 350 843)	-	-
Capital repayment	(96 000 000)	-	-
Interest expense (note 7)	18 089 105	-	-
Interest capitalised to property, plant and equipment (note 9)	15 368 087	-	-
	404 106 349	**500 000 000**	**-**

Refer to note 24 Changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

18. Deferred taxation

Deferred tax liability

Property plant and equipment	(53 914 949)	(42 958 861)	(52 891 114)
Right of use asset	(37 122 945)	(20 936 461)	-
Total deferred tax liability	**(91 037 894)**	**(63 895 322)**	**(52 891 114)**

Deferred tax asset

Doubtful debt provision	13 493 439	10 256 861	24 234 483
Lease liability	39 284 305	21 943 634	-
Deferred tax balance from temporary differences other than unused tax losses	52 777 744	32 200 495	24 234 483
Total deferred tax asset	**52 777 744**	**32 200 495**	**24 234 483**

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:

Deferred tax liability	(91 037 894)	(63 895 322)	(52 891 114)
Deferred tax asset	52 777 744	32 200 495	24 234 483
Total net deferred tax liability	**(38 260 150)**	**(31 694 827)**	**(28 656 631)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(31 694 826)	(28 656 631)	(31 231 195)
Movement in Property, Plant and Equipment	(10 956 088)	(831 844)	(492 841)
Movement in Right of use asset	(16 186 484)	(10 172 363)	(7 015 959)
Movement in lease liability	17 340 671	10 803 422	7 312 864
Movement in doubtful debt provision	3 236 577	(2 837 410)	2 770 500
	(38 260 150)	**(31 694 826)**	**(28 656 631)**

19. Trade and other payables

Financial instruments:			
Trade payables	118 880 165	236 872 603	192 693 171
Other accrued expenses	44 426 146	107 830 793	31 788 703
Other payables *	178 181 604	131 000 000	337 618 581
Non-financial instruments:			
VAT	12 008 757	-	1 956 680
	353 496 672	**475 703 396**	**564 057 135**

*Other payables mainly relates to the net settlement balance owed to Telkom SA SOC Limited.

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

20. Provisions

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provision for audit fees	1 046 254	1 565 782	(1 508 238)	1 103 798

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision for audit fees	1 351 189	1 223 362	(1 528 297)	1 046 254

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Provision for audit fees	1 013 296	1 620 231	(1 282 338)	1 351 189

21. Cash generated from operations

Profit before taxation	816 454 856	888 358 706	1 004 421 217
Adjustments for:			
Depreciation and amortisation	52 284 068	29 759 176	16 654 546
Write-offs, impairments and losses of property, plant and equipment	11 506 710	9 528 920	1 449 895
Interest income	(16 843 184)	(22 077 764)	(30 717 153)
Finance costs paid	28 937 866	5 532 902	2 429 650
Movement in credit loss allowances	18 380 566	(13 457 880)	15 171 835
Movements in provisions	57 544	(304 935)	337 893
Movement in deferred share issue costs	21 654 757	-	-
Changes in working capital:			
Trade and other receivables	(38 170 041)	318 927 621	(36 713 977)
Loan receivable	197 395 972	(382 940 397)	(222 499 236)
Trade and other payables	(122 100 380)	(95 602 210)	166 651 109
	969 558 734	**737 724 139**	**917 185 779**

22. Taxation paid

Balance at beginning of the year	4 858 684	(385 797)	(11 670 688)
Current tax for the year recognised in profit or loss	(225 393 251)	(247 964 845)	(283 945 319)
Balance at end of the year	(2 283 729)	(4 858 684)	385 797
	(222 818 296)	**(253 209 326)**	**(295 230 210)**

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

23. Dividends paid

Prior year final dividend	-	(285 252 451)	-
Current year interim dividend	(255 058 793)	(417 084 213)	(414 712 968)
Special dividends	-	(761 818 904)	-
Total dividends declared	(255 058 793)	(1 464 155 568)	(414 712 968)
Settlement of dividends (non - cash) (note 12)	-	1 119 155 568	414 712 968
Dividends paid (in cash)	**(255 058 793)**	**(345 000 000)**	**-**

31 March 2023 financial year end:
In line with the dividend policy, an interim dividend of R255 058 793 was declared on the 8th of November 2022 and paid in December 2022 in cash. The interim dividend was based on 60% of the anticipated free cashflow excluding capital expenditure for the year.

31 March 2022 financial year end:
An interim dividend of R 417 084 213 was declared on 30 September 2021. The interim dividend was based on 60% of the anticipated free cash flow excluding capital expenditure for the financial year.

A final dividend of R 285 252 451 for the year ended 31 March 2021 was declared and paid in May 2021. The final dividend was based on 80% of free cash flow excluding capital expenditure for the period ended 31 March 2021.

A special dividend of R 761 818 904 was declared in November 2021 and paid on 31 March 2022. The special dividend included excess cash (R 155 000 000) and the transfer of the Common control reserve to Retained earnings (R606 818 904).

31 March 2021 financial year end:
An Interim dividend of R 414 712 968 (2020: R 448 172 050) was declared on 30 October 2020. The interim dividend was calculated as 60% of the anticipated Free Cash Flow for the financial year.

Notes to the Historical Financial Information

24. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Lease modifications	New leases	Interest	Total non-cash movements	Interest repayments of cash flows	Capital repayments of cash flows	Closing balance
Finance lease liabilities	81 272 719	6 228 387	72 677 622	10 489 512	89 395 521	(10 489 512)	(14 681 304)	145 497 424
Loans from group companies	500 000 000	-	-	33 457 192	33 457 192	(33 350 843)	(96 000 000)	404 106 349
	581 272 719	**6 228 387**	**72 677 622**	**43 946 704**	**122 852 713**	**(43 840 355)**	**(110 681 304)**	**549 603 773**
Total liabilities from financing activities	**581 272 719**	**6 228 387**	**72 677 622**	**43 946 704**	**122 852 713**	**(43 840 355)**	**(110 681 304)**	**549 603 773**

Reconciliation of liabilities arising from financing activities - 2022

	Opening balance	Lease modifications	New leases	Interest	Total non-cash movements	Interest repayments of cash flows	Cash flows	Closing balance
Finance lease liabilities	39 786 473	1 900 286	48 526 869	5 532 887	55 960 042	(5 532 887)	(8 940 909)	81 272 719
Loans from group companies	-	-	-	-	-	-	500 000 000	500 000 000
	39 786 473	**1 900 286**	**48 526 869**	**5 532 887**	**55 960 042**	**(5 532 887)**	**491 059 091**	**581 272 719**
Total liabilities from financing activities	**39 786 473**	**1 900 286**	**48 526 869**	**5 532 887**	**55 960 042**	**(5 532 887)**	**485 526 204**	**581 272 719**

Reconciliation of liabilities arising from financing activities - 2021

	Opening balance	Other non-cash movements	New leases	Interest	Total non-cash movements	Interest repayments of cash flows	Cash flows	Closing balance
Finance lease liabilities	13 648 159	(140 191)	30 458 817	2 429 116	32 747 742	(2 429 116)	(4 180 312)	39 786 473
	13 648 159	**(140 191)**	**30 458 817**	**2 429 116**	**32 747 742**	**(2 429 116)**	**(4 180 312)**	**39 786 473**
Total liabilities from financing activities	**13 648 159**	**(140 191)**	**30 458 817**	**2 429 116**	**32 747 742**	**(2 429 116)**	**(4 180 312)**	**39 786 473**

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

25. Commitments

Authorised capital expenditure

Already contracted for but not provided for			
• Capital commitments authorised	390 683 147	291 975 000	456 000 000
• Commitments against authorised capital expenditure	(95 783 734)	(73 875 105)	(99 114 259)
• Authorised capital expenditure not yet contracted	(294 899 413)	(218 099 895)	(356 885 741)

Capital commitments comprise commitments for new masts (build,rehabilitation and replacement). Management expects these commitments to be financed from internally generated cash.

The maturity analysis of commitments is as follows:

Within one year	95 783 734	73 875 105	99 114 259

26. Related parties

Relationships	
Holding company	Telkom SA SOC Limited
Fellow subsidiaries	Business Connexion (Pty) Ltd
	Gyro Group (Pty) Ltd
	Gyro Properties (Pty) Ltd
	Openserve (Pty) Ltd
Other related parties	Gyro SPV 1 (Pty) Ltd
	Gyro SPV 2 (Pty) Ltd
	Gyro SPV 3 (Pty) Ltd
	Gyro SPV 4 (Pty) Ltd
	Gyro SPV 5 (Pty) Ltd
	Gyro SPV 6 (Pty) Ltd
	Gyro SPV 7 (Pty) Ltd
	Gyro SPV 8 (Pty) Ltd
	Gyro SPV 9 (Pty) Ltd
Members of key management	AD Mminele (Appointment – 8 November 2021, Resigned - 29 July 2022)
	N Ford-Hoon (Fok) (Appointment – 30 December 2021, Resigned - 29 July 2022)
	A Khumalo (Appointment – 8 November 2021, Resigned - 29 July 2022)
	N Medupe (Appointment – 30 December 2021, Resigned - 29 July 2022)
	IO Selele (Appointment – 8 November 2021, Resigned - 15 July 2022)
	SN Maseko (Appointment – 1 April 2017, Resigned – 31 December 2021)
	S Taukobong (Appointment – 30 September 2021)
	TBL Molefe (Appointment – 4 March 2019, Resigned – 4 December 2020)
	DJ Reyneke (Appointment – 7 December 2020, Resigned – 30 November 2023)
	LTS Maloba (Appointment – 13 November 2017, Resigned - 29 February 2024)
	S Dumeko (Appointment – 1 December 2019)

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

26. Related parties (continued)

Related party balances

Loan accounts - Owing (to) by related parties			
Business Connexion (Pty) Ltd	-	-	207 424
Telkom SA SOC Limited	5 485 232	123 192 137	861 483 754
Telkom SA SOC Limited	(404 106 349)	(500 000 000)	-
Amounts included in loans receivable - loss allowance regarding related party			
Telkom SA SOC Limited	(35 544)	(346 478)	(2 422 943)
Amounts included in trade receivable regarding related parties			
Telkom SA SOC Limited	125 587 435	109 981 743	448 417 244
Openserve (Pty) Limited	38 998 342	-	-
Other receivables Gyro Group (Pty) Limited	753 989	-	8 414 365
Common control reserve			
Telkom SA SOC Limited	-	-	(606 818 904)
Amounts included in trade receivable loss allowance regarding related parties			
Telkom SA SOC Limited	(395 446)	(190 089)	(545 770)
Openserve (Pty) Limited	(252 709)	-	-
Amounts included in other payables regarding related parties			
Telkom SA SOC Limited	(178 181 604)	(131 000 000)	(337 618 581)
Amounts included in trade payables and accrued expenses regarding related parties			
Telkom SA SOC Limited	(23 482 290)	(111 715 126)	(57 626 541)
Gyro Properties (Pty) Limited	-	(18)	(18)
Gyro Group (Pty) Limited	(53 665 468)	(40 827 776)	(22 465 900)

The transactions to and from related parties relating to telecommunication services are made at arm's length. Except as indicated above, outstanding balances at year end are unsecured, do not include interest and settlement occurs as part of the intergroup net settlement. There have been no guarantees provided nor received for any related party receivables or payables. Except as indicated above, the company has not impaired amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

26. Related parties (continued)

Related party transactions

Amounts included in operating expenses for transactions with related parties			
Gyro Group (Pty) Limited	(159 248 015)	(202 808 556)	(185 282 370)
Telkom SA SOC Limited	105 576	-	-
Openserve (Pty) Limited	(252 709)	-	-
Gyro Properties (Pty) Limited	-	-	(197)
Revenue received from related parties			
Telkom SA SOC Limited	403 009 423	626 750 459	575 802 956
Openserve (Pty) Limited	204 073 811	-	-
Interest income			
Telkom SA SOC Limited	1 216 577	22 077 764	30 111 498
Business Connexion (Pty) Limted	-	-	605 655
Finance costs paid to related parties			
Telkom SA SOC Limited	33 350 843	-	-

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

27. Directors' emoluments

Non-executive and Executive directors

2023	Basic pensionable salary	Pension company contribution	Other benefits	Vested shares	Short Term Incentive	Retention	Total
Non-executive directors							
S Taukobong *	6 615 000	859 950	1 987 342	1 604 942	-	-	11 067 234
DJ Reyneke *	5 320 224	691 629	115 639	586 600	-	-	6 714 092
Executive directors							
LTS Maloba *	2 921 100	379 743	1 205 449	975 378	-	-	5 481 670
S Dumeko #	1 859 318	241 711	1 104 987	-	-	-	3 206 016
	16 715 642	**2 173 033**	**4 413 417**	**3 166 920**	**-**	**-**	**26 469 012**

2022	Basic pensionable salary	Pension company contribution	Other benefits	Vested shares	Short Term Incentive	Retention	Total
Non-executive directors							
SN Maseko *	5 640 000	789 600	629 619	9 521 358	-	5 000 000	21 580 577
S Taukobong *	2 975 000	386 750	894 396	-	3 543 762	-	7 799 908
DJ Reyneke *	5 066 880	658 694	118 103	1 040 785	2 166 926	-	9 051 388
Executive directors							
LTS Maloba *	2 782 000	361 660	1 156 017	530 174	1 421 788	-	6 251 639
S Dumeko #	1 737 680	225 898	1 052 714	-	1 173 000	-	4 189 292
	18 201 560	**2 422 602**	**3 850 849**	**11 092 317**	**8 305 476**	**5 000 000**	**48 872 804**

2021	Basic pensionable salary	Pension company contribution	Other benefits	Vested shares	Dividends on unvested shares	Short Term Incentive	Retention	Total
Non-executive directors								
TBL Molefe *	3 248 000	422 240	2 050 130	2 588 538	108 871	-	-	8 417 779
SN Maseko *	7 064 358	989 010	789 372	6 019 357	365 418	10 216 240	10 000 000	35 443 755
DJ Reyneke *	790 429	102 756	17 249	-	-	4 000 000	-	4 910 434
Executive directors								
LTS Maloba *	2 600 000	338 000	1 074 292	-	-	4 208 000	-	8 220 292
S Dumeko #	1 624 000	211 120	965 176	-	-	1 701 084	-	4 501 380
	15 326 787	**2 063 126**	**4 896 219**	**8 607 895**	**474 289**	**20 125 324**	**10 000 000**	**61 493 640**

27. Directors' emoluments (continued)

Independent non-executive

2023

	Retainer Fees	Committee fees	Management consulting or technical	Total
AD Mminele <	721 000	-	-	721 000
N Ford-Hoon (Fok) <	164 500	322 000	-	486 500
A Khumalo <	164 500	215 250	-	379 750
N Medupe	164 500	355 250	-	519 750
IO Selele	81 347	69 180	-	150 527
	1 295 847	**961 680**	**-**	**2 257 527**

2022

	Retainer fees	Committee fees	Management, consulting or technical fees	Total
AD Mminele <	443 267	-	-	443 267
N Ford-Hoon (Fok) <	70 500	138 300	-	208 800
A Khumalo <	112 017	92 250	-	204 267
N Medupe	70 500	152 250	-	222 750
IO Selele	112 017	60 000	-	172 017
	808 301	**442 800**	**-**	**1 251 101**

2021: Directors emoluments were not paid in the 2021 financial year to independent non-executive directors.

* All amounts were paid by Telkom SA SOC Limited, the 100% holding company.
# All amounts were paid by Gyro Group (Pty) Ltd a related party, 100% owned by Telkom SA SOC Limited.
< Amounts paid to directors include VAT.

Notes to the Historical Financial Information

Figures in Rand		Audited 2023	Audited 2022	Audited 2021

28. Financial instruments and risk management

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise shareholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

Loans from group companies	17	404 106 349	500 000 000	-
Lease liabilities	10	145 497 425	81 272 719	39 786 473
Cash and cash equivalents	15	(407 541 220)	(342 746 271)	(76 788 788)
Total borrowings		**142 062 554**	**238 526 448**	**(37 002 315)**
Equity		806 437 830	477 000 343	303 800 248
Gearing ratio		18 %	50 %	(3)%

The significant decrease in gearing ratio is due to lower dividends paid during the current financial year ending 31 March 2023 than the financial year ending 31 March 2022. The significant increase in gearing ratio for the financial year ending 31 March 2022 is due to the loans from group companies. Refer to note 17.

Financial risk management objectives and policies

The company's principal financial liabilities, comprise of interest-bearing debt and Trade and other payables. The main purpose of these financial liabilities is to raise finance for the company's operations.

The company has trade and other receivables and cash and cash equivalents that arise directly from its operations.

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The company's senior management oversee the management of these risks.

Risk management

The company holds or issues financial instruments to finance its operations. In addition, financial instruments such as Trade receivables, and payables arise directly from the company's operations.

The company finances its operations primarily by a mixture of issued share capital, non distributable reserves, retained earnings, long and short - term loans.

28. 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.

The company has elected the simplified approach to recognise lifetime expected credit loss (ECL) for its trade receivables and a general approach on loans receivable as permitted by IFRS 9. The company has assessed and concluded that due to the short-term nature of its trade and other receivable balances, the trade receivable balances are not significantly exposed to the impact of changes in the macro-economic environment. The provision model does therefore not include economic, environmental changes as assumptions applied in deriving the expected credit loss on its trade, other receivables and cash and cash equivalents.

Based on the company's historical experience and performance of intercompany debtors, there are no historical credit losses. Intercompany debtors are performing well and are considered to have low credit risk with immaterial balances held for expected credit losses.

Impairment credit loss provisions are calculated using the simplified approach are calculated using a provision matrix. The provision matrix is a probability weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances. Receivables have been grouped together based on similar credit characteristics and a separate expected loss provision matrix has been calculated for each of the categories based on the net loss history associated to the specific category of receivable.

Following the adoption of IFRS 9, the company has implemented a process whereby trade receivable balances are only written off at the point where there is no longer any probable recovery on a trade receivable balance.

Loans receivable relates to funds invested with Telkom Group Treasury on cash pool arrangement. Based on the company's historical experience and performance of intercompany debtors, there are no historical credit losses. Intercompany debtors are performing well and considered to have low credit risk with immaterial balances held for expected credit losses.

Trade and other receivables includes intercompany receivables with Telkom Group companies and are monitored monthly. Telkom SA SOC Limited, which is the parent company, is liquid and solvent, therefore no material credit risk exists.

The company is exposed to credit risk from its operating activities and from financing activities, including deposits with banks and financial institutions. The company is not exposed to significant concentrations of credit risk as credit limits are set on an individual basis and reviewed annually.

The company's maximum exposure to credit risk is represented by the gross carrying amount of the financial assets that are exposed to credit risk.

The company's exposure to credit risk is influenced mainly by the individual characteristics of each type of customer. Management reduces the risk of irrecoverable debt by improving credit management through credit checks.

Credit checks are performed on all customers, on application for new services and on an ongoing basis, where appropriate. Receivables have been grouped together based on similar credit characteristics and a separate expected loss is calculated for each category.

The expected credit loss is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the value of money, where appropriate.

The carrying amounts of the trade receivables approximate their fair value and amortised cost. The repayment terms of the trade receivables vary between 21 days and 30 days from date of invoice.

Notes to the Historical Financial Information

Figures in Rand

28. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

		Audited 2023			Audited 2022			Audited 2021		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans receivable	12	5 485 232	(35 544)	5 449 688	123 192 138	(346 478)	122 845 660	861 691 178	(2 422 923)	859 268 255
Trade and other receivables	13	178 461 410	(76 593 864)	101 867 546	109 981 743	(57 902 364)	52 079 379	456 831 609	(69 283 799)	387 547 810
Cash and cash equivalents	15	407 541 220	-	407 541 220	342 746 271	-	342 746 271	76 788 788	-	76 788 788
		591 487 862	**(76 629 408)**	**514 858 454**	**575 920 152**	**(58 248 842)**	**517 671 310**	**1 395 311 575**	**(71 706 722)**	**1 323 604 853**

Trade and other receivables at amortised cost are disclosed net of prepayments at R 101 867 546 (2022: R 52 079 379) . Trade and other receivables are generally due for settlement within 90 days and are therefore classified as current assets.

28. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company is exposed to liquidity risk as a result of variable cash flows as well as capital commitments of the company.

Liquidity risk is managed by the company 's finance team with the support of Telkom Group Treasury.

The table below summarises the maturity profile the company's financial liabilities based on contractual cash flows at the reporting date.

2023

		0 to 12 months	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Loans from group companies	17	-	357 117 014	-	357 117 014	308 106 349
Lease liabilities	10	-	123 799 869	60 137 928	183 937 797	116 549 814
Current liabilities						
Trade and other payables	19	341 487 915	-	-	341 487 915	341 487 915
Loans from group companies	17	130 870 599	-	-	130 870 599	96 000 000
Lease liabilities	10	30 366 521	-	-	30 366 521	28 947 611
		502 725 035	**480 916 883**	**60 137 928**	**1 043 779 846**	**891 091 689**

2022

		Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities							
Loans from group companies	17	-	119 948 607	325 013 830	57 089 306	502 051 743	440 000 000
Lease liabilities	10	-	17 373 034	40 616 897	32 590 891	90 580 822	70 143 360
Current liabilities							
Trade and other payables	19	475 703 402	-	-	-	475 703 402	475 703 400
Loans from group companies	17	88 302 001	-	-	-	88 302 001	60 000 000
Lease liabilities	10	17 241 935	-	-	-	17 241 935	11 129 359
		581 247 338	**137 321 641**	**365 630 727**	**89 680 197**	**1 173 879 903**	**1 056 976 119**

28. Financial instruments and risk management (continued)

2021

		Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Lease liabilities		-	30 995 725	10 947 853	41 943 578	33 727 735
Current liabilities						
Trade and other payables	19	562 100 454	-	-	562 100 454	562 100 454
Lease liabilities		8 925 895	-	-	8 925 895	6 058 738
		571 026 349	**30 995 725**	**10 947 853**	**612 969 927**	**601 886 927**

Market rate risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposure. Market risks comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity risk.

The only interest bearing asset is the cash invested with Telkom Group Treasury. Interest earned is as determined by Telkom Group Treasury.

There have been significant changes in the levels of market risk in the current financial year due to local and global market conditions. This has given rise to increased levels of volatility in both local and global markets. The associated impact and volatility were experienced in the foreign currency markets, and in the interest rate environment.

Foreign currency risk

The company has various monetary assets and liabilities in currencies other than the company's functional currency. The following table represents the net currency exposure (net carrying amount of foreign denominated monetary assets and liabilities) of the company according to the different foreign currencies.

	2023	2022	2021
Exposure in Rand			
US Dollar exposure:			
Current liabilities:			
Net foreign currency monetary assets/(liabilities)	(14 290 992)	(27 706 593)	(31 507 152)

Exchange rates

	2023	2022	2021
Rand per unit of foreign currency:			
US Dollar	17.736	14.545	14.820

28. Financial instruments and risk management (continued)

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date.

Foreign currency exposure is not analysed on a specific basis, however if the Rand/dollar exchange rate had been 1% higher or lower during the period, with all other variables held constant, profit or loss and equity for the year would increase or decrease by R 142 910 (2022: R 277 066, 2023: R 315 072). The sensitivity analysis impact was calculated on total USD foreign currency exposure at year end.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates, where all other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

The company is exposed to interest rate risk on the funds invested with Telkom Group Treasury on a cash pool arrangement. The interest rate applicable on cash held with Telkom Group Treasury is determined by Telkom Group's Treasury.

A 1% impact on prime would have the following impact on the current and prior financial years:

	2023	2023	2022	2022	2021	2021
Increase or decrease in rate	Increase	Decrease	Increase	Decrease	Increase	Decrease
Impact on profit or loss:						
Cash and Cash Equivalents	4 075 412	(4 075 412)	-	-	-	-
Loans receivable	54 852	(54 852)	1 228 457	(1 228 457)	8 592 683	(8 592 683)
Loans from group companies	(4 041 063)	4 041 063	5 000 000	(5 000 000)	-	-
	89 201	**(89 201)**	**6 228 457**	**(6 228 457)**	**8 592 683**	**(8 592 683)**
Impact on equity:						
Cash and Cash Equivalents	4 075 412	(4 075 412)	-	-	-	-
Loans receivable	54 852	(54 852)	1 228 457	(1 228 457)	8 592 683	(8 592 683)
Loans from group companies	(4 041 063)	4 041 063	5 000 000	(5 000 000)	-	-
	89 201	**(89 201)**	**6 228 457**	**(6 228 457)**	**8 592 683**	**(8 592 683)**
Total impact on profit or loss and equity	**178 402**	**(178 402)**	**12 456 914**	**(12 456 914)**	**17 185 366**	**(17 185 366)**

29. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Notes to the Historical Financial Information

Figures in Rand	Audited 2023	Audited 2022	Audited 2021

30. Significant events and transactions

Effective 1 April 2023, the trade debtors relating to the masts and towers co-location business was acquired and transferred from Telkom SA SOC Limited to Swiftnet for a consideration of R 183 754 556, which is now included in gross trade receivables.
As part of the Telkom Group Value Unlock Strategy, the Telkom SA SOC Limited Board has resolved to dispose of its investment in Swiftnet. The disposal of Swiftnet will result in loss of control of the subsidiary by Telkom.

31. Events after the reporting period

There were the following changes in directorate after 31 March 2023:

Directors	Office	Designation	Appointment date	Resignation date
DJ Reyneke	Group CFO	Non-executive	7 December 2020	30 November 2023
NS Dlamini	Group CFO	Non-executive	1 December 2023	
LTS Maloba	CEO	Executive	13 November 2017	29 February 2024

ANNEXURE 2 – INDEPENDENT AUDITOR'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF SWIFTNET FOR THE YEARS ENDED 31 MARCH 2021, 31 MARCH 2022 AND 31 MARCH 2023

SNG Grant Thornton

SNG Grant Thornton
Building 4, Summit Place
Office Park,
221 Garstfontein Road,
Menlyn, 0081
T +27 (0) 86 117 6782

The Directors of Swiftnet SOC Limited and Telkom SA SOC Limited

At your request, we present our Independent Reporting Accountant's Audit Report on the Historical Financial Information of Swiftnet SOC Limited ("**Swiftnet**") for inclusion in Annexure 2 of the Circular to be dated on or about Monday, 22 April 2024 ("**Circular**") by the directors of Telkom SA SOC Limited. This report is required for the purpose of complying with section 8.48(a) of the JSE Listings Requirements and is given for the purpose of complying with those requirements and for no other purpose. We are the Independent Reporting Accountants of Swiftnet.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the JSE Listings Requirements and consenting to its inclusion in the Circular.

Opinion

We have audited the Historical Financial Information of Swiftnet, which comprises the statement of financial position as at 31 March 2023, 31 March 2022 and 31 March 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, including a summary of significant accounting policies and the notes thereto as presented in Annexure 1.

In our opinion, the Historical Financial Information, as presented in Annexure 1 of the Circular, present fairly, in all material respects, the financial position of Swiftnet as at 31 March 2023, 31 March 2022 and 31 March 2021, and its financial performance and cash flows for the years then ended, in accordance with the basis of preparation paragraphs as set out in the Historical Financial Information and the JSE Listings Requirements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the Reporting Accountant's Responsibilities for the Audit of the Historical Financial Information section of our report.

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

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

Emphasis of matter - basis of accounting and restriction on use

We draw attention to the basis of preparation paragraph included in the Historical Financial Information, which describes the basis of preparation and presentation Historical Financial Information, including the approach to and the purpose for preparing the financial information. The Historical Financial Information has been prepared solely for the purpose of fulfilling directors' financial reporting responsibilities in order to comply with the respective JSE Listings Requirements. As a result, the Historical Financial Information may not be suitable or relied on for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information contained in the Circular. The other information comprises the information included in the document titled "*Circular to Shareholders*". The other information does not include the Historical Financial Information and our report thereon.

Our opinion on the Historical Financial Information does not cover the other information contained in the Circular and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Historical Financial Information, our responsibility is to read the other information contained in the Circular and, in doing so, consider whether the other information is materially inconsistent with the Historical Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Historical Financial Information

The directors are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors of Swiftnet are responsible for the preparation of the Historical Financial Information, in accordance with the JSE Listings Requirements, as set out in the basis of preparation paragraph included in Annexure 1 to the Circular, and for determining that the basis of preparation is acceptable in the circumstances. The directors of Swiftnet are also responsible for such internal control as management determines is necessary to enable the preparation and presentation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance at Swiftnet are responsible for overseeing the process to compile the Historical Financial Information.

Reporting accountant's responsibilities for the Historical Financial Information

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Financial Information, 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 Swiftnet's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's audit report to the related disclosures in the Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's audit report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Historical Financial Information, including the disclosures, and whether the Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

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

SizweNtsalubaGobodo Grant Thornton Inc.

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Nhlanhla Sigasa
Chartered Accountant (SA)
Registered Auditor
Reporting Accountant Specialist

Nhlanhla Sigasa

17/04/2024

17 April 2024
SizweNtsalubaGobodo Grant Thornton, Building 4, Summit Place Office Park, 221 Garstfontein Road, Menlyn, 0081

ANNEXURE 3 – INTERIM CONDENSED HISTORICAL FINANCIAL INFORMATION OF SWIFTNET FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

Introduction to the Interim Condensed Historical Financial Information of Swiftnet

The definitions and interpretations commencing on page 11 of the Circular apply, *mutatis mutandis*, to this **Annexure 3**.

The Interim Condensed Historical Financial Information of Swiftnet consists of the interim condensed statement of financial position and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months ended 30 September 2023, and selected explanatory notes.

The Interim Condensed Historical Financial Information has been specifically prepared for the purposes of the Circular in order to comply with section 8.7 of the JSE Listings Requirements and has been prepared in accordance with International Accounting Standard 34, "*Interim Financial Reporting*". Accordingly, the Interim Condensed Historical Financial Information does not include the comparative information for the six months ended 30 September 2022, as required by International Accounting Standard 34, "*Interim Financial Reporting*", as the accounting policies applied in the preparation of the Interim Condensed Historical Financial Information are identical to those contained in the Historical Financial Information.

The directors of Swiftnet are responsible for the preparation and fair presentation of the Interim Condensed Historical Financial Information in accordance with International Accounting Standard 34, "*Interim Financial Reporting*" and for such internal controls as the directors determine are necessary to enable the preparation of the Interim Condensed Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The Directors are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Swiftnet complies with the JSE Listings Requirements.

PricewaterhouseCoopers Inc.'s Independent Auditor's review report on the Interim Condensed Historical Financial Information for the six months ended 30 September 2023 is included as **Annexure 4** to this Circular.

Commentary on the Interim Condensed Historical Financial Information of Swiftnet

Interim period ended 30 September 2023:

There was a continuation of the healthy financial condition and satisfactory financial performance.

Swiftnet continued to be commercialised as customers improved connectivity coverage for their customers and enhanced their network capacity and performance. This included new tower builds, in-building coverage solutions (IBS), additional tenancy take-up on the existing portfolio, ongoing equipment upgrades as well as upgrades for 5G deployment. Operations continued to pursue various value-added services, mainly Power-as-a Service (PaaS).

Swiftnet's financial performance was satisfactory with strong earnings growth being achieved during the first half of the financial year. Revenue of R652 million was achieved during the period. Revenue from continuing customers amounted to R499 million and was underpinned by inflationary escalations, new tenancies, customers' 5G rollouts and existing tenant installation upgrades. This growth was, however, offset by a combined reduction in revenue to R153 million, attributed to ongoing terminations by a smaller MNO customer and Openserve's continued site consolidation as a result of them optimising their legacy-based technologies.

EBITDA amounted to R488 million at an EBITDA margin of 74.8%. This improvement in margin was attributable to the optimisation of tower operating costs and the non-occurrence of once-off transaction advisory costs incurred in the prior financial year. Profit for the period amounted to R321 million.

Capital expenditure amounted to R44 million during the period, with 11 towers and one IBS being constructed, resulting in a total productive portfolio of 4 008 Towers. Swiftnet's proactive site acquisition and permitting initiatives resulted in a total of 456 approved building plans that are ready for construction when triggered by customer commitment. The primary focus remains on rolling out IBS, traditional towers, the 5G outdoor Distributed Antennae System (oDAS) and small cells.

The planned PaaS first phase of the rollout was planned to commence during the second half of the financial year once commercial terms and sites are finalised with our customers. This value-add offering will provide Swiftnet's customers with an alternative source of power security, allowing them to focus on their core business of network expansion and additional antennae upgrades on our Masts and Towers.

Effective 1 April 2023, the trade debtors relating to the Masts and Towers co-location business was acquired by Swiftnet from Telkom, for a consideration of R184 million, as included in gross trade receivables. This once-off acquisition impacted cash generated from operations. Free cash flow generated during the first six months, amounted to R26 million. Excluding the impact of this acquisition, the free cash flow generated amounted to R210 million.

Total assets exceeded total liabilities by R953 million at the end of 30 September 2023.

Swiftnet SOC Limited

(Registration number 1994/009541/30)

Interim Condensed Historical Financial Information (the "Condensed Interim Financial Statements")
for the six months ended 30 September 2023

These condensed interim financial statements have been independently reviewed.

Contents

Director's report

1. Board approval

These condensed interim financial statements were authorised for issue on 17 April 2024 by the Swiftnet SOC Limited board of directors and published on 17 April 2024.

2. Directors' responsibility

The directors of the company take full responsibility for the preparation of the condensed interim financial statements.

3. Dividends

A final dividend of R174 540 160 for the year ended 31 March 2023 was declared and paid in May 2023 in cash. In line with the dividend policy, the final dividend was based on 80% of free cash flow excluding capital expenditure for the period ended 31 March 2023.

4. Directorate

The directors in office as at 30 September 2023 were as follows:

Directors	Office	Designation	Appointment date	Resignation date
S Taukobong	Group CEO /Chairman	Non-executive	30 September 2021	
DJ Reyneke	Group CFO	Non-executive	7 December 2020	30 November 2023
LTS Maloba	CEO	Executive	13 November 2017	29 February 2024
S Dumeko	CFO	Executive	1 December 2019	

5. Independent auditor's review report

The condensed historical financial information for the six months ended 30 September 2023, has been independently reviewed by PricewaterhouseCoopers Inc. (Registration 1998/012055/21), 4 Lisbon Lane, Waterfall City, Jukskei View, South Africa (Private Bag X36, Sunninghill, 2157) and their review report can be found in Annexure 4 of this Circular.

6. Preparer and supervisor of the condensed interim financial statements

The condensed interim financial statements for the six months ended 30 September 2023 were prepared by NF Parrott CA(SA) under the supervision of the Chief Financial Officer, S Dumeko CA(SA).

7. Events after the reporting period

Dividend declaration

An interim dividend of R 255 058 793 (2022: Nil) was declared on the 10 November 2023 and paid on 30 of November 2023. In line with the dividend policy, the interim dividend was based on 60% of the anticipated free cashflow excluding capital expenditure for the year.

Resignations and the appointment of a Non-executive Director

There were the following changes in directorate after 30 September 2023:

Directors	Office	Designation	Appointment date	Resignation date
DJ Reyneke	Group CFO	Non-executive	7 December 2020	30 November 2023
NS Dlamini	Group CFO	Non-executive	1 December 2023	
LTS Maloba	CEO	Executive	13 November 2017	29 February 2024

Director's report

8. Significant events and transactions

Effective 1 April 2023, the trade debtors relating to the masts and towers co-location business was acquired and transferred from Telkom SA SOC Limited to Swiftnet for a consideration of R 183 754 556, which is now included in gross trade receivables.

As part of the Telkom Group Value Unlock Strategy, the Telkom SA SOC Limited Board has resolved to dispose of its investment in Swiftnet. The disposal of Swiftnet will result in loss of control of the subsidiary by Telkom.

Approval of the condensed interim financial statements

Nonkululeko Dlamini

NS Dlamini
Non-executive director
17 April 2024

Siphethe Dumeko

S Dumeko
Executive director: Chief Financial Officer
17 April 2024

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the six months ended 30 September 2023

Figures in Rand	Note(s)	Reviewed six months ended 30 September 2023
Revenue	3	**651 788 559**
Operating expenses		**(163 973 877)**
Movement in credit loss allowances	4	(4 854 817)
Gyro Group management fee	4	(79 618 661)
Audit fee	4	(1 366 114)
Property related costs	4	(70 945 826)
Other operating expenses	4	(7 188 459)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)		**487 814 682**
Depreciation and amortisation		(34 972 175)
Operating profit	4	**452 842 507**
Investment income	5	10 569 109
Finance costs	6	(23 611 412)
Foreign exchange movements		48 656
Profit before taxation		**439 848 860**
Taxation	7	(119 032 953)
Profit for the period		**320 815 907**
Other comprehensive income		-
Total comprehensive income for the period		**320 815 907**

Interim Condensed Statement of Financial Position as at 30 September 2023

Figures in Rand	Note(s)	Reviewed six months ended 30 September 2023
Assets		
Non-Current Assets		
Property, plant and equipment	8	1 082 457 691
Right-of-use assets	9	147 426 220
Intangible assets	10	10 882 791
		1 240 766 702
Current Assets		
Loans receivable	11	76 275 500
Trade and other receivables	12	303 700 864
Income tax receivable		1 631 408
Cash and cash equivalents	13	135 052 463
		516 660 235
Total Assets		**1 757 426 937**
Equity and Liabilities		
Equity		
Share capital		5 000 000
Retained earnings		947 713 579
		952 713 579
Liabilities		
Non-Current Liabilities		
Loans from group companies	15	356 000 000
Lease liabilities	9	138 827 111
Deferred taxation		38 260 150
		533 087 261
Current Liabilities		
Trade and other payables	14	250 198 953
Lease liabilities	9	20 078 054
Provisions		1 349 090
		271 626 097
Total Liabilities		**804 713 358**
Total Equity and Liabilities		**1 757 426 937**

Interim Condensed Statement of Changes in Equity for the six months ended 30 September 2023

Figures in Rand	Share capital	Retained earnings	Total equity
Balance at 01 April 2023	**5 000 000**	**801 437 832**	**806 437 832**
Profit for the six months ended	-	320 815 907	320 815 907
Other comprehensive income	-	-	-
Total comprehensive income for the six months ended	**-**	**320 815 907**	**320 815 907**
Dividends paid	-	(174 540 160)	(174 540 160)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(174 540 160)**	**(174 540 160)**
Balance at 30 September 2023	**5 000 000**	**947 713 579**	**952 713 579**

Interim Condensed Statement of Cash Flows for the six months ended 30 September 2023

Figures in Rand	Note(s)	Reviewed six months ended 30 September 2023
Cash flows from operating activities		
Cash generated from operations	16	201 341 360
Interest received	5	10 569 109
Finance costs paid	17	(23 717 761)
Dividends paid		(174 540 160)
Taxation paid		(118 380 632)
Net Cash utilised in operating activities		**(104 728 084)**
Cash flows from investing activities		
Purchase of property, plant and equipment	8	(43 781 483)
Purchase of intangible assets	10	(2 346 720)
Loan receivable advanced to Telkom SA SOC Ltd		(65 000 000)
Net cash utilised in investing activities.		**(111 128 203)**
Cash flows from financing activities		
Repayment of Telkom SA SOC Ltd loan	17	(48 000 000)
Payment on lease liabilities	17	(8 632 470)
Net cash utilized in financing activities		**(56 632 470)**
Net decrease in cash and cash equivalents		**(272 488 757)**
Cash and cash equivalents at the beginning of the period		407 541 220
Cash and cash equivalents at the end of the period	13	**135 052 463**

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

1. General Information

Corporate information

Swiftnet SOC Limited (the "Company") is a company incorporated and domiciled in the Republic of South Africa (South Africa). The main objective of the company is to enable the transmission of telecommunication services by providing the rental of space on its masts and towers to third parties, Telkom SA SOC Ltd and Openserve (Pty) Ltd.

Basis of preparation, significant accounting judgements, estimates, assumptions and significant accounting policies

Basis of preparation

The Interim Condensed Historical Financial Information has been prepared in accordance with Section 8.7 of the JSE Limited Listings Requirements for the purpose of the Telkom SA SOC Limited Circular.

Section 8.7 of the JSE Limited Listings Requirements requires the Interim Condensed Historical Financial Information to be prepared using the International Accounting Standard (IAS) 34: Interim Financial Reporting. Where the Company's accounting policies applied in the preparation of the Interim Condensed Historical Financial Information are identical to those contained in the historical financial information no comparative results are required to be presented.

No comparative information has therefore been presented as the accounting policies applied in the preparation of the Interim Condensed Historical Financial Information are identical to those contained in the historical financial information.

The Interim Condensed Historical Financial Information has been prepared on the going concern basis. The Interim Condensed Historical Financial Information is presented in South African Rand and rounded off to the nearest Rand, unless stated otherwise.

The results of the period are not necessarily indicative of the results of the entire period and the Interim Condensed Historical Financial Information should be read in conjunction with the audited financial statements for the year ended 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards.

Non-IFRS measures

EBITDA is defined as earnings before investment income, finance costs, foreign exchange and fair value movements, taxation, depreciation and amortisation and write-offs, impairments and losses of property, plant and equipment and intangible assets.

Significant accounting judgements, estimates and assumptions

In preparing these condensed interim financial statements, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the annual financial statements for the year ended 31 March 2023.

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current six months ended

In the current six months ended, the company has adopted the following standards and interpretations that are effective 1 April 2023, which did not have a material impact on the company:

Standard/ Interpretation:	Effective date: Years beginning on or after
• IAS 1 (Presentation of Financial Statements) Amendments regarding the disclosure of accounting policies	01 January 2023
• IAS 12 (Income Taxes) Amendments regarding deferred tax related to assets and liabilities arising from a single transaction	01 January 2023
• IAS 12 (Income Taxes) Amendments regarding international tax reform – pillar two model rules	01 January 2023
• IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) Definition of accounting estimate	01 January 2023

2.2 Standards and interpretations not yet effective

The standards and amendments listed below will be effective in future reporting periods. It is expected that the company will adopt the pronouncements on their respective effective dates. The amendments are not expected to have a material impact.:

Standard/ Interpretation:	Effective date: Years beginning on or after
• IFRS 16 (Leases) Amendment regarding lease liability in a sale and leaseback, seller-lessee subsequent measurement in sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale	01 January 2024
• IAS 1 (Presentation of Financial Statements) Amendment regarding non-current liabilities with covenants	01 January 2024
• IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures) Amendment regarding supplier finance arrangement disclosure	01 January 2024
• IAS 21 (The Effects of Changes in Foreign Exchange Rates) Amendment regarding the entity's transaction or operation in a foreign currency that is not exchangeable into other currency at a measurement date for a specified purpose	01 January 2025

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023

3. Revenue

Co-location revenue	
External co-location income from masts and towers	371 157 254
Intergroup co-location income from masts and towers	280 631 305
	651 788 559

Revenue is earned from the leasing of space on masts and towers to third parties and to Telkom SA SOC Ltd and Openserve (Pty) Ltd.

There were no significant contract modifications that took place and both new and existing contracts were assessed to be enforceable at the end of the reporting date.

4. Operating profit

Operating profit for the six months ended is stated after charging the following, amongst others:

Auditor's remuneration - external	
Audit fees	1 366 114
Depreciation and amortisation	
Depreciation of property, plant and equipment	19 639 878
Depreciation of right-of-use assets	12 106 378
Amortisation of intangible assets	3 225 919
Total depreciation and amortisation	**34 972 175**
Property related costs	
Facilities costs	13 469 347
Masts maintenance	35 381 062
Utilities costs	11 279 002
Security cost	9 452 963
Professional fees	1 335 073
Other costs	28 379
	70 945 826
Movement in credit loss allowances	
Trade and other receivables and loan balances held with Telkom SA SOC Ltd	4 854 817

Operating expenses by nature

Depreciation, amortisation and impairment	34 972 175
Movement in credit loss allowances	4 854 817
Property related costs	70 945 826
Gyro Group management fee	79 618 661
Audit fee	1 366 114
Licence fees and user rights	3 547 592
Other general expenses	3 640 867
	198 946 052

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023

5. Investment income

Interest income	
Investments in financial assets:	
Telkom Group Treasury (refer to Note 11)	964 705
Cash and cash equivalents - Standard Bank	9 604 404
Total interest income	**10 569 109**

6. Finance costs

Lease liabilities	7 628 505
Loans payable - Telkom SA SOC Ltd (Refer to Note 15)	15 982 907
Total finance costs	**23 611 412**

7. Taxation

Major components of the tax expense

Current	
Local income tax - current period	119 032 953

Reconciliation of the tax expense rate

Applicable tax rate	27.00 %
Disallowed expenditure : Assets under construction write off	0.07 %
	27.07 %

8. Property, plant and equipment

	September 2023		
	Cost	**Accumulated depreciation**	**Carrying value**
Masts and Towers	1 751 836 547	(1 074 105 430)	677 731 117
IT equipment	86 708 205	(9 500 347)	77 207 858
Other	10 538	(5 771)	4 767
Support equipment	1 284 893	(116 880)	1 168 013
Under construction	326 345 936	-	326 345 936
Total	**2 166 186 119**	**(1 083 728 428)**	**1 082 457 691**

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 September 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Masts and Towers	652 195 333	-	(24 189 581)	65 650 149	(15 924 784)	677 731 117
IT equipment	66 736 975	-	-	14 133 836	(3 662 953)	77 207 858
Other	5 520	-	-	-	(753)	4 767
Support equipment	509 778	-	-	709 623	(51 388)	1 168 013
Under construction	363 058 061	43 781 483	-	(80 493 608)	-	326 345 936
	1 082 505 667	**43 781 483**	**(24 189 581)**	**-**	**(19 639 878)**	**1 082 457 691**

Effective 1 April 2023, Swiftnet sold concrete towers to Telkom SA SOC Limited for a consideration of R24 189 581. A corresponding other receivable was raised as reflected under Trade and Other Receivables as reflected under Note 12.

9. Leases

Lessee

Net carrying amounts of right-of-use assets

Land	147 426 220

Additions to right-of-use assets

Additions to right-of-use assets during the period	18 482 347
Lease modifications	3 832 263
Lease cancellations	(274 400)
	22 040 210

Depreciation recognised on right-of-use assets

Land	12 106 378

Lease liabilities

Non-current liabilities	138 827 111
Current liabilities	20 078 054
	158 905 165

The total lease expenditure paid amounts to R16,260,975 for the period. This comprises interest repayments of R7 628 505 and Capital repayments of R8 632 470. This is not included within EBITDA as the leases have been capitalized in accordance with IFRS 16 Leases.

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023

10. Intangible assets

	September 2023		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**
Computer software	14 456 306	(3 573 515)	10 882 791

Reconciliation of intangible assets - 30 September 2023

	Opening balance	**Additions**	**Transfers**	**Amortisation**	**Total**
Computer software	2 106 019	-	12 002 691	(3 225 919)	10 882 791
Software development	9 655 971	2 346 720	(12 002 691)	-	-
	11 761 990	**2 346 720**	**-**	**(3 225 919)**	**10 882 791**

11. Loans receivable

Telkom SA SOC Ltd loan receivable	76 275 500

Split between non-current and current portions

Current assets	76 275 500

These funds are advanced to Telkom Group Treasury on a cash pooling arrangement and earn interest as determined by Telkom Group Treasury. Interest earned is capitalised monthly and the loan receivable is convertible to cash at a day’s notice of the company's management.

Reconciliation Loan receivable

Telkom SA SOC Limited	
Opening balance	5 449 688
Loans raised	65 000 000
Additions to loan receivable non- cash	203 542 042
Settlement of loan receivable non - cash	(198 716 479)
Interest	964 705
Movement in expected credit losses	35 544
	76 275 500

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023

12. Trade and other receivables

Financial instruments:	
Gross trade receivables *	298 918 257
Lease income receivable	28 233 475
Impairment of trade receivables	(81 484 225)
Trade receivables at amortised cost	245 667 507
Other receivable**	58 033 357
Total trade and other receivables	**303 700 864**

Exposure to credit risk

* Effective 1 April 2023, the trade debtors relating to the co-location business was acquired and transferred from Telkom SA SOC Limited to Swiftnet for a consideration of R183 754 556, which is now included in gross trade receivables.

**Included in trade and other receivables is an amount of R24 189 582 which relates to concrete towers sold by Swiftnet to Telkom SA SOC Limited as reflected as disposals under Note 8 Property, plant and equipment.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	135 052 463

The fair value of cash and cash equivalents approximates their carrying amounts

14. Trade and other payables

Financial instruments:	
Trade payables	86 039 844
Accruals due to Related parties*	55 742 163
Other accrued expenses	64 922 243
Deposits received	306 291
Non-financial instruments:	
Amounts received in advance	31 972 567
Value Added Taxation (VAT)	11 215 845
	250 198 953

* Accruals to related parties are due to internal billings from various group companies for revenue collected on their behalf by Swiftnet SOC Limited and for shared expenses incurred by related parties on behalf of Swiftnet SOC Limited.

Fair value of trade and other payables approximates their carrying amount.

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023

15. Loans from group companies

Telkom SA SOC Ltd The loan is repayable after 5 years and 6 months and bears interest at the 3 month JIBAR plus margin of 1.65% and allows for voluntary repayments.	356 000 000

Reconciliation Loan from group companies

Telkom SA SOC Ltd	
Opening balance	404 106 349
Interest repayment	(18 996 805)
Capital repayment	(48 000 000)
Interest expenses	15 982 907
Interest capitalized to Property, plant and Equipment	2 907 549
	356 000 000

Split between non-current and current portions

Non-current liabilities	356 000 000

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts.

16. Cash generated from operations

Profit before taxation	439 848 860
Adjustments for:	
Depreciation and amortisation	34 972 175
Interest income	(10 569 109)
Finance costs	23 611 412
Movement in credit loss allowances	4 819 273
Movements in provisions	245 292
Changes in working capital:	
Trade and other receivables	(206 652 591)
Loan receivable	18 363 769
Trade and other payables	(103 297 721)
	201 341 360

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

17. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 30 September 2023

	Opening balance	Lease modifications and cancellations	Interest	New leases	Total non-cash movements	Interest repayments of cash flows	Capital repayments of cash flows	Closing balance
Lease liabilities	145 497 425	3 557 863	7 628 505	18 482 347	29 668 715	(7 628 505)	(8 632 470)	158 905 165
Loans from group companies	404 106 349	-	15 982 907	-	15 982 907	(16 089 256)	(48 000 000)	356 000 000
Total liabilities from financing activities	**549 603 774**	**3 557 863**	**23 611 412**	**18 482 347**	**45 651 622**	**(23 717 761)**	**(56 632 470)**	**514 905 165**

18. Related parties

Relationships	
Holding company	Telkom SA SOC Limited
Fellow subsidiaries	Business Connexion (Pty) Ltd Gyro Group (Pty) Ltd Gyro Properties (Pty) Ltd Openserve (Pty) Ltd
Other related parties	Gyro SPV 1 (Pty) Ltd Gyro SPV 2 (Pty) Ltd Gyro SPV 3 (Pty) Ltd Gyro SPV 4 (Pty) Ltd Gyro SPV 5 (Pty) Ltd Gyro SPV 6 (Pty) Ltd Gyro SPV 7 (Pty) Ltd Gyro SPV 8 (Pty) Ltd Gyro SPV 9 (Pty) Ltd
Members of key management	S Taukobong DJ Reyneke LTS Maloba S Dumeko

Notes to the Condensed Interim Financial statements for the six months ended 30 September 2023

Figures in Rand	Reviewed six months ended 30 September 2023
18. Related parties (continued)	
Related party balances	
Loan accounts - Owing (to) by related parties	
Telkom SA SOC Limited	76 275 500
Telkom SA SOC Limited	(356 000 000)
Amounts included in Trade receivable regarding related parties	
Telkom SA SOC Limited	44 239 221
Openserve (Pty) Limited	31 423 007
Other receivables internal - Telkom SA SOC Ltd	24 189 581
Amounts included in Trade payables and accrued expenses regarding related parties	
Telkom SA SOC Limited	(17 269 561)
Gyro Group (Pty) Limited	(21 370 652)
Gyro Properties (Pty) Ltd	(2 735 805)
Openserve (Pty) Ltd	(76 420 809)

The transactions to and from related parties relating to telecommunication services are made at arm's length.

Related party transactions	
Amounts included in operating expenses for transactions with related parties	
Gyro Group (Pty) Ltd	(79 618 661)
Gyro Properties (Pty) Ltd	(1 344 000)
Revenue received from related parties	
Telkom SA SOC Ltd	133 344 635
Openserve (Pty) Ltd	147 286 669
Interest income	
Telkom SA SOC Ltd	964 705
Finance cost	
Telkom SA SOC Ltd	(15 982 907)

19. Events after the reporting period

Dividend declaration

An interim dividend of R 255 058 793 (2022: Nil) was declared on the 10 November 2023. In line with the dividend policy, the interim dividend was based on 60% of the anticipated free cashflow excluding capital expenditure for the year.

Resignation and appointment of Non-executive Director

There were the following changes in directorate after 30 September 2023:

Directors	Office	Designation	Appointment date	Resignation date
DJ Reyneke	Group CFO	Non-executive	7 December 2020	30 November 2023
NS Dlamini	Group CFO	Non-executive	1 December 2023	
LTS Maloba	CEO	Executive	13 November 2017	29 February 2024

Figures in Rand	Reviewed six months ended 30 September 2023

20. Significant events and transactions

Effective 1 April 2023, the trade debtors relating to the masts and towers co-location business was acquired and transferred from Telkom SA SOC Limited to Swiftnet for a consideration of R183 754 556, which is now included in gross trade receivables.

As part of the Telkom Group Value Unlock Strategy, the Telkom SA SOC Limited Board has resolved to dispose of its investment in Swiftnet. The disposal of Swiftnet will result in loss of control of the subsidiary by Telkom.

ANNEXURE 4 – INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED HISTORICAL FINANCIAL INFORMATION OF SWIFTNET FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

pwc

Independent auditor's review report on the Interim Condensed Historical Financial Information of Swiftnet for the six months ended 30 September 2023

To the directors of Telkom SA SOC Limited

Introduction

Telkom SA SOC Limited ("Telkom", the "Company", or "you") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of Swiftnet SOC Limited ("Swiftnet") (the "Disposal").

At your request and for the purpose of the Circular to be dated on or about 22 April 2024, we have reviewed the accompanying interim condensed statement of financial position of Swiftnet as at 30 September 2023 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and selected explanatory notes (the "Interim Condensed Historical Financial Information"), as presented in Annexure 3 to the Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Telkom are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Telkom complies with the JSE Limited Listings Requirements. The directors of Swiftnet are responsible for the preparation and presentation of the Interim Condensed Historical Financial Information in accordance with section 8.7 of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Interim Condensed Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Interim Condensed Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Condensed Historical Financial Information are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of Interim Condensed Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Interim Condensed Historical Financial Information.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Interim Condensed Historical Financial Information of Swiftnet for the six months ended 30 September 2023 as set out in Annexure 3 to the Circular, is not prepared, in all material respects, in accordance with section 8.7 of the JSE Limited Listings Requirements.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose. We draw attention to Note 1 to the Interim Condensed Historical Financial Information, which refers to the basis of preparation for the Interim Condensed Historical Financial Information. The Interim Condensed Historical Financial Information has been prepared in accordance with section 8.7 of the JSE Limited Listings Requirements. No comparative information has been presented due to the accounting policies applied in the preparation of the Interim Condensed Historical Financial Information being identical to those contained in the historical financial information. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Murugen
Registered Auditor
Johannesburg, South Africa
17 April 2024

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the review performed on the interim condensed historical financial information. Accordingly, we accept no responsibility for any changes that may have occurred to the interim condensed historical financial information since they were initially presented on the website.

ANNEXURE 5 – *PRO FORMA* FINANCIAL INFORMATION OF THE TELKOM GROUP

The definitions and interpretations commencing on page 11 of the Circular apply, *mutatis mutandis*, to this **Annexure 5**.

Set out below is the *pro forma* condensed consolidated statement of financial position and *pro forma* condensed consolidated statement of profit or loss and other comprehensive income of the Telkom Group, illustrating the *pro forma* financial effects of the Disposal (the "***Pro Forma*** **Financial Information**").

The *Pro Forma* Financial Information has been prepared to illustrate the impact of the Disposal on the published reviewed condensed consolidated interim financial statements of the Telkom Group for the six months ended 30 September 2023, based on the assumption that the Disposal took place on 1 April 2023 for purposes of the *pro forma* condensed consolidated statement of profit or loss and other comprehensive income and on 30 September 2023 for purposes of the *pro forma* condensed consolidated statement of financial position. Because of its nature, the *Pro Forma* Financial Information may not fairly present the Telkom Groups' financial position, changes in equity, results of operations or cash flows after the Disposal.

The *Pro Forma* Financial Information has been prepared using the accounting policies of the Telkom Group as at 30 September 2023, which are in compliance with IFRS® Accounting Standards, in accordance with the applicable criteria of the JSE Listings Requirements and in terms of the Guide on *Pro Forma* Financial Information issued by SAICA.

The *Pro Forma* Financial Information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors.

The *Pro Forma* Financial Information should be read in conjunction with the Independent Auditor's reasonable assurance report thereon, which is presented in **Annexure 6** to this Circular.

Pro forma condensed consolidated statement of financial position

	30-Sep-23 Telkom Group Before Disposal	*De-recognition of Swiftnet*	*Reversal of intercompany and consolidation transactions*	*Application of Total Purchase Price*	*Transaction costs*	*Pro forma after Disposal (assuming Existing Shareholder Loan included in the Disposal)*	*Continuing Telkom Loan excluded from Disposal*	*Pro forma after Disposal (assuming Continuing Telkom Loan excluded from the Disposal)*
Notes	1	2	3	4	5	6	7	8
Assets								
Non-current assets	**43 182**	**–**	**1 517**	**(232)**	**–**	**44 467**	**225**	**44 692**
Property, plant and equipment	25 255					25 255		25 255
Right of use assets	6 150		1 464			7 614		7 614
Intangible assets	5 379					5 379		5 379
Other investments	104					104		104
Other receivables	61					61	225	286
Employee benefits	1 232					1 232		1 232
Other financial assets	180					180		180
Finance lease receivables	369					369		369
Deferred taxation	4 452		53	(232)		4 273		4 273

	30-Sep-23 Telkom Group Before Disposal	*De-recognition of Swiftnet*	*Reversal of intercompany and consolidation transactions*	*Application of Total Purchase Price*	*Transaction costs*	*Pro forma after Disposal (assuming Existing Shareholder Loan included in the Disposal)*	*Continuing Telkom Loan excluded from Disposal*	*Pro forma after Disposal (assuming Continuing Telkom Loan excluded from the Disposal)*
Current assets	**16 663**	**–**	**–**	**1 017**	**(68)**	**17 612**	**(225)**	**17 387**
Inventories	1 129					1 129		1 129
Income tax receivable	87					87		87
Finance lease receivables	283					283		283
Trade and other receivables	8 851					8 851		8 851
Contract assets	2 179					2 179		2 179
Other current assets	495					495		495
Other financial assets	117					117		117
Insurance contract asset	96					96		96
Cash and cash equivalents	3 416			1 017	(68)	4 365	(225)	4 140
Restricted cash	10					10		10
Assets included in disposal group classified as held for sale	1 587	(1 757)	170					
Total assets	**61 432**	**(1 757)**	**1 687**	**785**	**(68)**	**62 079**		**62 079**

	30-Sep-23 Telkom Group Before Disposal	*De-recognition of Swiftnet*	*Reversal of intercompany and consolidation transactions*	*Application of Total Purchase Price*	*Transaction costs*	*Pro forma after Disposal (assuming Existing Shareholder Loan included in the Disposal)*	*Continuing Telkom Loan excluded from Disposal*	*Pro forma after Disposal (assuming Continuing Telkom Loan excluded from the Disposal)*
Equity and liabilities								
Equity attributable to owners of the parent	**25 197**	**(953)**	**(547)**	**6 485**	**(68)**	**30 114**		**30 114**
Share capital	5 050	(5)	5			5 050		5 050
Share-based compensation reserve	1 419					1 419		1 419
Non-distributable reserves	750					750		750
Retained earnings	17 978	(948)	(552)	6 485	(68)	22 895		22 895
Non-controlling interests	(22)					(22)		(22)
Total equity	**25 175**	**(953)**	**(547)**	**6 485**	**(68)**	**30 092**		**30 092**
Non-current liabilities	18 208		1 186	(2 822)		16 572		16 572
Interest-bearing debt	11 926			(2 822)		9 104		9 104
Lease liabilities	4 454		1 186			5 640		5 640
Provisions	334					334		334
Other financial liabilities	226					226		226
Deferred revenue	868					868		868
Deferred taxation	400					400		400

	30-Sep-23 Telkom Group Before Disposal	*De-recognition of Swiftnet*	*Reversal of intercompany and consolidation transactions*	*Application of Total Purchase Price*	*Transaction costs*	*Pro forma after Disposal (assuming Existing Shareholder Loan included in the Disposal)*	*Continuing Telkom Loan excluded from Disposal*	*Pro forma after Disposal (assuming Continuing Telkom Loan excluded from the Disposal)*
Current liabilities	**17 718**		**575**	**(2 878)**		**15 415**		**15 415**
Trade and other payables	9 538		100			9 638		9 638
Shareholders for dividend	24					24		24
Interest bearing debt	2 878			(2 878)				
Lease liabilities	2 324		475			2 799		2 799
Provisions	923					923		923
Deferred revenue	1 551					1 551		1 551
Income tax payable	19					19		19
Other financial liabilities	461					461		461
Liabilities included in disposal group classified as held for sale	331	(804)	473					
Total liabilities	**36 257**	**(804)**	**2 234**	**(5 700)**		**31 987**		**31 987**
Total equity and liabilities	**61 432**	**(1 757)**	**1 687**	**785**	**(68)**	**62 079**		**62 079**
Net asset value per share (Rands)	51.8					62.0		62.0
Net tangible asset value per share (Rands)	31.6					42.1		42.1
Weighted average number of Shares outstanding	486 099 500					486 099 500		486 099 500
Diluted weighted average number of Shares outstanding	499 500 979					499 500 979		499 500 979

Notes and assumptions:

1. Extracted, without adjustment, from the reviewed condensed consolidated interim financial statements of the Telkom Group as at and for the six months ended 30 September 2023.
2. Extracted from the Interim Condensed Historical Financial Information of Swiftnet as at and for the six months ended 30 September 2023, attached as **Annexure 3** to this Circular. As Swiftnet is presented as a discontinued operation in the condensed consolidated interim financial statements of the Telkom Group, the related total assets and total liabilities of Swiftnet are presented as held for sale on a single line on the face of the statement of financial position.
3. Comprises the reversal of consolidation and elimination entries relating to the consolidation of Swiftnet within the reviewed condensed consolidated interim financial statements of the Telkom Group for the six months ended 30 September 2023.
4. The Total Purchase Price on the Disposal will be finalised based on the actual position on the Effective Date of the Disposal. For the purposes of the *pro forma* condensed consolidated financial statements, the Total Purchase Price is based on the financial position as at 30 September 2023.

	R in millions
Base Purchase Price	6 750
Add/subtract: cash, debt, capex and working capital adjustments and other adjustments to the Base Purchase Price (based on 30 September 2023) as explained in paragraph 5.3 of the Circular (excluding the Continuing Telkom Loan)	(33)
Total Purchase Price	**6 717**

R5 700 million of the Total Purchase Price is assumed to be applied to reduce the Telkom Group's short-term and long-term debt. The remaining Total Purchase Price, being R1 017 million, is assumed to be held on call until such time as the Telkom Group has assessed which future capital investments the Total Purchase Price will be used for.

5. Once-off transaction costs of R68 million (including VAT) are expected to be incurred as a result of the Disposal. The transaction costs are paid from internal cash reserves. No VAT may be claimed on the transaction costs and they are also not considered tax deductible for Income Tax purposes.
6. Represents the *pro forma* condensed consolidated statement of financial position, assuming a Total Purchase Price of R6 717 million, after Purchase Price Adjustments (excluding the Continuing Telkom Loan).
7. Represents the adjustment to the Total Purchase Price of the Continuing Telkom Loan, being a portion of the Existing Shareholder Loan up to R225 million, which may not be transferred to the Purchaser, as explained in paragraph 5.4 of this Circular.
8. Represents the pro forma condensed consolidated statement of financial position, assuming a Total Purchase Price of R6 492 million, after Purchase Price Adjustments (including the Continuing Telkom Loan).
9. Telkom will enter into a six-month transitional service arrangement (with an option to renew for a further six months) to ensure continuity in the operation of Swiftnet's business post the Closing Date. For the period of the transitional service arrangement Telkom will recover costs incurred for the services provided in line with the terms of the transitional service arrangement at a margin still to be agreed. As the income to be received for the services to be provided is not factually supported no adjustment is reflected in this regard.

Pro forma condensed consolidated statement of profit or loss and other comprehensive income

	Telkom Group Before Disposal	De-recognition of Swiftnet	Reversal of intercompany and consolidation transactions	Profit on the transaction & application of Total Purchase Price	Transaction costs	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)	Continuing Telkom Loan excluded from Disposal	*Pro forma* after Disposal (assuming Continuing Telkom loan excluded from the Disposal)
Notes	1	2	3	4	5	6	7	8
Revenue	**21 407**					**21 407**		**21 407**
Operating revenue	21 064					21 064		21 064
Interest revenue	208					208		208
Insurance revenue	135					135		135
Other income	454			5 217		5 671		5 671
Payments to other operators	(1 717)					(1 717)		(1 717)
Cost of handsets, equipment, software and other directories	(3 310)					(3 310)		(3 310)
Sales commission, incentives and logistical costs	(1 308)					(1 308)		(1 308)
Insurance service expenses	(95)					(95)		(95)
Employee expenses	(3 837)					(3 837)		(3 837)
Other expenses	(1 139)					(1 139)		(1 139)
Maintenance	(2 366)					(2 366)		(2 366)
Marketing	(393)					(393)		(393)
Impairment of receivables, contract assets and loans	(884)					(884)		(884)
Service fees	(1 948)		(33)		(68)	(2 049)		(2 049)
Lease-related expenses	(127)					(127)		(127)
EBITDA	**4 737**		**(33)**	**5 217**	**(68)**	**9 853**		**9 853**

	Telkom Group Before Disposal	De-recognition of Swiftnet	Reversal of intercompany and consolidation transactions	Profit on the transaction & application of Total Purchase Price	Transaction costs	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)	Continuing Telkom Loan excluded from Disposal	*Pro forma* after Disposal (assuming Continuing Telkom loan excluded from the Disposal)
Depreciation of property, plant and equipment	(1 733)					(1 733)		(1 733)
Depreciation of right-of-use assets	(723)		(290)			(1 013)		(1 013)
Amortization of intangible assets	(313)					(313)		(313)
Write-offs & impairments of property, plant & equipment & intangible assets	(15)					(15)		(15)

	Telkom Group Before Disposal	De-recognition of Swiftnet	Reversal of intercompany and consolidation transactions	Profit on the transaction & application of Total Purchase Price	Transaction costs	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)	Continuing Telkom Loan excluded from Disposal	*Pro forma* after Disposal (assuming Continuing Telkom loan excluded from the Disposal)
Operating profit	**1 953**		**(323)**	**5 217**	**(68)**	**6 779**		**6 779**
Investment income	74			42		116	0	116
Net finance charges and fair value movements	(975)		(83)	283		(775)		(775)
Finance charges on lease liabilities	(255)		(83)			(338)		(338)
Net finance charges – other	(728)			283		(445)		(445)
Foreign exchange and fair value movements	8					8		8
Profit before taxation	**1 052**		**(406)**	**5 542**	**(68)**	**6 120**	**0**	**6 120**
Taxation	(264)		109	(320)		(475)	(0)	(475)
Profit for the period from continuing operations	788		(297)	5 222	(68)	5 645	0	5 645
Profit from discontinued operations	188	(321)	133					
Profit for the period	**976**	**(321)**	**(164)**	**5 222**	**(68)**	**5 645**	**0**	**5 645**

	Telkom Group Before Disposal	De-recognition of Swiftnet	Reversal of intercompany and consolidation transactions	Profit on the transaction & application of Total Purchase Price	Transaction costs	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)	Continuing Telkom Loan excluded from Disposal	*Pro forma* after Disposal (assuming Continuing Telkom loan excluded from the Disposal)
Reconciliation between earnings and headline earnings:								
Profit for the period	788		(297)	5 222	(68)	5 645	0	5 645
Non-controlling interests	(3)					(3)		(3)
Profit attributable to owners of Telkom	**785**		**(297)**	**5 222**	**(68)**	**5 642**	**0**	**5 642**
Profit on disposal of property, plant and equipment and intangible assets	(39)					(39)		(39)
Profit on disposal of subsidiary				(4 985)		(4 985)		(4 985)
Write-offs and impairments of property, plant and equipment and intangible assets	14					14		14

	Telkom Group Before Disposal	De-recognition of Swiftnet	Reversal of intercompany and consolidation transactions	Profit on the transaction & application of Total Purchase Price	Transaction costs	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)	Continuing Telkom Loan excluded from Disposal	*Pro forma* after Disposal (assuming Continuing Telkom loan excluded from the Disposal)
Headline earnings	**760**		**(297)**	**237**	**(68)**	**632**	**0**	**632**
Basic earnings per share (cents)								
Continuing operations	161.5					1 161.3		1 161.3
Discontinued operation	38.7					–		–
Total basic earnings per share (cents)	**200.2**					**1 161.3**		**1 161.3**
Diluted earnings per share (cents)								
Continuing operations	157.2					1 130.2		1 130.2
Discontinued operation	37.6					–		–
Total diluted earnings per share (cents)	**194.8**					**1 130.2**		**1 130.2**

	Telkom Group Before Disposal	De-recognition of Swiftnet	Reversal of intercompany and consolidation transactions	Profit on the transaction & application of Total Purchase Price	Transaction costs	*Pro forma* after Disposal (assuming Existing Shareholder Loan included in the Disposal)	Continuing Telkom Loan excluded from Disposal	*Pro forma* after Disposal (assuming Continuing Telkom loan excluded from the Disposal)
Basic headline earnings per share (cents)								
Continuing operations	156.3					130.1		130.1
Discontinued operation	38.7					–		–
Total basic headline earnings per share (cents)	**195.0**					**130.1**		**130.1**
Diluted headline earnings per share (cents)								
Continuing operations	152.2					126.6		126.6
Discontinued operation	37.6					–		–
Total diluted headline earnings per share (cents)	**189.8**					**126.6**		**126.6**
Weighted average number of Shares outstanding	486 099 500					486 099 500		486 099 500
Diluted weighted average number of Shares outstanding	499 500 979					499 500 979		499 500 979

Notes and assumptions:

1. Extracted, without adjustment, from the reviewed condensed consolidated interim financial statements of the Telkom Group as at and for the six months ended 30 September 2023.
2. Extracted from the Interim Condensed Historical Financial Information of Swiftnet as at and for the six months ended 30 September 2023, attached as **Annexure 3** to this Circular. As Swiftnet is presented as a discontinued operation in the condensed consolidated interim financial statements of the Telkom Group, the related post-tax profit of Swiftnet is presented on a single line on the face of the statement of profit or loss and other comprehensive income.
3. Comprises the reversal of consolidation and elimination entries relating to the consolidation of Swiftnet within the reviewed condensed consolidated interim financial statements of the Telkom Group for the six months ended 30 September 2023.
4. Represents impact of the application of the Total Purchase Price as follows:
   a. The once-off profit on the Disposal. The profit on Disposal has been determined using the Total Purchase Price (refer to note 4 to the *pro forma* condensed consolidated statement of financial position) and the consolidated net asset value of Swiftnet as at 30 September 2023 after capital gains tax as follows:

	R in millions
Total Purchase Price	6 717
Less: NAV of Swiftnet as at 30 September 2023	(953)
Add: Consolidation entries (refer to note 3 of *pro forma* statement of financial position)	(547)
Profit on Disposal	5 217
less: Taxation	(232)
Net profit on Disposal	**4 985**

   b. The resultant interest impact for the six months ended 30 September 2023 is as follows:

	R in millions
Interest savings on long and short-term debt at a weighted average interest rate of 9.94%	283
Interest earned on investment in call accounts at a weighted average interest rate of 8.35%	42
Total interest impact	325
Tax thereon	(88)
Net interest impact	**237**

5. Once-off transaction costs of R68 million (including VAT) are expected to be incurred as a result of the Disposal. The transaction costs are paid from internal cash reserves. No VAT may be claimed on the transaction costs and they are also not considered tax deductible for Income Tax purposes.
6. Represents the *pro forma* condensed consolidated statement of profit or loss and other comprehensive income assuming a Total Purchase Price of R6 717 million, after Purchase Price Adjustments (excluding the Continuing Telkom Loan).
7. The resultant interest impact for the six months ended 30 September 2023 assuming the Continuing Telkom Loan is included as part of the Purchase Price Adjustments is as follows:

	R in millions
Reversal of interest on portion of investment in call account at a weighted average interest rate of 8.35%	(9)
Interest earned on Continuing Telkom Loan at an interest rate of 3 month JIBAR plus a margin of 1.65%	9
Total interest impact	0
Tax thereon	(0)
Net interest impact	**0**

8. Represents the *pro forma* condensed consolidated statement of profit or loss and other comprehensive income assuming the Continuing Telkom Loan is excluded from the Disposal as contemplated in paragraph 5.4 of this Circular.

9. Telkom will enter into a six-month transitional service arrangement (with an option to renew for a further six months) to ensure continuity in the operation of Swiftnet's business post the Closing Date. For the period of the transitional service arrangement, Telkom will recover costs incurred for the services provided in line with the terms of the transitional service arrangement at a margin still to be agreed. As the income to be received for the services to be provided is not factually supported no adjustment is reflected in this regard.

10. All adjustments are expected to have a continuing effect except where otherwise stated.

Independent Auditor's Assurance Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information

To the Directors of Telkom SA SOC Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Telkom SA SOC Limited ("Telkom", the "Company" or "you") by the directors. The pro forma financial information, as set out in paragraph 7 and Annexure 5 of the circular to Telkom shareholders (the "Circular"), consist of the pro forma condensed consolidated statement of financial position as at 30 September 2023, the pro forma condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2023, related notes and the pro forma financial effects. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited ("JSE") Listings Requirements and described in paragraph 7 and Annexure 5 of the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed disposal of Swiftnet SOC Limited ("Swiftnet") by Telkom (the "Disposal"). As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 30 September 2023, on which a review report has been published.

Directors' responsibility

The directors of the Company are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 5 of the Circular.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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)*.

The firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 7 and Annexure 5 of the Circular based on our procedures performed.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 7 and Annexure 5 of the Circular.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg, South Africa
17 April 2024

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of assurance engagement on the pro forma financial information. Accordingly, we accept no responsibility for any changes that may have occurred to the pro forma financial information since they were initially presented on the website.

TELKOM SA SOC LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1991/005476/30)
Share code: TKG
JSE bond code: BITEL
ISIN: ZAE000044897
("**Telkom**" or the "**Company**")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN to Shareholders that a general meeting of Shareholders ("**General Meeting**") will be held electronically and in person at the **BCX Multi-Function Room, 1021 Lenchen Avenue North, Centurion** at **10:00** (South African Standard Time) on **Friday, 24 May 2024**.

The definitions and interpretations commencing on page 11 of this Circular apply, *mutatis mutandis*, to this Notice of General Meeting.

If you are in any doubt as to the actions you should take in respect of the General Meeting and/or the Ordinary Resolution, please consult your CSDP, Broker, banker, accountant, attorney or other professional advisor immediately.

Purpose:

The purpose of the General Meeting is to consider and, if deemed fit, adopt, with or without modification, the Ordinary Resolution which is set out hereunder in the manner required by the JSE Listings Requirements.

The Ordinary Resolution relates to the "*Disposal*" (as defined in the Circular to which this Notice of General Meeting is attached and of which it forms part ("**Circular**")). The Circular, which is hereby incorporated into this Notice of General Meeting by reference thereto, sets out a summary of the salient terms and conditions of the Disposal.

Notes:

- Only Shareholders who are registered in the Register on **Friday, 17 May 2024** will be entitled to participate, speak in and vote at the General Meeting. Therefore, the Last Day to Trade to be eligible to participate and speak in and vote at the General Meeting of Shareholders is **Tuesday, 14 May 2024**.
- The Company will provide for electronic participation, provided that Shareholders wishing to participate electronically in the General Meeting follow the prescribed procedures set forth at the end of this Notice of General Meeting under the title: "*Electronic Participation*".
- Shareholders who are entitled to attend and vote at the General Meeting are reminded that they are entitled to appoint a proxy to participate, speak in and vote at the General Meeting in place of such Shareholder, provided that in doing so such Shareholder completes the attached *Form of Proxy (blue)* and follows the prescribed procedures set forth at the end of this Notice of General Meeting under the title: "*Proxies and Authority for Representatives to Act* ".
- Kindly note that in terms of section 63(1) of the Companies Act, before any person (including a proxy) may participate and speak in and vote at the General Meeting, that person will be required to present reasonably satisfactory identification and the person presiding over the General Meeting must be reasonably satisfied that the right of that person to participate and speak in and vote at the General Meeting, either as a Shareholder, or as a proxy for a Shareholder, has been reasonably verified. Acceptable forms of identification include a valid green-barcoded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence or a valid passport.

Record Dates:

In terms of sections 59(1)(a) and (b) of the Companies Act (and, to the extent relevant, the JSE Listings Requirements), the Board has set the following record dates for the purposes of determining which Shareholders are entitled to:

- receive the Circular and this incorporated Notice of General Meeting (being the date on which a Shareholder must be registered in the Register in order to receive this Notice of General Meeting), which date is **Friday, 12 April 2024**; and
- participate and speak in and vote at the General Meeting (being the date on which a Shareholder must be registered in the Register in order to participate and speak in and vote at the General Meeting), which date is **Friday, 17 May 2024**.

RESOLUTION

Ordinary Resolution – Approval of the Disposal as a Category 1 transaction in terms of the JSE Listings Requirements

"***Resolved as an ordinary resolution that****, as required by and in terms of section 9.20 of the JSE Listings Requirements, the Disposal, comprising the disposal of 100% of the issued shares in, and up to 100% of the claims against, Swiftnet (SOC) Limited to Towerco Bidco Proprietary Limited (a private company incorporated in accordance with the laws of South Africa under registration number: 2023/170689/07 for the purpose of the Disposal, and whose shareholders comprise: (i) an infrastructure fund managed by a subsidiary of Actis; and (ii) Royal Bafokeng Infrastructure, a vehicle wholly-owned by RBH) pursuant to the Sale Agreement, be and is hereby approved, and the Sale Agreement be and is hereby authorised, and Telkom is hereby authorised to implement the Disposal on the terms and subject to the conditions set forth in the Sale Agreement.*"

Threshold:

In order for this Ordinary Resolution to be adopted, it must be supported by more than 50% of the voting rights entitled to be exercised on this Ordinary Resolution by Shareholders, present in person or by proxy at the General Meeting.

Reason and effect:

The reason for this Ordinary Resolution is that the Disposal is classified by the JSE as a Category 1 transaction for the purposes of section 9 of the JSE Listings Requirements and consequently, Telkom is required to obtain the approval of the Shareholders for the Disposal, by way of an ordinary resolution, in accordance with the provisions of the JSE Listings Requirements.

The effect of adopting this Ordinary Resolution will be that Telkom will have obtained the approval of the Shareholders for the Disposal as required in terms of the JSE Listings Requirements.

VOTING AND QUORUM

The quorum requirement for the General Meeting to begin or for a matter to be considered at the General Meeting is at least three Shareholders present in person or represented by proxy (and if the Shareholder is a body corporate, the representative of the body corporate), and entitled to vote at the General Meeting. In addition:

- the General Meeting may not begin until sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and
- a matter to be decided at the General Meeting may not begin to be considered unless sufficient persons are present in person or represented by proxy to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Every Shareholder present in person or represented by proxy and entitled to exercise voting rights at the General Meeting shall be entitled to vote on a show of hands, irrespective of the number of voting rights that a Shareholder would otherwise be entitled to exercise. On a poll, any person who is present at the General Meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Shares held by that Shareholder.

ELECTRONIC PARTICIPATION

The Company has retained the services of Computershare to host the General Meeting on an interactive platform and to facilitate electronic participation and voting by Shareholders.

Shareholders who wish to electronically participate in and/or vote at the General Meeting are required to register online at www.smartagm.co.za by no later than **10:00** on **Wednesday, 22 May 2024**. Shareholders may still register online to participate and speak in and/or vote electronically at the General Meeting after this date and time, provided, however, that for those Shareholders to participate and speak and/or vote electronically at the General Meeting, they must be verified and registered before the commencement of the General Meeting.

As part of the registration process you will be requested to upload proof of identification (i.e., a valid green-barcoded or smart card identification document issued by the South African Department of Home Affairs, a valid South African driver's licence or a valid passport) and authority to do so (where acting in a representative capacity), as well as to provide details, such as your name, surname, email address and contact number. Following successful registration, the Transfer Secretaries will provide you with a meeting ID number, username and password in order to connect electronically to the General Meeting. General Meeting participation will be through the Lumi app or website by following the steps set out at www.smartagm.co.za.

While the Company will bear all costs for hosting the General Meeting by way of a remote interactive electronic platform, Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company and/or Computershare. Neither the Company nor Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating and speaking in and/or voting at the General Meeting.

PROXIES AND AUTHORITY FOR REPRESENTATIVES TO ACT

A Shareholder entitled to participate, speak in and vote at the General Meeting is entitled to appoint one or more proxies (who need not be a Shareholder/s) to participate, speak in and vote at the General Meeting in place of that Shareholder.

The attached Form of Proxy (*blue*) is to be completed **only** by:

- Certificated Shareholders; and/or
- Own-Name Dematerialised Shareholders,

who cannot attend the General Meeting but wish to be represented thereat.

All other Shareholders who have Dematerialised their Shares through a CSDP or Broker, and wish to attend the General Meeting, must instruct their CSDP or Broker to provide them with the necessary letter of representation, or must provide their CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and their CSDP or Broker. Those Shareholders must **NOT** complete the attached Form of Proxy (*blue*).

Forms of Proxy *(blue)* are requested to be delivered to the Transfer Secretaries, Computershare at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196, or posted to Private Bag X9000, Saxonwold, South Africa, 2132, or emailed to proxy@computershare.co.za, so as to arrive no later than **10:00** (South African Standard Time) on **Wednesday, 22 May 2024**. Alternatively, the Form of Proxy (*blue*) may be handed to the Chairperson of the General Meeting or to the Transfer Secretaries at the General Meeting, at any time prior to its commencement, or prior to voting on the Ordinary Resolution to be proposed at the General Meeting. Any Shareholder who completes and lodges a Form of Proxy (*blue*) will nevertheless be entitled to attend, speak and vote in person at the General Meeting should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf, is passed by its directors.

Telkom does not accept responsibility, and will not be held liable, under any applicable law, regulation or otherwise, for any action of, or omission by, the CSDP or Broker of any beneficial owner of Shares including, without limitation, any failure on the part of the CSDP or Broker to notify such beneficial owner of the Circular, of the General Meeting or of any of the matters contained in the Circular.

By order of the Board

Telkom SA SOC Limited
Ms. E. Motlhamme
Group Company Secretary
Centurion

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, South Africa, 2196
(Private Bag X9000, Saxonwold, South Africa, 2132)

TELKOM SA SOC LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1991/005476/30)
Share code: TKG
JSE bond code: BITEL
ISIN: ZAE000044897
("**Telkom**" or the "**Company**")

FORM OF PROXY (*BLUE*)

The definitions and interpretations commencing on page 11 of this Circular apply, *mutatis mutandis*, to this Form of Proxy (*blue*).

For completion by Certificated Shareholders and Own-Name Dematerialised Shareholders who are unable to participate, speak in and vote at the General Meeting. Each Certificated Shareholder and Own-Name Dematerialised Shareholder is entitled to appoint a proxy (who need not be a Shareholder) to participate, speak in and vote in place of that Shareholder at the General Meeting. Please read the notes to this Form of Proxy (*blue*) below.

For use at the General Meeting of Shareholders to be held electronically and in person, at **10:00** (South African Standard Time) on **Friday, 24 May 2024** or at any postponed or adjourned meeting.

Shareholders who have Dematerialised their Shares through a CSDP or Broker, must inform its/his/her CSDP or Broker of its/his/her intention to participate, speak in and vote at the General Meeting and request its/his/her CSDP or Broker to issue it/him/her with the necessary documentation to participate, speak in and vote at the General Meeting or provide their CSDP or Broker with its/his/her voting instructions should he/she not wish to participate and speak in and vote at the General Meeting.

A Dematerialised Shareholder who is not an "*own-name*" registered Shareholder should **not** use this Form of Proxy (*blue*), but must contact its/his/her CSDP or Broker as Telkom will take no responsibility for Shareholders who do not contact their CSDP or Brokers timeously.

I/We ____________________ (name in **BLOCK LETTERS**)

of ____________________ (address in **BLOCK LETTERS**)

____

____

being the holders of ____________________ Shares in the share capital of Telkom,

do hereby appoint: ____________________

of ____________________

or failing him/her ____________________

of ____________________

or ____________________

failing him/her, the Chairperson of the General Meeting, as my/our proxy to participate, speak in and vote on my/our behalf at the General Meeting to be held electronically and in person at **10:00** on **Friday, 24 May 2024** or at any postponement or adjournment thereof, for purposes of considering and if deemed fit, passing with or without modification, the Ordinary Resolution to be proposed thereat or at any postponement or adjournment thereof, as follows:

	For	Against	Abstain
Ordinary Resolution: Approval of the Disposal as a Category 1 transaction in terms of the JSE Listings Requirements			

Please indicate with an '**X**' in the appropriate space above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Signed at ____________________ this day of ____________________ 2024

Signature ____________________

Assisted by me, where applicable (name and signature) ____________________

Completed Forms of Proxy (*blue*) must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag X9000, Saxonwold, South Africa, 2132), email: proxy@computershare.co.za, to be received by no later than **10:00** on **Wednesday, 22 May 2024**. See *note 4* below.

Please read the notes and instructions below.

Notes to this Form of Proxy (*blue*)

1. A Form of Proxy (*blue*) is **only** to be completed by Certificated Shareholders and Own-Name Dematerialised Shareholders.
2. If you have already Dematerialised your Shares through a CSDP or Broker and wish to participate, speak in and vote at the General Meeting, you must request your CSDP or Broker to provide you with a letter of representation or instruct your CSDP or Broker to vote by proxy on your behalf in terms of the custody agreement entered into between yourself and your CSDP or Broker.
3. Certificated Shareholders and Own-Name Dematerialised Shareholders may insert the name of a proxy or the names of proxies of the Certificated Shareholder's/Own-Name Dematerialised Shareholder's choice in the space provided, with or without deleting the "*Chairperson of the General Meeting*". The person whose name stands first on this Form of Proxy (*blue*) and who is present at the General Meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.
4. Instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable in the appropriate box provided. Failure to comply with this shall be deemed to authorise the Chairperson of the General Meeting, if the Chairperson is the authorised proxy, to vote in favour of Ordinary Resolution at the General Meeting or the appointed proxy to vote or to abstain from voting at the General Meeting, as he/she deems fit in respect of all the appointer's votes exercisable thereat, or the appointed proxy to vote or to abstain from voting at the General Meeting, as he/she deems fit in respect of all the appointer's votes exercisable by that proxy.
5. The total number of votes for or against Ordinary Resolution and in respect of which any abstention is recorded may not exceed the total number of votes to which the person granting the proxy is entitled.
6. Completed Forms of Proxy (*blue*) must be lodged with or posted to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa, 2196 (Private Bag X9000, Saxonwold, South Africa, 2132), email: proxy@computershare.co.za, to be received by no later than **10:00** on **Wednesday, 22 May 2024**. If Forms of Proxy (*blue*) are not received by the Transfer Secretaries by the relevant time, they will nevertheless be entitled to be lodged immediately prior to the commencement of the General Meeting in accordance with the instructions therein, with the Transfer Secretaries or the Chairperson at the General Meeting (and are requested to be so lodged by at least **09:30**, which is 30 (thirty) minutes prior to the time appointed for commencement of the General Meeting).
7. Documentary evidence establishing the authority of a person signing this Form of Proxy (*blue*) in a representative capacity must be attached to this Form of Proxy (*blue*), unless previously recorded by the Transfer Secretaries or waived by the Chairperson of the General Meeting.
8. The Transfer Secretaries at the General Meeting may reject or accept any Form of Proxy (*blue*) that is completed and/or received, other than in compliance with these notes.
9. Any alterations or corrections to this Form of Proxy (*blue*) shall be initialled by the signatory/ies).
10. The completion and lodgement of this Form of Proxy (*blue*) shall not preclude the relevant person entitled to vote from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such person wish to do so.
11. Where there are joint holders of Shares:
    a. any one holder may sign this Form of Proxy (*blue*); and
    b. the vote of the senior Shareholder (for that purpose, seniority will be determined by the order in which the names of the Shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint Shareholders.
12. A minor must be assisted by his/her parent or legal guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
13. A proxy may not delegate his/her authority to act on behalf of the Shareholder to another person.

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, South Africa, 2196
(Private Bag X9000, Saxonwold, South Africa, 2132)

Email: proxy@computershare.co.za

Summary of applicable rights established in section 58 of the Companies Act

For purposes of this summary, the term "*shareholder*" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
   a. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   b. a copy of the instrument appointing a proxy must be delivered to the relevant company or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
   a. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   b. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   a. stated in the revocation instrument, if any; or
   b. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4) (c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:
   a. the shareholder; or
   b. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
   a. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   b. the company must not require that the proxy appointment be made irrevocable; and
   c. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

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