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Telkom SA SOC Ltd

Annual Financial Statements

For the year ended 31 March 2025

This is an online report that is available on Telkom's investor relations website.

Telkom SA SOC Ltd

Registration number: 1991/005476/30
JSE share code: TKG
ISIN: ZAE000044897
Alpha code: BITEL

Preparer and supervisor of the annual financial statements

These annual financial statements were prepared by the Telkom Group finance staff under the supervision of the Group Chief Financial Officer, Nonkululeko Dlamini CA(SA).

Board approval

These annual financial statements were authorised for issue on 9 June 2025 by the Telkom SA SOC Ltd Board of Directors and published on 10 June 2025. The Board has the power to amend and reissue the annual financial statements.

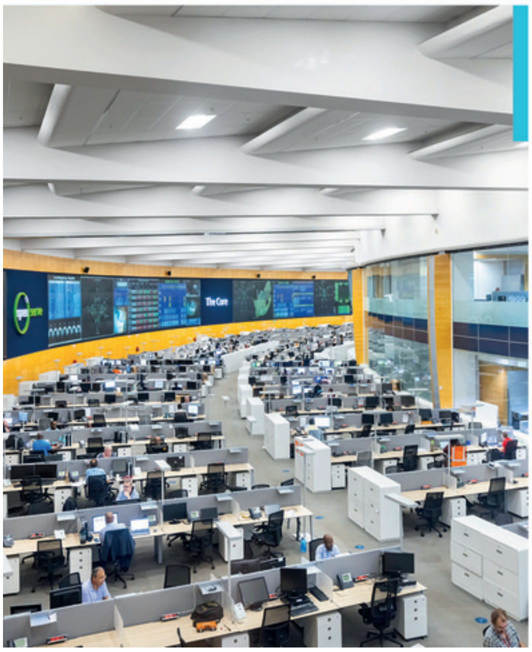

Table of contents

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Introduction statements 1

Directors' responsibility statement

for the year ended 31 March 2025

The Directors are responsible for the preparation, integrity, and fair presentation of the consolidated and separate annual financial statements of the Company and its subsidiaries (annual financial statements). It is their responsibility to ensure that the annual financial statements fairly present the financial position of the Group and Company as at the end of the financial year, the results of the operations and the cash flow information is in conformity with IFRS® Accounting Standards of the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements, and the requirements of the Companies Act, 71 of 2008 (as amended).

The annual financial statements are prepared based on appropriate accounting policies, which have been consistently applied and have incorporated prudent judgement and estimates.

The external auditor has expressed an independent opinion on the financial statements.

For the Directors to discharge their responsibilities, management continues to develop and maintain a system of internal controls aimed at reducing the risk of error or loss in a cost-effective manner. This is designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Company's policies and procedures.

The Directors, primarily through the Audit Committee, that consists of independent Non-executive Directors, meet periodically with the external and internal auditors and executive management to evaluate matters concerning accounting policies, internal controls, auditing and financial reporting.

Based on the information and explanations provided by management and internal audit, the Directors are of the opinion that the internal accounting controls are adequate. Accordingly, the financial records can be relied upon for preparing the annual financial statements and for ensuring accountability for assets and liabilities.

The Directors are responsible for overseeing the controls and security of the website and, where applicable, for establishing and controlling the process of electronically distributing the annual financial statements and other financial information to shareholders and to the Companies and Intellectual Property Commission.

The Directors are satisfied that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company and its subsidiaries continue to adopt the going concern basis in preparing the annual financial statements.

Against this background, the Directors of the Company accept responsibility for the annual financial statements, which were approved by the Board of Directors on 9 June 2025 and signed on its behalf by:

Serame Taukobong

Mvuleni Geoffrey Qhena
Chairperson

Centurion
9 June 2025

Serame Taukobong
Group Chief Executive Officer

Centurion
9 June 2025

Group Chief Executive Officer and Group Chief Financial Officer responsibility statement

for the year ended 31 March 2025

Each of the Directors, whose names are stated below, hereby confirms that:

- The annual financial statements set out on pages 15 to 138 fairly present, in all material respects, the financial position, financial performance and cash flows of Telkom SA SOC Ltd in terms of IFRS® Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Telkom SA SOC Ltd and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of Telkom SA SOC Ltd;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for the implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving Directors.

Serame Taukobong

Serame Taukobong
Group Chief Executive Officer

9 June 2025

Nonkululeko Dlamini

Nonkululeko Dlamini
Group Chief Financial Officer

9 June 2025

Certificate from the Group Company Secretary

I hereby certify, in accordance with section 88(2)(e) of the Companies Act, 71 of 2008 (as amended), that the Company has lodged with the Commissioner of Companies all such returns as are required in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Ephy Motlhamme
Group Company Secretary

9 June 2025

Directors' report

To the shareholders of Telkom SA SOC Ltd (Telkom)

The Directors have pleasure in submitting the annual financial statements of the Group and Company for the year ended 31 March 2025.

The Directors confirm that Telkom complies with the provisions of the Companies Act and the laws of establishment, specifically relating to its incorporation; and it operates in compliance with its memorandum of incorporation and all relevant constitutional documents.

Nature of business

Telkom is an integrated communications and information technology service provider for South Africa.

Financial results

Total profit for the year ended 31 March 2025 for continuing and discontinued operations was R7 503 million (31 March 2024: R1 881 million) representing basic earnings per share of 1 528.0 cents (31 March 2024: 385.5 cents) and headline earnings per share of 544.5 cents (31 March 2024: 376.0 cents). Full details of the financial position and results of the Group are set out in the accompanying audited annual financial statements.

Dividends

Following the suspension of the dividend policy for three years from FY2021, a revised dividend policy was developed and approved by the Board in the prior year. The Board has considered the Group's business plans and is confident that Telkom will be in a position to pay dividends in FY2026.

Subsidiaries, associates and other investments

Particulars of the material subsidiaries of the Group are set out in note 12.1 of the accompanying annual financial statements.

The attributable interest of the Group in the after-tax earnings of its subsidiaries for the year ended 31 March 2025 were:

	31 March 2025 Rm	31 March 2024 Rm
Aggregate amount of profit after taxation	**1 786**	1 401

Share capital

Details of the authorised, issued and unissued share capital of the Company as at 31 March 2025 are contained in note 9.1 of the accompanying annual financial statements.

Share repurchases

In FY2025 Telkom purchased 3 900 000 shares from the market at an average price of R27.56 per share, for the employee share scheme. The shares were purchased through Rossal 65 Pty (Ltd), a 100% owned subsidiary whose purpose is to house treasury shares.

Borrowing powers

Telkom's Directors, subject to permitted encumbrance undertakings as outlined in its financing agreements, may mortgage or encumber Telkom's property, or any part thereof, and issue debt, whether secured or unsecured, whether outright or as security for other debt, liability or obligation of Telkom or any third party. For this purpose, the borrowing powers of Telkom are unlimited, but are subject to compliance with financial covenants set forth in its financing agreements.

Capital expenditure and commitments

Details of the Company and Group's capital commitments on property, plant and equipment as well as intangible assets are set out in notes 5.1 and 5.2 of the accompanying annual financial statements.

Significant events and transactions

Significant events and transactions during the year under review are disclosed in note 13 of the accompanying annual financial statements.

Events after the reporting date

Events subsequent to the reporting date are set out in note 14 of the accompanying annual financial statements.

Directorate

The following changes occurred in the composition of the Board of Directors from 1 April 2024 to the date of this report:

Appointments	Date
M Booi	1 July 2024
M Msimang	1 July 2024

Resignations	Date
LL von Zeuner	20 August 2024

The Board of Directors as at the date of this report is as follows:

- MG Qhena (Chairperson);
- S Taukobong (Group Chief Executive Officer);
- N Dlamini (Group Chief Financial Officer);
- M Booi;
- O Ighodaro;
- B Kennedy;
- KP Lebina;
- PCS Luthuli;
- EG Matenge-Sebesho;
- M Msimang;
- KA Rayner;
- IO Selele;
- SP Sibisi;
- H Singh; and
- SH Yoon.

Details of each Director may be found in our integrated report (published on 24 July 2025).

Directors' interest

At 31 March 2025, the following Directors held a beneficial interest in the shares of Telkom SA SOC Ltd:

Executive Directors	Shares
S Taukobong	265 689

Non-executive Directors	
B Kennedy	200
KA Rayner	2 500

Subsidiary Directors	
PJ Bogoshi	72 529
S Khuzwayo	17 917
NM Lekota	157 085
LM Siyo	12 513

Audit Committee report

Introduction and mandate

The Audit Committee has formal terms of reference which are updated on an annual basis, or as and when required. The Board is satisfied that the Audit Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Companies Act, 71 of 2008 (as amended) (Companies Act), King IV Report on Corporate Governance for South Africa, 2016 (King IV) and the JSE Listings Requirements (JSE LR).

The primary role of the Audit Committee is to ensure the integrity of Telkom SA SOC Ltd (Telkom or the Company) and the Telkom Group's financial reporting and audit processes and that a sound risk management and internal control system is maintained. In pursuing these objectives, the Audit Committee oversees relations with the external auditor and reviews the effectiveness of the internal audit function.

The Audit Committee consisted of five independent Non-executive Directors from 1 April 2024 to 31 March 2025. Keith Rayner is the Chairperson of the Audit Committee.

The Board believes that the Audit Committee collectively possesses the knowledge and experience to oversee Telkom's financial management, internal and external audit functions, the quality of Telkom's financial controls, the preparation and evaluation of Telkom's audited company and consolidated annual financial statements, and Telkom's periodic financial reporting.

Attendance and membership

The attendance of Audit Committee members at its meetings during the financial year was as follows:

Member	Attendance
KA Rayner (Chairperson)	6/6
O Ighodaro[1]	3/3
KP Lebina	6/6
PCS Luthuli	6/6
H Singh	6/6
LL von Zeuner[2]	3/3

[1] *Appointed on 20 August 2024.*

[2] *Resigned on 20 August 2024.*

The Telkom Group has established and maintains internal controls and procedures, which are reviewed regularly by Internal Audit, which then reports to the Risk and Audit Committees. These reporting responsibilities include managing the risk of business failures and providing reasonable assurance against such failures. However, this does not guarantee that such risks are eliminated.

Responsibility

It is the duty of the Audit Committee, inter alia, to monitor, review and, where applicable, approve:

- The effectiveness of the internal audit function;
- The appointment and/or termination of the external auditor, including their audit fee, expertise, independence and objectivity;
- The nature and extent of any non-audit services performed by the external auditor;
- The external auditor's suitability and recommendation to the shareholders for appointment and reappointment;
- The reports of both internal and external auditors;
- The expertise and experience of the Group Chief Financial Officer (GCFO);
- The effectiveness of the finance function;
- Financial reporting systems to ensure that Company and Group reporting procedures are functioning properly;
- The governance of information technology (IT) and associated risks;
- Compliance with internal financial controls and the effectiveness of combined assurance and enterprise risk management;
- Interim results and report, the audited Company and Group annual financial statements for the financial year ended 31 March 2025 (annual financial statements), the integrated report, and all other widely distributed financial documents and announcements;
- The quality and acceptability of the Telkom Group's accounting policies and practices which are in compliance with IFRS Accounting Standards;
- Compliance with applicable legislation, requirements of appropriate regulatory authorities, and Telkom's Group Ethics Handbook;
- The integrity of the integrated report and associated reports, by ensuring that the content is reliable and recommending it to the Board for approval; and
- Policies and procedures for preventing and detecting fraud.

Annual financial statements

The Committee has reviewed and is satisfied that the annual financial statements, including accounting policies, are appropriate and comply with the IFRS® Accounting Standards of the IASB and in compliance with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE LR and the requirements of the Companies Act.

Audit Committee report continued

Management and the Audit Committee addressed key issues, including the following:

IFRS 16 valuation	The review and consideration of the IFRS 16 valuation because of the high number of leases. The major lease categories that gave rise to a right-of-use (ROU) asset and related liability primarily relate to the masts and towers co-location lease agreements, property leases, and vehicle fleet leases. As of 31 March 2025, the ROU asset and liability were reflected at R6 384 million (31 March 2024: R5 594 million) and R6 920 million (31 March 2024: R6 461 million), respectively, with related depreciation and interest of R1 655 million (31 March 2024: R1 463 million) and R529 million (31 March 2024: R586 million) for the 12-month period under review.
Dividend consideration	Telkom's goal is to return cash to shareholders after sufficiently funding capex and strengthening the balance sheet. Management has considered the Group's business plans and is confident that Telkom will be in a position to pay dividends in FY2026. The dividend policy is based on available free cash flow while prioritising a strong balance sheet and future capex requirements. The following distributions were approved by the Board for FY2025: – **Ordinary dividend:** R833 million (or R1.63 per share), representing 30% of the Group's FCF of R2 778 million. This reflects management's confidence in the Group's cash-generating capacity, while maintaining headroom for growth investments and macro-economic volatility. – **Special dividend:** R500 million (or R0.98 per share), representing approximately 26.8% of the R1 868 million remaining cash proceeds from the Swiftnet disposal after settling R4 750 million in interest-bearing debt from the total cash proceeds of R6 618 million. This is a once-off return of capital to shareholders, in line with our goal to unlock value and directly sharing in the success of the Swiftnet disposal.
Actuarial assumptions	The review and approval of the actuarial assumptions for recommendation to the Board for both the interim period-end and financial year-end for financial computation and compilation purposes.
Impairment testing	The review of the impairment testing of Telkom Group's cash generating units (CGUs) resulted in no impairment for BCX, the Telkom Consumer CGU, and the Openserve CGU.
Expected credit loss provisions	The review of the impairment of trade and other receivables, finance lease receivables and contract assets, and intercompany receivables in accordance with IFRS 9.
Key audit matters	The review and consideration of the key audit matters are detailed in the external auditor's report on the annual financial statements.
Group Chief Executive Officer and Group Chief Financial Officer responsibility statement	The review and consideration of the Group Chief Executive Officer and Group Chief Financial Officer responsibility statement as required in terms of paragraph 3.84(k) of the JSE LR.
Remediation of internal control deficiencies	The review and consideration of timeously implemented remedial actions by management regarding internal control deficiencies identified by Internal Audit.
Compliance with King IV and JSE Listings Requirements	The review and consideration of the King IV disclosures, practices, and principles and the JSE corporate governance disclosures in accordance with the JSE LR and the JSE disclosure policy.

Execution of the Audit Committee mandate

The Audit Committee discharged all responsibilities and functions delegated to it in terms of the Audit Committee's terms of reference, the Companies Act, King IV, and the JSE LR.

During the year, the Audit Committee undertook the following:

In respect of the auditors:

- Considered and satisfied itself that the external audit firm and the engagement partner are independent;
- Considered and satisfied itself with respect to the Auditor Suitability Review required by the JSE LR (refer below);
- Reviewed the nature of non-audit services that were provided by the auditors during the year;
- Approved and confirmed non-audit services, which the auditors performed, and fees incurred during the year under review;
- Approved the fees payable to the auditors for the 2025 financial year; and
- The Audit Committee Chairperson held separate meetings with the auditors prior to Audit Committee meetings.

In respect of financial reporting:

- Considered the appropriateness and experience of the GCFO as required by the JSE LR;
- Reviewed the annual financial statements and ensured that adequate controls are in place to ensure the correct compilation of the annual financial statements;
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls; and
- Reviewed the integrated reporting process.

In respect of the internal audit function:

- Approved the Internal Audit plan for the year;
- Monitored and provided oversight of the internal audit function;
- Evaluated the effectiveness of the internal audit function; and
- The Audit Committee Chairperson held separate meetings with the Chief Internal Audit Executive (CAE) prior to Audit Committee meetings.

Audit Committee report continued

In respect of the Audit Committee:

- Ensured the Audit Committee complied with the membership criteria as set out in the Companies Act, King IV, and the JSE LR; and
- Reviewed and approved the Audit Committee's terms of reference.

In respect of information technology governance:

- Monitored Telkom's technology governance framework and processes, including that of information security.

External auditor

The Audit Committee has the primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations on the appointment, reappointment, and removal of the external auditor, assessing their independence on an ongoing basis, and reviewing and approving the audit fee.

After taking account of the audit approach, materiality, and audit risks, the Audit Committee reviewed and agreed both the interim period review plan and financial year-end audit plan, and agreed to both the interim and financial year-end audit fees. The Audit Committee received updates during the year on the audit process, including how the external auditor had challenged the Telkom Group's assumptions on the significant matters noted in this report.

The Board delegated the responsibility of reviewing the Company's current appointed auditor for reappointment to the Audit Committee. The Audit Committee makes a recommendation to the Board, which then makes a recommendation to the shareholders in the notice of annual general meeting (AGM). The Audit Committee recommended the reappointment of the firm and individual partner to the Board, which recommended the same to the shareholders in the AGM notice.

Auditor independence

The Audit Committee is also responsible for determining that the external auditor has the necessary independence. A key factor that may impair any such independence is a lack of control over non-audit services provided by the external auditor.

Telkom addresses this issue by ensuring prior approval by the GCFO and Chairperson of the Audit Committee of all non-audit services. Fees paid for non-audit services to the external auditor amounted to R2 965 493 for the financial year ended 31 March 2025 (31 March 2024: R681 000). Fees accrued for audit work performed for the financial year ended 31 March 2025 by the external auditor amounted to R86.84 million (31 March 2024: R81.75 million). Non-audit fees as a percentage of audit fees for the year ended 31 March 2025 is approximately 3% (31 March 2024: 1%). The increase in the non-audit fee is largely due to the Swiftnet transaction.

The Audit Committee Chairperson met with the external auditor prior to each Audit Committee meeting to discuss and review the content of the external auditor's report to the Audit Committee.

The Audit Committee has reviewed and assessed the independence of the external auditor, and confirmed that the criteria for independence, as set out in the rules of the Independent Regulatory Board of Auditors (IRBA), International Code of Ethics for Professional Accountants and other relevant legislation, have been followed. The Audit Committee is satisfied that the external auditor is independent of the Telkom Group.

Internal auditors

The internal audit function adopts a co-source operating model to supplement its activities and execute its mandate. The co-source partners are KPMG Services (Pty) Ltd (KPMG), Protiviti Inc. and Ernst & Young Inc. (EY). The co-sourced service providers form part of Telkom's internal audit function and report directly to the CAE.

Internal Audit monitors the internal control systems of the Company and Group and reports its findings and recommendations to the Audit Committee and senior management. The Audit Committee determines the purpose, authority, and responsibility of the internal audit function in the Internal Audit charter.

The internal audit function is headed by the CAE, who may be appointed or dismissed by the Audit Committee. The Audit Committee is satisfied that the incumbent CAE has the requisite skills and experience and that he is supported by a sufficient staff complement with appropriate skills and training.

Telkom's Internal Audit operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors. During the year, Internal Audit's activities were identified and planned using a combination of Telkom'a risk management framework and the risk-based methodologies adopted by Internal Audit. The Audit Committee approves the annual Internal Audit assurance plan presented by Internal Audit and monitors progress against this plan.

Internal Audit reports deficiencies to the Audit Committee quarterly together with recommended remedial actions, which are then followed up. During the year, Internal Audit provided the Audit Committee with a written report, which assessed the internal controls over financial reporting, IT governance, and the risk management process as adequate.

The Chairperson of the Audit Committee met with the CAE prior to each Audit Committee meeting to discuss and review the Internal Audit report to the Audit Committee.

Internal Audit and the external auditors have unrestricted access to the Audit Committee, the Audit Committee Chairperson, the Risk Committee Chairperson, and the Chairperson of the Board, thereby ensuring the maintenance of independence.

Risk management

Telkom Group's Risk Committee reviews the Group's risk management, enterprise risk management programmes, business continuity, and forensic services. The Audit Committee Chairperson is a member of the Risk Committee and ensures any identified financial risks are referred to the Audit Committee for consideration. The top principal risks, being those that will prevent the Group from achieving its strategic objectives in the short and medium term, are reported to and considered by the Risk Committee and the Board. All principal risks are currently managed within the risk appetite statements. The key focus areas, risk appetite, and further details of the Group's principal risks are reported in the risk management report included in Telkom Group's integrated report.

The Internal Audit department conducted a review of the effectiveness of the risk management function, in accordance with the approved risk management framework. The results of the review indicated that the risk management process was satisfactory as at 31 March 2025.

Audit Committee report continued

Combined assurance

Telkom Group assessed risks based on principal risks as indicated above. The current combined assurance model is representative of how risks are being managed across the five lines of assurance. Management and Internal Audit have implemented a coordinated structure for planning, executing, and reporting on Internal Audit, compliance, and risk activities. The Audit Committee is satisfied that the Group has optimised assurance across the five lines of assurance in accordance with the approved combined assurance model. Furthermore, the model is considered effective in achieving its objectives of coordinating assurance and reporting to provide management and the Board with a clear view of the Group's risks, what the effective risk mitigations are, and the resulting acceptable level of residual risks.

Audit Committee statement

Based on information received from and discussions held with management and the external auditor, the Audit Committee is of the opinion that the financial records can be relied upon as the basis for the preparation of the annual financial statements.

The Audit Committee has considered and discussed the annual financial statements with both management and the external auditor. During this process, the Audit Committee:

- Evaluated significant judgements and reporting decisions;
- Determined that the going concern basis of reporting is appropriate;
- Evaluated the material factors and risks that could impact the annual financial statements and associated reports;
- Assessed the Group's solvency and liquidity, ensuring financial sustainability and the adequacy of disclosures;
- Discussed the treatment of significant and unusual transactions with management and the external auditor;
- Noted the tenure of the external audit firm;
- Noted the tenure of the designated external audit partners; and
- Discussed the Audit Committee's views on the effectiveness of the CAE.

A key requirement of our annual financial statements is for these to be fairly presented, balanced, understandable and provide the information necessary for stakeholders to assess the Group's position, performance, business model, and strategy. The Audit Committee and the Board are satisfied that the annual financial statements meet this requirement.

The Audit Committee believes that the annual financial statements comply in all material respects with the statutory requirements of the various laws and regulations governing the disclosure and reporting of the annual financial statements. Furthermore, the annual financial statements comply, in all material respects, with IFRS, as issued by the IASB, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE LR. The Audit Committee has recommended that the Board adopt and approve the annual financial statements.

Keith Rayner

Keith Rayner CA(SA)
Chairperson: Audit Committee

9 June 2025

Independent auditor's report

To the shareholders of Telkom SA SOC Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Telkom SA SOC Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Telkom SA SOC Limited's consolidated and separate financial statements set out on pages 17 to 138 comprise:

- the consolidated and separate statements of financial position as at 31 March 2025;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Final materiality

- **Consolidated financial statements:** R394.92 million which represents 0.9% of consolidated revenue from continuing operations.
- **Separate financial statements:** R290.58 million which represents 0.9% of revenue.

Group audit scope

- We performed full-scope audits on four components that were considered significant due to risk and/or size.
- Specified procedures were also performed on two non-significant components.

Key audit matter

- Settlement of the Telkom Retirement Fund ("TRF" or "the Fund")

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report final materiality and group audit scope below.

Independent auditor's report continued

Final materiality

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

	Consolidated financial statements	Separate financial statements
Final materiality	R394.92 million	R290.58 million
How we determined it	0.9% of consolidated revenue from continuing operations.	0.9% of revenue.
Rationale for the materiality benchmark applied	We chose consolidated revenue from continuing operations, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users when profitability fluctuates year on year. Consolidated revenue from continuing operations is considered to be a key objective and focus of the Group's businesses and a key performance indicator for management and investors. We chose 0.9% as the benchmark threshold, based on our professional judgement, which is lower than the quantitative materiality threshold that we would typically apply when using consolidated revenue to compute materiality. In making this determination, we took into account various factors, including the intended users and distribution of the financial statements, and the financial covenants over the Group's debt.	We chose revenue, because in our view, it is the benchmark against which the performance of the Company is most commonly measured by users when profitability fluctuates year on year. Revenue is considered to be a key objective and focus of the Company's business and a key performance indicator for management and investors. We chose 0.9% as the benchmark threshold, based on our professional judgement, which is lower than the quantitative materiality threshold that we would typically apply when using revenue to compute materiality. In making this determination, we took into account various factors, including the intended users and distribution of the financial statements, and the financial covenants over the Company's debt.

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We considered the Group's organization or legal structure and its financial reporting processes when identifying components for purposes of planning and performing audit procedures. The Group comprises of the Company and its controlled entities (each considered to be a 'component' for purposes of our group audit scope).

Our scoping assessment included consideration of the Group's significant components, due to risk and/or size, and the sufficiency of work performed over the material financial statement line items within the consolidated financial statements. We have determined four components to be significant, two components to be non-significant and six components to be inconsequential to the Group.

We performed full-scope audits on four components that were considered significant due to risk and/or size. We also performed specified procedures on the two non-significant components.

In establishing the overall approach to the group audit, we determined the type of work that was needed to be performed by us, as the group engagement team, and by component auditors, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

We issued group audit instructions to the component auditors, outlining key aspects such as risk assessment, materiality, and scope. We held meetings with the auditors from the significant components. During these meetings we discussed our group instructions, developments relevant to the component, audit execution, significant risks, findings of their procedures and other matters that could be of relevance to the consolidated financial statements.

We assessed the competence, knowledge and experience of the component auditors and evaluated the procedures performed on the significant audit areas to assess the adequacy thereof in pursuit of our audit opinion on the consolidated financial statements.

Further audit procedures were also performed by the group audit engagement team, including substantive procedures over the consolidation process. The work performed at a component level, and the procedures performed at the group level, provided us with sufficient evidence to express an opinion on the consolidated financial statements as a whole.

Independent auditor's report continued

Key audit matters

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

In terms of ISA 701 *Communicating key audit matters in the independent auditor's report* / the EAR Rule (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	How our audit addressed the key audit matter
Settlement of the Telkom Retirement Fund ("TRF" or "the Fund") *This key audit matter relates to the consolidated and separate financial statements.* Refer to the following notes to the financial statements for the disclosures as it relates to this key audit matter: – Note 2.5.1 *Settlement of the Telkom Retirement Fund (TRF or the fund); and* – Note 10.3 *The Telkom Retirement Fund.* The TRF is a hybrid fund which was established on 1 July 1995 and was considered a defined contribution plan in respect of in-service members and a defined benefit plan in respect of pensioners. During the current financial year, the TRF met the IAS 19 - *Employee Benefits* ('IAS 19') criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules, which was approved by the Financial Sector Conduct Authority ('FSCA') with effect from 1 July 2024. The rule amendment was registered by the FSCA with effect from 1 July 2024 to remove the employer's (i.e. the Company's) obligations to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account. As a result of the rule amendment, no obligation exists in any scenario for the Company to make contributions or any other payments to fund any deficit in the Fund as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall. Linked to the rule amendment was an in-principle decision made by the Telkom Board to pay a once-off amount to strengthen the pensioner reserves following the rule amendment. This resulted in Telkom having to pay the TRF a once-off amount on approval of the rule amendment by the FSCA. The amendment has changed the nature of the liabilities relating to the Fund from a defined benefit to a defined contribution plan (as no further Company obligation remains) according to IAS 19, with effect from 1 July 2024. We considered the settlement of the TRF, to be a matter of most significance to our current year audit due to: – judgements made by management in concluding that the settlement criteria according to IAS 19 have been met; – the magnitude of the loss on settlement of R618 million in relation to the consolidated and separate financial statements; and – the disclosures of the judgements that were required to be included in the consolidated and separate financial statements in respect of the settlement of the TRF.	Our audit addressed this key audit matter as follows: With respect to the effective date of the settlement of the TRF: – We inspected the signed amendment of the TRF rules received from the FSCA and agreed the effective date of the settlement of the TRF to the effective date applied by management in accounting for the settlement of the TRF; and – With the assistance of our internal legal counsel, we also assessed that the effective date is aligned to the applicable requirements of the Pension Funds Act, No. 24 of 1956. We concluded that the effective date determined by management was appropriate. With the assistance of our actuarial experts, we performed the following procedures: – An independent assessment of the valuation of the plan asset and defined benefit obligation as determined by management's expert on 1 July 2024 (i.e. the date of settlement); – An evaluation of management's experts' assessment that no obligation exists in any scenario for the Company to make contributions or any other payments to fund any deficit in the TRF as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall due to the rule amendment; and – An evaluation of the competence, capabilities, and objectivity of management's experts with reference to their professional qualifications. We did not identify any material exceptions when performing these procedures that required further consideration. With the assistance of our internal accounting specialists, we assessed management's technical memorandum in relation to the settlement of the TRF against the requirements of IAS 19 and found this to be consistent with the requirements of IAS 19. We assessed the adequacy of the disclosures made in the financial statements against the requirements of IAS 19. We did not note any aspects requiring further consideration.

Independent auditor's report continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Telkom SA SOC Ltd Annual Financial Statements For the year ended 31 March 2025", which include(s) the Directors' report, the Audit Committee report and the Certificate from the Group Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Telkom SA SOC Ltd Integrated Report For the year ended 31 March 2025", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent auditor's report continued

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the sole auditor of Telkom SA SOC Limited for 2 years.

Prior to that, Telkom SA SOC Limited was jointly audited by PricewaterhouseCoopers Inc. and another auditor for 5 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg, South Africa
9 June 2025

Annual financial statements 2

Statements of profit or loss and other comprehensive income

for the year ended 31 March 2025

		Group		Company	
	Notes	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Continuing operations					
Revenue	3.2.1	**43 880**	42 463	**32 287**	30 865
Operating revenue		**43 228**	41 805	**31 696**	30 270
Interest revenue		**360**	377	**299**	314
Insurance revenue	7.2.3.1	**292**	281	**292**	281
Other income	3.3	**1 552**	895	**7 094**	1 751
Payments to other operators	3.4.1	**(2 693)**	(3 328)	**(2 116)**	(2 664)
Cost of handsets, equipment, software and directories	3.4.2	**(5 185)**	(6 125)	**(3 731)**	(3 867)
Sales commission, incentives and logistical costs	3.4.3	**(3 214)**	(2 748)	**(3 214)**	(2 748)
Enterprise subcontracting costs[1]		**—**	—	**(4 498)**	(4 623)
Insurance service expenses	7.2.3.1	**(202)**	(185)	**(202)**	(185)
Employee expenses	3.4.4	**(8 813)**	(7 895)	**(2 179)**	(1 519)
Other expenses	3.4.5	**(2 763)**	(2 195)	**(903)**	(697)
Wholesale voice and non-voice services	3.4.6	**—**	—	**(5 196)**	(5 638)
Maintenance	3.4.7	**(5 043)**	(4 842)	**(3 025)**	(2 608)
Marketing		**(955)**	(829)	**(806)**	(678)
Impairment of receivables, contract assets and loans	7.1.4	**(1 342)**	(1 688)	**(1 199)**	(1 451)
Service fees	3.4.8	**(3 848)**	(3 849)	**(1 583)**	(1 397)
Lease-related expenses		**(360)**	(246)	**(296)**	(156)
EBITDA		**11 014**	9 428	**10 433**	4 385
Depreciation of property, plant and equipment	3.4.9	**(3 385)**	(3 350)	**(1 214)**	(1 155)
Depreciation of right-of-use assets	3.4.9	**(1 655)**	(1 463)	**(1 553)**	(1 404)
Depreciation of investment property	3.4.9	**—**	—	**(96)**	(112)
Amortisation of intangible assets	3.4.9	**(589)**	(632)	**(388)**	(426)
Write-offs and impairments of property, plant and equipment and intangible assets	3.4.9	**(328)**	(80)	**(167)**	(28)
Impairment of investment in subsidiaries	7.2.1	**—**	—	**—**	(28)
Operating profit		**5 057**	3 903	**7 015**	1 232
Investment income	6.1	**369**	229	**2 408**	4 381
Net finance charges and fair value movements	6.2	**(1 984)**	(2 181)	**(1 859)**	(2 002)
Finance charges on lease liabilities		**(529)**	(586)	**(463)**	(468)
Net finance charges - other		**(1 397)**	(1 541)	**(1 346)**	(1 562)
Foreign exchange and fair value movements		**(58)**	(54)	**(50)**	28
Profit before taxation		**3 442**	1 951	**7 564**	3 611
Taxation	8.1	**(659)**	(497)	**(442)**	(59)
Profit for the year from continuing operations		**2 783**	1 454	**7 122**	3 552
Profit from discontinued operation	12.3	**4 720**	427	**—**	—
Profit for the year		**7 503**	1 881	**7 122**	3 552
Other comprehensive (loss)/income					
Items that will be reclassified subsequently to profit or loss					
Exchange (loss)/gain on translating foreign operations[2]	9.3	**(13)**	11	**—**	—
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial (losses)/gains	10.1	**(2)**	4	**2**	5
Income tax relating to other comprehensive (loss)/income		**—**	(1)	**(1)**	(1)
Other comprehensive (loss)/income for the year, net of taxation		**(15)**	14	**1**	4
Total comprehensive income for the year		**7 488**	1 895	**7 123**	3 556
Profit attributable to:					
Owners of Telkom		**7 497**	1 877	**7 122**	3 552
Non-controlling interests		**6**	4	**—**	—
Profit for the year		**7 503**	1 881	**7 122**	3 552
Total comprehensive income attributable to:					
Owners of Telkom		**7 482**	1 891	**7 123**	3 556
Non-controlling interests		**6**	4	**—**	—
Total comprehensive income for the year		**7 488**	1 895	**7 123**	3 556
Basic earnings per share (cents)					
Continuing operations	3.5	**566.0**	297.8		
Discontinued operation	3.5	**962.0**	87.7		
Total basic earnings per share (cents)		**1 528.0**	385.5		
Diluted earnings per share (cents)					
Continuing operations	3.5	**558.0**	291.0		
Discontinued operation	3.5	**948.5**	85.7		
Total diluted earnings per share (cents)		**1 506.5**	376.7		

[1] *Subcontracting costs relate to enterprise customer contracts which Telkom sold to Business Connexion (Pty) Ltd (BCX) (refer to note 3.2.1).*

[2] *This component of other comprehensive income does not attract any tax.*

Statements of financial position
as at 31 March 2025

		Group		Company	
	Notes	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Assets					
Non-current assets		**44 530**	43 006	**43 187**	43 070
Property, plant and equipment	5.1	**27 334**	26 002	**10 225**	9 285
Right-of-use assets	6.3.1	**6 384**	5 594	**4 735**	4 582
Intangible assets	5.2	**5 421**	5 327	**3 315**	3 141
Investment property	5.4	**—**	—	**832**	911
Investment in subsidiaries	7.2.1	**—**	—	**13 477**	13 480
Loans to subsidiaries	7.2.2	**—**	—	**8 332**	8 885
Other investments	7.2.3	**106**	106	**—**	—
Other receivables[1]		**155**	48	**—**	—
Employee benefits	10.1	**993**	1 283	**993**	1 283
Other financial assets	7.3	**94**	173	**94**	89
Finance lease receivables	4.1.1	**307**	313	**155**	28
Deferred taxation	8.2	**3 736**	4 160	**1 029**	1 386
Current assets		**23 005**	16 216	**18 540**	11 464
Inventories	4.2	**747**	903	**237**	355
Income tax receivable	8.3	**7**	115	**—**	—
Finance lease receivables	4.1.1	**157**	266	**38**	10
Trade and other receivables	4.3	**7 740**	8 215	**5 636**	6 165
Contract assets	3.2.4.1	**2 344**	2 204	**2 344**	2 204
Other current assets	3.2.4.2	**619**	545	**619**	545
Other financial assets	7.3	**63**	63	**46**	48
Loans to subsidiaries	7.2.2	**—**	—	**380**	133
Insurance contract assets	7.2.3	**251**	141	**251**	141
Cash and cash equivalents	4.4	**11 054**	3 747	**8 989**	1 863
Restricted cash		**23**	17	**—**	—
Assets included in disposal group classified as held for sale	12.3	**—**	1 969	**—**	1 239
Total assets		**67 535**	61 191	**61 727**	55 773
Equity and liabilities					
Equity attributable to owners of the parent		**33 601**	26 196	**33 790**	26 721
Share capital	9.1	**5 050**	5 050	**5 050**	5 050
Share-based compensation reserve	9.2	**1 610**	1 535	**1 374**	1 321
Non-distributable reserves	9.3	**585**	750	**171**	278
Retained earnings		**26 356**	18 861	**27 195**	20 072
Non-controlling interests		**(16)**	(21)	**—**	—
Total equity		**33 585**	26 175	**33 790**	26 721
Non-current liabilities		**16 347**	17 359	**13 706**	15 641
Interest-bearing debt	6.4	**9 368**	11 535	**9 368**	11 535
Lease liabilities	6.3.2	**5 100**	4 100	**3 977**	3 788
Provisions	6.5	**381**	336	**337**	294
Other financial liabilities	7.3	**205**	202	**—**	—
Deferred revenue	3.2.4.3	**1 194**	899	**24**	24
Deferred taxation	8.2	**99**	287	**—**	—
Current liabilities		**17 603**	17 176	**14 231**	13 411
Trade and other payables	4.5	**9 944**	8 996	**9 011**	8 108
Shareholders for dividend	9.4	**19**	24	**19**	24
Interest-bearing debt	6.4	**2 249**	2 682	**2 249**	2 682
Lease liabilities	6.3.2	**1 820**	2 361	**1 398**	1 366
Provisions	6.5	**1 501**	1 093	**479**	214
Deferred revenue	3.2.4.3	**1 711**	1 651	**985**	968
Income tax payable	8.3	**9**	—	**20**	—
Other financial liabilities	7.3	**350**	369	**70**	49
Liabilities included in disposal group classified as held for sale	12.3	**—**	481	**—**	—
Total liabilities		**33 950**	35 016	**27 937**	29 052
Total equity and liabilities		**67 535**	61 191	**61 727**	55 773

[1] *The other receivables relate to prepayment of services or goods that will not be received within the next 12 months. The current portion of prepayments is disclosed in trade and other receivables (refer to note 4.3).*

Statements of changes in equity

for the year ended 31 March 2025

Group	Attributable to equity holders of Telkom						
	Share capital Rm	Non-distributable reserves Rm	Share-based compensation reserve Rm	Retained earnings Rm	Total Rm	Non-controlling interest Rm	Total equity Rm
Balance at 1 April 2023	5 050	739	1 414	16 981	24 184	(23)	24 161
Total comprehensive income	—	11	—	1 880	1 891	4	1 895
Profit for the year	—	—	—	1 877	1 877	4	1 881
Other comprehensive income	—	11	—	3	14	—	14
Exchange gains on translating foreign operations	—	11	—	—	11	—	11
Net defined benefit plan remeasurements	—	—	—	3	3	—	3
Transactions with owners recorded directly in equity							
Increase in share-based compensation reserve (refer to note 9.2)	—	—	36	—	36	—	36
Increase in subsidiaries' share-based compensation reserve (refer to note 9.2)	—	—	85	—	85	—	85
Dividend declared (refer to note 9.4)	—	—	—	—	—	(2)	(2)
Balance at 31 March 2024	5 050	750	1 535	18 861	26 196	(21)	26 175
Balance at 1 April 2024	**5 050**	**750**	**1 535**	**18 861**	**26 196**	**(21)**	**26 175**
Total comprehensive (loss)/income	**—**	**(13)**	**—**	**7 495**	**7 482**	**6**	**7 488**
Profit for the year	**—**	**—**	**—**	**7 497**	**7 497**	**6**	**7 503**
Other comprehensive loss	**—**	**(13)**	**—**	**(2)**	**(15)**	**—**	**(15)**
Exchange loss on translating foreign operations	**—**	**(13)**	**—**	**—**	**(13)**	**—**	**(13)**
Net defined benefit plan remeasurements	**—**	**—**	**—**	**(2)**	**(2)**	**—**	**(2)**
Transactions with owners recorded directly in equity							
Increase in treasury shares from BCX (refer to note 9.3)	**—**	**(45)**	**—**	**—**	**(45)**	**—**	**(45)**
Increase in share-based compensation reserve (refer to note 9.2)	**—**	**—**	**38**	**—**	**38**	**—**	**38**
Increase in subsidiaries' share-based compensation reserve (refer to note 9.2)	**—**	**—**	**37**	**—**	**37**	**—**	**37**
Increase in treasury shares (refer to note 9.3)	**—**	**(107)**	**—**	**—**	**(107)**	**—**	**(107)**
Dividend declared (refer to note 9.4)	**—**	**—**	**—**	**—**	**—**	**(1)**	**(1)**
Balance at 31 March 2025	**5 050**	**585**	**1 610**	**26 356**	**33 601**	**(16)**	**33 585**

Statements of changes in equity continued

for the year ended 31 March 2025

	Attributable to equity holders of Telkom				
Company	Share capital Rm	Non-distributable reserves Rm	Share-based compensation reserve Rm	Retained earnings Rm	Total equity Rm
Balance at 1 April 2023	5 050	278	1 250	16 516	23 094
Total comprehensive income	—	—	—	3 556	3 556
Profit for the year	—	—	—	3 552	3 552
Other comprehensive income	—	—	—	4	4
Net defined benefit plan remeasurements	—	—	—	4	4
Transactions with owners recorded directly in equity					
Increase in share-based compensation reserve (refer to note 9.2)	—	—	36	—	36
Increase in Openserve share-based compensation reserve (refer to note 9.2)	—	—	35	—	35
Balance at 31 March 2024	5 050	278	1 321	20 072	26 721
Balance at 1 April 2024	**5 050**	**278**	**1 321**	**20 072**	**26 721**
Total comprehensive income	**—**	**—**	**—**	**7 123**	**7 123**
Profit for the year	**—**	**—**	**—**	**7 122**	**7 122**
Other comprehensive income	**—**	**—**	**—**	**1**	**1**
Net defined benefit plan remeasurements	**—**	**—**	**—**	**1**	**1**
Transactions with owners recorded directly in equity					
Increase in treasury shares (refer to note 9.3)	**—**	**(107)**	**—**	**—**	**(107)**
Increase in Gyro share-based compensation reserve (refer to note 9.2)	**—**	**—**	**6**	**—**	**6**
Increase in share-based compensation reserve (refer to note 9.2)	**—**	**—**	**38**	**—**	**38**
Increase in Openserve share-based compensation reserve (refer to note 9.2)	**—**	**—**	**9**	**—**	**9**
Balance at 31 March 2025	**5 050**	**171**	**1 374**	**27 195**	**33 790**

Statements of cash flows

for the year ended 31 March 2025

		Group		Company	
	Notes	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Cash flows from operating activities		**11 057**	8 003	**7 185**	4 442
Cash receipts from customers		**44 484**	43 469	**32 735**	32 532
Cash paid to suppliers and employees		**(31 493)**	(33 234)	**(26 082)**	(27 250)
Cash generated from operations	3.6	**12 991**	10 235	**6 653**	5 282
Interest received		**537**	447	**1 311**	565
Dividend received		**30**	—	**1 219**	616
Finance charges paid	6.6	**(2 023)**	(2 304)	**(1 876)**	(2 066)
Taxation paid	8.3	**(396)**	(422)	**(66)**	—
Repayment of derivatives - FECs		**(177)**	(82)	**(127)**	(65)
Proceeds from derivatives - FECs		**101**	132	**76**	111
Cash generated from operations before dividend paid		**11 063**	8 006	**7 190**	4 443
Dividend paid	9.4	**(6)**	(3)	**(5)**	(1)
Cash flows generated from/(utilised for) investing activities		**1 280**	(6 197)	**4 219**	(3 037)
Proceeds on disposal of property, plant and equipment and intangible assets[1]		**767**	90	**87**	65
Additions to property, plant and equipment and intangible assets		**(6 165)**	(6 331)	**(2 776)**	(3 331)
Loans repaid by subsidiaries		**—**	—	**—**	174
SMME loans advanced to external parties	7.3	**(7)**	(7)	**(7)**	(7)
SMME loans repaid by external parties	7.3	**12**	17	**10**	10
Investment made by FutureMakers		**(11)**	(9)	**—**	—
Cash received from FutureMakers		**—**	—	**12**	—
Net proceeds from sale of Swiftnet[2]	12.2	**6 441**	—	**6 618**	—
Repayment of derivatives - FECs		**(190)**	(93)	**(139)**	(73)
Proceeds from derivatives - FECs		**109**	149	**84**	125
Proceeds from plan assets	10.1	**330**	—	**330**	—
Restricted cash		**(6)**	(13)	**—**	—
Cash flows utilised for financing activities		**(5 222)**	(1 336)	**(4 278)**	(1 349)
Loans raised	3.7	**4 276**	9 363	**4 276**	9 363
Loans repaid	3.7	**(6 905)**	(9 513)	**(6 905)**	(9 513)
Purchase of shares for the Telkom and subsidiaries long-term incentive share scheme		**(107)**	—	**(107)**	—
Repayment of principal lease liabilities[3]		**(2 496)**	(1 201)	**(1 552)**	(1 214)
Proceeds from derivatives - interest rate swaps		**10**	15	**10**	15
Net increase in cash and cash equivalents		**7 115**	470	**7 126**	56
Cash and cash equivalents at 1 April		**3 939**	3 469	**1 863**	1 807
Cash and cash equivalents at the end of the year[4]	4.4	**11 054**	3 939	**8 989**	1 863

1 *The increase in proceeds from disposal of property, plant and equipment and intangible assets is mainly due to the sale of properties previously included in the Gyro Properties portfolio which were earmarked for auction.*

2 *This includes cash proceeds of R6 618 million (refer to note 12.2), less the transfer of cash and cash equivalents to TowerCo BidCo of R177 million (refer to note 12.2) for the Group.*

3 *The increase in the repayment of principal lease liabilities is mainly due to the payment of the Google fibre pair that was made in the current year. The disposal of Swiftnet also contributed to the increase, resulting in Telkom and Openserve making external lease payments for February and March 2025.*

4 *Included in the prior year cash and cash equivalents is the Swiftnet cash to the amount of R192 million. In the prior year, Swiftnet was disclosed as a non-current asset held for sale. In the current year, Swiftnet has been sold. Refer to notes 12.2 and 12.3 for details.*

Notes to the annual financial statements

for the year ended 31 March 2025

1. Corporate information

Telkom SA SOC Ltd (Telkom), the ultimate parent of the Group, is a company incorporated and domiciled in the Republic of South Africa (South Africa) whose shares are publicly traded on the JSE Ltd. The main objective of Telkom and its subsidiaries (the Group) and associates is to supply telecommunication, multimedia, technology, information, mobile communication services and other related information technology (IT) services to the Group's customers in Africa. Refer to note 3.2 for a description of the products and services offered by the Group.

2. Accounting framework and significant judgements

2.1 Basis of preparation

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

The annual financial statements are prepared in South African rand, which is also the parent company's presentation and functional currency. Unless stated otherwise, all financial information presented in rand has been rounded off to the nearest million.

The annual financial statements are prepared on the historical cost basis, with the exception of certain financial instruments subsequently measured at fair value. The carrying values of the recognised assets and liabilities that are designated as hedged items in fair value hedges, which would otherwise be carried at amortised cost, are adjusted to record the fair values attributable to the risks that are being hedged in effective hedge relationships. Details of the Group's material accounting policies are set out below and are consistent with those applied in the previous financial year, except for the adopted standards and amendments as listed below.

2.2 New accounting pronouncements

2.2.1 Other standards, amendments to standards and interpretations

The standards and amendments to standards listed below were adopted, effective 1 April 2024, and did not have a material impact on the Group:

Consideration	Effective date
IAS 1 (Presentation of Financial Statements)	Annual periods beginning on or after 1 January 2024
Amendment regarding non-current liabilities with covenants	
IFRS 16 (Leases)	Annual periods beginning on or after 1 January 2024
Amendment regarding lease liability in sale and leaseback transactions, seller-lessee subsequent measurement in sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale	
IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments: Disclosures)	Annual periods beginning on or after 1 January 2024
Amendment regarding supplier finance arrangement disclosure	

The standards and amendments listed below will be effective in future reporting periods. It is expected that the Group will adopt the pronouncements on their respective effective dates.

Consideration	Effective date
IAS 21 (The Effects of Changes in Foreign Exchange Rates)	Annual periods beginning on or after 1 January 2025
Amendment regarding the entity's transaction or operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose	
IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures)	Annual periods beginning on or after 1 January 2026
Amendment regarding classification and measurement of financial instruments	
IFRS 18 (Presentation and Disclosure in Financial Statements)	Annual periods beginning on or after 1 January 2027
IFRS 18 replaces IAS 1 (Presentation of Financial Statements)	
IFRS 19 (Subsidiaries without Public Accountability)	Annual periods beginning on or after 1 January 2027
IFRS 19 is a voluntary accounting standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	

Notes to the annual financial statements continued

for the year ended 31 March 2025

2. Accounting framework and significant judgements continued

2.3 Significant accounting judgements, estimates and assumptions

The preparation of annual financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements, and the reported amounts of revenue and expenses during the reporting periods. Although these estimates and assumptions are based on management's best knowledge of current events and actions that the Group may undertake in the future, actual results may ultimately differ from those judgements, estimates and assumptions.

The Group has performed an evaluation of the possible impact that the U.S. tariffs would have across the Group and determined that they do not have a material impact.

The presentation of the results of operations, financial position and cash flows in the annual financial statements of the Group is dependent upon, and sensitive to, the accounting policies, assumptions and estimates that are used as a basis for the preparation of these annual financial statements. Management has made certain judgements in the process of applying the Group's accounting policies. These, together with the key judgements, estimates and assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date are as follows:

Significant accounting judgements, estimates and assumptions	Note reference
Significant accounting judgement in the settlement of the Telkom Retirement Fund (TRF)	Note 10.3
Significant judgement in measuring the significant financing component in the Google Equiano transaction	Note 3.2
Recognition and measurement of revenue	Note 3.2
Taxation	Note 8.1
Estimation of useful lives and residual values for property, plant and equipment	Note 5.1
Impairments of property, plant and equipment	Note 5.1
IFRS 16 (Leases)	Note 6.3
Estimation of useful lives and residual values for intangible assets	Note 5.2
Impairments of intangible assets	Note 5.2
CGU and goodwill impairment assessment	Note 5.3
Investment property	Note 5.4
Impairment of financial assets (expected credit losses)	Note 7.1.4
Cash flow treatment of asset finance transactions	Note 7.3
Deferred taxation asset	Note 8.2
Inventories	Note 4.2
Provisions	Note 6.5
Employee benefits	Note 10.1
Supplier finance arrangements	Note 4.5
Contingent liabilities	Note 6.8

2.4 Summary of material accounting policies

2.4.1 Basis of consolidation

In preparing these annual financial statements, subsidiaries are consolidated from the date the Group gains control until the date on which control ceases. The Group's share of results of equity-accounted investments is included in the consolidated annual financial statements from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. All intercompany transactions are eliminated and reversed, where relevant.

2.4.2 Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. The Group consolidates the financial statements of subsidiaries from the date that control of the subsidiary commences until the date that control ceases.

2.4.3 Transactions with non-controlling interests

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition, plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a negative balance.

2.4.4 Associates

An associate is an entity over which the Group has significant influence. The Group has significant influence over an associate when it has the power to participate in the financial and operating policy decisions of the investee. The Group recognises its interests in associates by applying the equity method.

2.4.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost at Company level and adjusted for any impairment losses.

2.4.6 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at acquisition date) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree and non-controlling interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Any transaction costs that the Group incurs in connection with the business combination such as legal fees, due diligence fees and other professional and consultation fees are expensed as incurred. Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party/parties both before and after the business combinations (and where control is not transitory) are referred to as common control business combinations. The carrying amounts of the acquired entities are the consolidated carrying amounts as reflected in the consolidated financial statements from the selling entity.

The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions is allocated to equity. This is in accordance with the predecessor value method. The Group has adopted an accounting policy of recycling the common control reserve through retained earnings.

The common control reserve is recycled fully when the business that it is related to is sold internally or externally. In the case where the business is sold back piecemeal, the full reserve will be recycled to retained earnings when the last part of the business is sold internally or externally. In a common control transaction, the seller recognises the difference between the transaction price and the net assets in the statement of profit or loss and other comprehensive income within the "other income" (profit) and "other expenses" (loss) line items.

Notes to the annual financial statements continued

for the year ended 31 March 2025

2. Accounting framework and significant judgements continued

2.4 Summary of material accounting policies continued

2.4.7 Sale of business

The loss of control of a subsidiary usually occurs when the parent sells or otherwise transfers its controlling interest in a single transaction or as a result of multiple transactions. The loss of control represents a significant economic event that requires the parent to stop consolidating the subsidiary and to recognise any gain or loss.

On losing controlling interest in a subsidiary, the Group applies the following accounting principles:

- The Group derecognises the subsidiary's assets (including goodwill) and liabilities, and any non-controlling interest in the subsidiary.
- The Group recognises, at fair value, any interest retained in the former subsidiary, if any. The resulting difference between the net assets and consideration is recognised in profit or loss as a gain or loss on disposal.
- Amounts previously recognised in other comprehensive income related to the subsidiary are either reclassified to profit or loss or directly transferred to retained earnings, depending on the requirement of the applicable IFRS standard(s).

When the change of ownership does not result in a change of control, both the carrying amounts of the controlling and non-controlling interests are adjusted to reflect their revised interests in the subsidiary. Any difference between the adjustment against the non-controlling interest and the fair value of the consideration received is directly recognised in equity.

2.4.8 Foreign currencies

Functional and presentation currency
The consolidated annual financial statements are presented in South African rand, which is the functional and presentation currency of the parent company.

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
For the purpose of presenting consolidated annual financial statements, assets and liabilities have been translated to rand at the closing rate on the reporting date. Income and expenses have been translated to rand at the average rate over the reporting period. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been translated to rand at the closing rate.

Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

The functional currencies of entities within the Group have remained unchanged during the reporting period.

2.5 Significant changes in the current financial year

2.5.1 Settlement of the Telkom Retirement Fund (TRF or the fund)

During the current financial year, the TRF met the IAS 19 (Employee Benefits) criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules, which was approved by the Financial Sector Conduct Authority (FSCA) with effect from 1 July 2024.

The amendment changed the nature of the liabilities relating to the fund from a defined benefit to a defined contribution plan (as no further company obligation remains) according to IAS 19, with effect from 1 July 2024. Refer to note 10.3 for further details.

2.5.2 Internal organisational restructuring

In the 2023 financial year, Telkom had entered into formal consultation processes with the relevant stakeholders in terms of section 189 of the Labour Relations Act to restructure the Group's operations to ensure its sustainability. Phase one of the restructuring commenced in February 2023 and impacted all business units and subsidiaries.

BCX continues to face persistent operational and financial challenges, necessitating further business changes and phase two of the section 189 process. In line with the consultation process with the unions, Telkom offered voluntary severance packages and voluntary early retirement packages to employees in BCX and Gyro. Refer to note 3.4.4 for further details.

2.5.3 Disposal of Swiftnet

The disposal of Swiftnet was completed effective 31 January 2025. Refer to notes 12.2 and 12.3 for further details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance

3.1 Segment information

The Group Executive Committee (Exco) is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the reports reviewed by Exco that are used to make strategic decisions, allocate resources and assess the performance of each reportable segment.

The operating segments' classification is based on the business units through which Telkom provides communications products and services via its customer-facing units: Telkom Consumer and Small and Medium Business (SMB), as well as its subsidiaries, BCX, Openserve and Gyro. The customer-facing units are supported by the Corporate Centre.

The reportable segments have been determined as Openserve, Telkom Consumer, BCX, Gyro and "Other". The SMB segment has been aggregated into the Telkom Consumer segment. The aggregation is based on the similarity in the nature of products and services. SMB's customers include primarily sole proprietors and customers who typically consume simple products and are similar to the product nature and customer profiling within the Telkom Consumer segment. A large portion of the SMB customer base makes use of the Telkom stores channel, which is the same channel as that of the Telkom Consumer customers.

EBITDA is defined as earnings before investment income and finance cost (which includes gains and losses on foreign exchange transactions), tax, depreciation, amortisation, write-offs, impairments and losses of property, plant and equipment and intangible assets, and is also presented inclusive of the following items:

- Interest revenue
- Interest on overdue accounts

Interest revenue is included in operating revenue as a separate component of revenue. Interest on overdue accounts is included in other income.

The CODM reviews the performance of the operating segments on an adjusted EBITDA basis.

EBITDA is adjusted for significant once-off costs and income, when applicable. The current period EBITDA has been adjusted for the following costs and income:

- Restructuring expenses of R160 million
- Loss on settlement of the TRF of R618 million
- Gain on the disposal of Swiftnet of R4 408 million

Swiftnet forms part of the Gyro segment. In the current year, Swiftnet was sold effective 31 January 2025, and is presented as a discontinued operation in the Group statement of profit or loss and other comprehensive income for 10 months. The difference on the financial statement line items between the segment and the statement of profit or loss and other comprehensive income relates to Swiftnet. Refer to note 12.2 for details.

Notes to the annual financial statements continued
for the year ended 31 March 2025

3. Performance continued

3.1 Segment information continued

March 2025	Openserve Rm	Telkom Consumer Rm	BCX Rm	Gyro Rm	Other Rm	Eliminations Rm	IFRS 16 reversal Rm	Consolidated Rm
Revenue from external customers[1]	4 875	27 689	11 276	725	7	—	—	44 572
Revenue from contracts with customers recognised over time	4 322	24 109	9 042	25	—	—	—	37 498
Voice	—	5 014	1 748	—	—	—	—	6 762
Interconnection	220	578	—	—	—	—	—	798
Data	4 102	17 962	2 664	—	—	—	—	24 728
Information technology services	—	—	3 766	—	—	—	—	3 766
Customer premises equipment related services	—	84	803	—	—	—	—	887
Interest revenue	—	299	61	—	—	—	—	360
Sundry revenue	—	172	—	25	—	—	—	197
Revenue from contracts with customers recognised at a point in time	402	3 218	2 116	—	7	—	—	5 743
Customer premises equipment	—	3 215	352	—	—	—	—	3 567
Information technology hardware and software	—	—	1 764	—	—	—	—	1 764
Sundry revenue	402	3	—	—	7	—	—	412
Lease revenue	151	70	118	700	—	—	—	1 039
Insurance revenue	—	292	—	—	—	—	—	292
Intersegmental operating revenue	7 474	115	1 070	537	284	(8 927)	(553)	—
Other income (adjusted for once-off income)	263	615	42	581	1 488	(1 437)	—	1 552
Total expenses (adjusted for once-off costs)	(8 607)	(22 852)	(11 012)	(408)	(1 300)	10 364	—	(33 815)
Cost of handsets, equipment, software and directories	—	(3 731)	(1 641)	—	—	187	—	(5 185)
Sales commission, incentives and logistical costs	—	(3 214)	—	—	—	—	—	(3 214)
Payments to other operators	(623)	(2 117)	(369)	—	—	416	—	(2 693)
Employee expenses	(3 072)	(1 222)	(3 404)	(31)	(329)	—	—	(8 058)
Other expenses	(303)	(6 119)	(4 026)	(113)	(292)	8 091	—	(2 762)
Insurance service expenses	—	(202)	—	—	—	—	—	(202)
Maintenance	(2 000)	(2 618)	(858)	(37)	(399)	868	—	(5 044)
Marketing	(58)	(793)	(89)	—	(15)	—	—	(955)
Impairment of receivables, contract assets and loans	22	(1 226)	(137)	(6)	5	—	—	(1 342)
Service fees	(2 385)	(1 334)	(481)	(219)	(250)	670	—	(3 999)
Lease-related expenses	(188)	(276)	(7)	(2)	(20)	132	—	(361)
Adjusted EBITDA for reportable segments including intersegmental transactions and excluding once-off costs and income	4 005	5 567	1 376	1 435	479	—	(553)	12 309
Once-off costs and income								
Gain on disposal of Swiftnet								4 408
Restructuring expenses								(160)
Loss on settlement of the TRF								(618)
EBITDA								15 939
Depreciation, amortisation, impairments and write-offs								(5 962)
Operating profit								**9 977**
Investment income								382
Net finance charges, hedging costs and fair value movements								(1 998)
Profit before taxation								**8 361**
Other segment information								
Capital expenditure of property, plant and equipment and intangible assets	2 535	2 797	392	248	114	—	—	6 086

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.1 Segment information continued

March 2024	Openserve Rm	Telkom Consumer Rm	BCX Rm	Gyro Rm	Other Rm	Eliminations Rm	IFRS 16 reversal Rm	Consolidated Rm
Revenue from external customers[1]	4 526	26 140	11 779	785	—	—	—	43 230
Revenue from contracts with customers recognised over time	4 072	22 525	9 259	—	—	—	—	35 856
Voice	—	5 244	2 023	—	—	—	—	7 267
Interconnection	247	526	—	—	—	—	—	773
Data	3 825	16 178	2 586	—	—	—	—	22 589
Information technology services	—	—	3 833	—	—	—	—	3 833
Customer premises equipment related services	—	96	753	—	—	—	—	849
Interest revenue	—	314	64	—	—	—	—	378
Sundry revenue	—	167	—	—	—	—	—	167
Revenue from contracts with customers recognised at a point in time	327	3 334	2 520	—	—	—	—	6 181
Customer premises equipment	—	3 301	276	—	—	—	—	3 577
Information technology hardware and software	—	—	2 244	—	—	—	—	2 244
Sundry revenue	327	33	—	—	—	—	—	360
Lease revenue	127	—	—	785	—	—	—	912
Insurance revenue	—	281	—	—	—	—	—	281
Intersegmental operating revenue	7 985	189	1 136	699	219	(9 578)	(650)	—
Other income	262	721	62	20	1 031	(1 201)	—	895
Total expenses	(8 839)	(22 957)	(11 683)	(418)	(966)	10 779	—	(34 084)
Cost of handsets, equipment, software and directories	—	(3 867)	(2 361)	—	—	103	—	(6 125)
Sales commission, incentives and logistical costs	—	(2 748)	—	—	—	—	—	(2 748)
Payments to other operators	(736)	(2 664)	(380)	—	—	452	—	(3 328)
Employee expenses	(2 851)	(1 111)	(3 432)	(123)	(378)	—	—	(7 895)
Other expenses	(292)	(6 452)	(3 674)	(36)	(229)	8 488	—	(2 195)
Insurance service expenses	—	(185)	—	—	—	—	—	(185)
Maintenance	(2 034)	(2 520)	(1 102)	(32)	(79)	923	—	(4 844)
Marketing	(33)	(672)	(117)	—	(7)	—	—	(829)
Impairment of receivables, contract assets and loans	(73)	(1 445)	(161)	6	(11)	—	—	(1 684)
Service fees	(2 636)	(1 188)	(432)	(229)	(209)	693	—	(4 001)
Lease-related expenses	(184)	(105)	(24)	(4)	(53)	120	—	(250)
EBITDA for reportable segments including intersegmental transactions	3 934	4 093	1 294	1 086	284	—	(650)	10 041
Depreciation, amortisation, impairments and write-offs								(5 561)
Operating profit								4 480
Investment income								253
Net finance charges, hedging costs and fair value movements								(2 197)
Profit before taxation								2 536
Other segment information								
Capital expenditure of property, plant and equipment and intangible assets	2 547	2 651	416	359	161	—	—	6 134

[1] *Revenue includes transactions generated by subsidiaries of BCX in countries outside of South Africa. These are however not considered material to the Group and are thus not disclosed separately.*

Entity-wide disclosures

All material non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts related to the segments above, are located in South Africa. Assets belonging to the subsidiaries of BCX outside of South Africa are not considered material to the Group as a whole.

No single customer contributes more than 10% of the revenue from external customers and thus no specific information relating to major customers is included in the segment information above. For the purpose of assessing revenue contribution per customer, management does not treat the South African government as a single customer, but views each department/municipality within the government as a single customer.

Notes to the annual financial statements continued
for the year ended 31 March 2025

3. Performance continued

3.2 Revenue

Significant accounting judgements, estimates and assumptions

Recognition and measurement of revenue

Stand-alone selling prices and transaction price
The stand-alone selling prices for mobile devices are based on the standard list prices at which the Group sells them separately (without a service contract). Stand-alone selling prices for communication services are set based on prices for non-bundled offers with the same range of services. The transaction price is calculated as the total consideration receivable from the customer over the contract term.

Significant financing component
In order to determine whether a significant financing component exists, a model was designed, that calculates the financing component on a contract-by-contract basis. If the financing component is less than 5% of the total transaction price allocated to the customer premises equipment (CPE), it is deemed not to be significant and the financing component will not be recognised separately.

Google Equiano
As part of the Google Equiano arrangement entered into during the 2024 financial year, Openserve received an upfront payment for granting the use of terrestrial network to Google for 15 years. Aligned with the Group policy and IFRS 15 principles, management concluded that this has a significant financing element.

Management applied judgement to determine an approximate USD rate at which Openserve could be granted USD finance for a similar amount and period to determine the significant financing component. A USD rate was used, as revenue will be earned in USD, and the equipment used to build the network was also paid for in USD.

The significant financing element is recognised as a finance cost and the transaction price (deferred revenue and revenue) is increased with the financing component over the 15-year period.

Customer relationship periods
The average customer relationship periods for wholesale, voice and non-voice services are utilised to expense the capitalised installation revenue and cost. Management applies judgement about the data used to determine the customer relationship period estimate. The estimate is based on the historical churn information (refer to note 3.2.3). The churn is determined by considering the service installation and disconnection dates, the weighted average age of the customer base and the service connection status of the customers. Changes in average customer relationship periods are accounted for as a change in accounting estimate.

Agent vs principal considerations
When deciding on the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the Group and the counterparty are reviewed to determine each party's respective role in the transaction.

Consideration is given to which party controls the goods or services. If that is not clear, the Group evaluates the following control indicators, among others, when determining whether it is acting as a principal or an agent in transactions with customers and the recording of revenue on a gross, or net, basis:

- The Group is primarily responsible for fulfilling the promise to provide the specified good or service;
- The Group has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- The Group has discretion in establishing the price for the specified good or service.

Software, cloud services and related services
The Group has applied judgement to determine whether it acts as an agent or principal in these arrangements in accordance with the principles of IFRS 15. One of the judgements made is whether control passes to the Group prior to the passing thereof to the customer. Where the vendor has the primary obligation to fulfil the services to the customers, the Group concluded that control does not pass to the Group and, as a result, it acts as an agent in these arrangements.

Included in the Group service offerings are software and related licences that are sold with the ability to access the vendor's latest technology via product updates. The assessment of whether the Group acts as a principal or an agent is judgemental. The Group deems the defining characteristic of each arrangement to be whether its material performance obligation is to deliver software, cloud services and related services or to arrange access to such goods or services.

A key consideration in assessing whether the Group or the vendor is responsible for the software, cloud services and related services relates to the management of the updates to the software. Where the Group has concluded that the upgrades are critical to the functionality of the software and the effective functionality of the solution, and such updates can only be delivered by the vendor, the Group acts as an agent for such software sales as the vendor has the primary obligation to fulfil the services to the customers.

Unless the Group obtains the right to direct the use of a piece of software between customers, e.g. gain access to a pool of software licences, the Group has concluded that it does not carry inventory risk for software.

The Group generally has pricing discretion in a contract for the resale of software, vendor cloud services and other related services, but has concluded that this factor in isolation does not result in the Group concluding that it can act as a principal in these transactions.

Vendor resold services
For vendor resold service warranty and maintenance products, a customer purchases a product from the Group that is delivered over time directly by the vendor. These service contracts are sold alongside, but separately from, the associated products, with the Group acting as an agent for the contract on behalf of the vendor. The Group's responsibility is to arrange for the provision of the specified service by the vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore acts as an agent with respect to vendor resold services for which it is not primarily responsible for fulfilling the performance obligation.

Revenue from sale arrangements where the Group acts as an agent is recognised on a net basis, with the commission or gross profit earned on these contracts recognised as revenue.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Significant accounting judgements, estimates and assumptions continued

Recognition and measurement of revenue continued

Franchisee

The Group utilises franchise stores to sell its contracts (including those bundled with mobile devices), pre-paid services and mobile devices (without bundling them with a Telkom services contract), and fixed-line services. An entity is the principal in a transaction if it obtains control of the specified goods or services before they are transferred to the customer. An entity is an agent if it does not control the specified goods or services before they are transferred to the customer.

In terms of IFRS 15, Telkom has identified the specified goods or services being provided to the customer, the handset in this instance. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) that will be transferred to the customer.

Enterprise revenue

Management has assessed that the primary obligation for service delivery to the Enterprise customers remains with Telkom SA SOC Ltd, therefore Telkom recognises gross revenue for the Enterprise customer contracts that were sold to BCX, but not contractually ceded. Similarly, price risk owing to the contracts not ceded is deemed to reside with Telkom. Cognisance is given to the fact that mechanisms exist for a transfer of credit risk between Telkom and BCX. It is on this basis that management has concluded that revenue from such contracts should be recognised in the accounting records of Telkom as a principal with the customers.

Bill-and-hold arrangements

The Group enters into bill-and-hold arrangements for hardware sales. Judgement is applied to determine if the criteria below are met to support revenue recognition in terms of the principles of IFRS 15:

- The reason for the bill-and-hold arrangement must be substantive;
- The product must be identified separately as belonging to the customer;
- The product must be ready for physical transfer to the customer; and
- The Group cannot have the ability to use the product or to direct it to another customer.

Hardware and software as part of an integrated solution

The Group enters into contracts with customers to provide integrated solutions. Contracts are assessed individually to determine whether the products and services are distinct, i.e. the product or service is separately identifiable from the other promises in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available.

The nature of the promised goods or services are inputs into a working solution and the customer does not derive value from the stand-alone goods and services. The Group has applied its judgement and views these arrangements, in some instances, as a single performance obligation that needs to be met as the goods and services are not separately identifiable, and the customer cannot benefit from either the goods or the services separately.

The resulting conclusion impacts the agent versus principal assessment of the revenue recognition for these arrangements. The Group acts as principal in these integrated solution arrangements.

The revenue on these contracts is therefore recognised on a principal basis over time using the output method (i.e. value to the customer of the goods or services transferred to date relative to the remaining goods or services promised).

Reassessment of leases relating to CPE

The Group enters into contracts with customers, which involve both the delivery of services and CPE. Prior to the adoption of IFRS 16, these contracts were accounted for as operating leases under IAS 17 (Leases). On adoption of IFRS 16, the Group elected the practical expedient not to reassess whether an existing contract is, or contains, a lease, and management accordingly retained the assessment made under IAS 17 for these existing lease contracts. Subsequent to the adoption of IFRS 16, it was identified that these existing lease contracts, which have reached the end of the initial lease term, continue on a month-to-month basis, allowing the customer to exit the contract with no penalty. This is different to the terms that applied during the initial lease term, wherein the customer could not exit without a penalty.

According to IFRS 16, if an entity chooses the practical expedient described above, then an entity shall identify a lease by applying the requirements of IFRS 16 only to contracts entered into or changed after the adoption date. However, IFRS 16 is silent on what constitutes a change to an existing contract.

Management exercised significant judgement and determined that the lease contracts continuing on a month-to-month basis without an exit penalty, subsequent to the initial lease term, constitute a change in the contract. Therefore, management reassessed whether these contracts contain a lease in terms of IFRS 16. Upon such reassessment, it was determined that while the CPE represents an identified asset, the customer does not have the right to direct how and for what purpose the CPE is used throughout the period of use. The Group, being the supplier, has such a right and therefore such arrangements do not contain a lease. It is on this basis that management has concluded that revenue from such contracts should be recognised under IFRS 15 (Revenue from Contracts with Customers).

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies

Nature of goods and services
Revenue from contracts with customers

The Group has elected to apply the IFRS 15 practical expedient on the significant financing component that allows the Group not to adjust the transaction price for the significant financing component for contracts where the time difference between customer payment and transfer of goods or services is expected to be within 12 months or less. The Group sells products and services both separately as well as part of bundled packages. The Group recognises revenue when it transfers control of a product or service to a customer. Products and services that form part of bundled packages are recognised separately if they are distinct. Further detail is provided below:

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
CPE and device revenue	Telkom Consumer and BCX	The Group recognises revenue at a point in time when a customer takes control of the communication equipment or products.	Sale of portable, handheld equipment or devices designed for communication and access to information. These include different CPE and mobile devices. The total transaction price is allocated to the mobile device or CPE on a relative stand-alone selling price basis. The relevant stand-alone selling prices are based on the market prices (as indicated in the Group's device catalogues and trade lists) of the individual performance obligations identified in the contract. The total consideration noted above is determined based on the assessed contract term. Some contracts include an early renewal clause. Based on the assessment of historical data, the Group has determined that there is not a significant number of contracts that are renewed on an earlier basis and has therefore applied the total contractual term in the calculation of the total consideration receivable under a contract. Contract assets are recognised when customers have obtained control of the device for post-paid contracts. The amount of revenue recognised for devices is adjusted for expected returns, which are estimated based on the historical data. For devices sold separately (i.e. without the telecommunications contract), customers pay full price at the point of sale. For devices sold in bundled packages, customers usually pay monthly in equal instalments over the contract term. The Group does not provide separate warranties on equipment delivered to customers and therefore no performance obligations are identified associated to this.
Interest revenue	Telkom Consumer and BCX	The Group recognises revenue over time on the effective interest rate method.	The implied financing element included in the transaction price charged to the customer. The Group assesses whether a significant financing component exists for all contracts exceeding 12 months. A financing element greater than 5% of the portion of the transaction price allocated to the mobile device or customer equipment has been deemed to represent a significant financing component. The significant financing component is determined using an average discount rate that reflects the risk associated with the customers. The assessment of the existence of a financing component is performed on a contract-by-contract basis. The transaction price is reduced by the financing component, and this component is recognised over the contract period.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued
Revenue from contracts with customers continued

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
Mobile and fixed-line telecommunication services (voice, interconnection and data)	**Openserve, Telkom Consumer and BCX** **Openserve** Openserve provides the following services: *Broadband solutions* This includes next-generation access across fibre and copper networks enabling high-speed internet connectivity. *Optical and carrier solutions* Services constitute the provision of client-specific backhaul and managed connectivity, assuring world-class quality and reliability. *Enterprise solutions* Products include business-to-business connectivity, underpinned primarily by Ethernet-based products. *Global solutions* Interconnect-based services connecting South Africa and the rest of the global market. **Telkom Consumer** The Telkom Consumer business unit provides the following services to customers: *Broadband data* Broadband data refers to high-speed internet access that is always on and faster than the traditional dial-up access. Broadband includes several high-speed transmission technologies, such as digital subscriber line (DSL), fibre, wireless and satellite. *Voice* Voice telecommunications refer to the communication of sound over a distance using wire or wireless telephones and related technology. ***Content*** Content services are provided through association with a variety of content providers, which allows subscription for a fee to games, competitions, videos, social sites and entertainment. *Gaming* Gaming services are provided through the VS Gaming brand, providing a virtual sports platform with regular tournaments and ladders across all major game titles and skills levels, as well as spectator access. *Small and Medium Entity Information, Communication and Technology solutions* Small and Medium Entity Information, Communication and Technology solutions services are data centre infrastructure components as well as an increasing number of content, software, hardware and support services delivered over the internet. *CPE-related revenue* This relates to routers and switches. Although the CPEs represent an identified asset, the customer does not have the right to direct how and for what purpose they are used throughout the period of use. Therefore, such contracts do not contain a lease in terms of IFRS 16. *Global solutions* Interconnect-based services connecting South Africa and the rest of the global market.	The Group recognises revenue over time as these telecommunication services are provided. The Group used an output method based on customer consumption, as this accurately represents the level of performance obligation satisfaction.	Mobile and fixed-line telecommunication services may be sold in bundled or separate packages. The revenue for the telecommunication services is recognised over time as the services are provided. Services purchased by a customer beyond the contract are treated as a separate contract and recognition of revenue from such services is based on the actual voice or data usage, or is made upon the expiration of the Group's obligation to provide the services. For pre-paid services, the customer pays the full price at the point of sale. For post-paid contracts, customers usually pay monthly in equal instalments over the contract term together with the additional billing for out-of-bundle usage. Where the payment of an installation fee attributable to a fixed telecommunication service on a month-to-month contract provides the customer with a material substantive right, the installation is a separate performance obligation and is recognised over an estimated customer relationship period. The customer usually pays the fee upfront when the installation has been completed. Refer to note 3.2.3 for the customer relationship periods per customer type. Interconnection revenue is derived from calls and other traffic that originate in other operators' networks but use the Telkom network. The Group receives interconnection fees based on agreements entered into with other telecommunication operators. These revenues are recognised in the period in which these services are rendered.

Notes to the annual financial statements *continued*

for the year ended 31 March 2025

3. Performance *continued*

3.2 Revenue *continued*

Summary of material accounting policies *continued*

Nature of goods and services *continued*
Revenue from contracts with customers *continued*

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
Mobile and fixed-line telecommunication services (voice, interconnection and data) *continued*	**BCX** BCX provides fixed telecommunication voice and data services to customers including: *Business mobility* Managed wireless broadband and dedicated access over microwave, 4G/5G and satellite, and secure machine-to-machine connectivity. *Managed application-centric data networking* Multiprotocol Label Switching, software-defined wide area network (software-defined WAN) and secure access service edge-based data networking for private and public enterprise branch aggregation with service level agreements and hyperscaler onramps. *Managed local area networking* Fixed or wireless local area networking for enterprises certified by multiple technology manufacturers; includes centralised or dedicated controllers and switches. *Global telecommunication services* Global telecommunication services relate to global connectivity mainly through virtual private network (VPN) services that usually cater for connectivity of local enterprise customers that have branches outside of South Africa. *Unified collaboration* Fixed-voice solutions evolving to unified collaboration as a service, including on-premises or hosted PABXs, cloud telephone and managed hosted contact centres. *Broadband or dedicated access* Fibre or wireless access for point-to-point or point-to-cloud connectivity from enterprise branches, typically to the internet for software-defined WAN and cloud-hosted applications. *Internet and value-added services* Dedicated or broadband express internet for private or public sector branches or from data centres, including features addressing security and peering. *Converged communication services* BCX provides converged communication voice and data services to customers. *CPE-related services* CPE is installed to provide converged communication services and an asset of BCX.	The Group recognises revenue over time as these telecommunication services are provided.	Voice and data connectivity services, and their installations provided to consumer and enterprise customers. Mobile and fixed-line telecommunication services may be sold in bundled or separate packages. The revenue for the telecommunication services is recognised over time as the services are provided. Services purchased by a customer beyond the contract are treated as a separate contract and recognition of revenue from such services is based on the actual voice or data usage, or is made upon the expiration of the Group's obligation to provide the services. For pre-paid services, the customer pays the full price at the point of sale. For post-paid contracts, customers usually pay monthly in equal instalments over the contract term together with the additional billing for out-of-bundle usage. Where the payment of an installation fee attributable to a fixed telecommunication service on a month-to-month contract provides the customer with a material substantive right, the installation is a separate performance obligation and is recognised over an estimated customer relationship period. The customer usually pays the fee upfront when the installation has been completed. Refer to note 3.2.3 for the customer relationship periods per customer type. Interconnection revenue is derived from calls and other traffic that originate in other operators' networks but use the Telkom network. The Group receives interconnection fees based on agreements entered into with other telecommunication operators. These revenues are recognised in the period in which these services are rendered.

Notes to the annual financial statements continued
for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued
Revenue from contracts with customers continued

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
IT revenue	***BCX*** *Stand-alone hardware*	Revenue is recognised at a point in time once control of the goods is transferred to the customer when the customer accepts delivery of the goods.	Sale of IT hardware. The Group acts as principal in these arrangements and revenue is recognised on a gross basis.
	BCX *Standard stand-alone software*	Where the Group is acting as an agent, the Group will recognise revenue at a point in time once the Group has fulfilled its performance obligation, being when the right to access the licensing product has transferred to the customer. In the instance where the Group is acting as a principal, the Group will recognise revenue at a point in time once control of the goods has transferred to the customer, being when the right to access the licensing product or software has been transferred to the customer.	BCX acts as an agent on sales of software. The Group acts as a principal in certain contracts and as an agent in other contracts, depending on the nature and scope of the contract. Management applies judgement in establishing whether the Group has control of the software licences prior to the licences being transferred to the customer, and therefore whether the Group acts as an agent or principal in these contracts. Where it has been determined that the Group did not control the software licences prior to the licences being transferred to the customer, the Group will recognise revenue as an agent on a net basis. Where the Group controls the software licences prior to the licences being transferred to the customer, the Group will recognise revenue as a principal on a gross basis.
	BCX *Renewal of software licences*	Revenue is recognised at a point in time once control of the goods is transferred to the customer with regard to the software licence after it has been renewed.	Renewal of contracts for sale of IT software. As the Group does not control the software licences at any point before the licences are transferred to the customer, the Group acts as an agent in the transaction and will account for the revenue as an agent as the Group has no further responsibility with regard to the software licences after control is passed to the customer.
	BCX *Vendor resold services*	Revenue is recognised at a point in time upon commencement of the contract.	The Group sells service warranty and maintenance contracts for software applications or hardware on behalf of its vendors, which are accounted for on a net basis as the Group is acting as an agent in the agreement. The commission or gross profit earned on these sales is recognised as revenue. A service warranty or maintenance package is sold alongside hardware or software products. The Group's responsibility is to arrange for the provision of the specified service by the original equipment manufacturer/ vendor, and the Group does not control the specified service before it is transferred to the customer. The Group therefore has no obligation to the customer in terms of the service or maintenance once the sale has been made and the contract with the vendor has been concluded.
	BCX *Hardware and software as part of an integrated solution*	Revenue is recognised over time, using the output method. This method is based on the project rollout delivery status as it accurately reflects BCX's performance in satisfying the full performance obligation related to the integrated solution.	The nature of the offering is that of a design network or hardware solution, sometimes combined with software, sold as an integrated solution to the customer. Where the Group is contracted to deliver integrated converged communication and/or IT solutions, these solutions are regarded as a single performance obligation that is satisfied over time. The promised goods or services are considered inputs into a working solution, meaning that the customer does not derive value from the stand-alone goods or services. The measurement of the value to the customer of the goods or services transferred to date, relative to the remaining goods or services promised, is the most accurate basis of measuring progress. The Group acts as a principal in these arrangements. Revenue is recognised on a gross basis.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued
Revenue from contracts with customers continued

Products and services	Segment	Timing of revenue recognition	Nature of goods and services and significant payment terms
IT revenue continued	***BCX*** *IT services*	Where the Group acts as the principal, revenue is recognised over time as the services are consumed. The output method, based on the status of service delivery, is used because the right to revenue amount corresponds to the status of the satisfied performance obligation.	Sales of IT applications and/or hardware support and maintenance. Where the Group is primarily responsible for delivering the service, and the service is considered distinct from other performance obligations stipulated within the contract with the customer, the Group acts as a principal. Revenue is recognised on a gross basis. Conversely, where the Group does not have the primary responsibility for the acceptability of the service and therefore does not control the service prior to the transfer thereof to the customer, the Group acts as an agent. Revenue is recognised on a net basis.
Sundry revenue: electronic directory services and advertising revenue	**Telkom Consumer** This includes the following products and services: *Advertising* *Digital and social media advertising across a number of platforms* *E-commerce* *Omni-channel offerings*	Electronic directory and advertising revenue is recognised over the contract term as the performance obligations are met, based on the total transaction price agreed upon for the contract. The output method is used, based on the period advertised over the total period contracted for. This is because the customer is only obligated to pay for the period where the advertising has occurred.	Sale of online advertising space in a directory. The relevant stand-alone selling prices are based on market prices. The contract term for the services in this revenue stream is usually 12 months or less and therefore no significant financing element has been included in the revenue recognition for this revenue stream.
Sundry revenue	**Telkom Consumer** This includes the following products and services: *Printed directory services*	Revenue from printed directories is recognised at a point in time when the directories are released for distribution.	Sale of advertising space in printed hard copy directory.. The relevant stand-alone selling prices are based on market prices.
	Openserve This includes the following products and services: *International other*, included in international other is maritime services.	Maritime revenue is recognised at a point in time as the performance obligations are met based on the contract.	The maritime earned as a result of being part of the undersea cables consortium. There is no significant financing component as services are billed on a monthly basis, at a point in time.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Revenue from other contracts

IFRS 16 lease revenue

Rental income from property, masts and towers, CPE and exchanges is generated by the Group through its subsidiaries. The revenue is recognised as part of the Gyro, Openserve and BCX segments. The revenue is accounted for as operating lease revenue and recorded on a straight-line basis in accordance with IFRS 16.

IFRS 17 insurance revenue

Telkom's insurance customers are covered for the month that they have paid insurance premiums. To have continuous cover and a valid claim, premium payments must be up to date and when a payment is not received on time, the contract lapses subject to insurance business regulatory requirements. Insurance revenue reflects the number of premium receipts to which the insurer is entitled in exchange for services provided on device and funeral cover products. The Group allocates premium receipts to each period of the insurance contract services based on the passage of time.

All revenues are presented net of value-added tax (VAT), rebates and discounts. Invoice and payment terms are set out in note 4.3 of the annual financial statements.

Significant financing component

The Group applies the practical expedient in IFRS 15 paragraph 63 to not recognise a significant financing component for any contract when the goods and services provided are 12 months or less, compared to when the payment is received.

Material right considerations

The Group considers installation fees on month-to-month contracts to provide a material substantive right to the customer, as the customer can extend or renew the contract each month without paying an additional installation fee. This installation fee is a separate performance obligation and is capitalised and expensed over an estimated customer relationship period where it is concluded that the installation fee gives rise to a material substantive right.

Contract costs

Contract costs that are eligible for capitalisation as incremental costs of obtaining a contract include commissions and connection incentives paid on new contracts that have been entered into. Contract costs are capitalised unless the practical expedient in IFRS 15 paragraph 94 is applied, which states that incremental costs to obtain a contract can be recognised as an expense when incurred if the amortisation period of the asset, that the entity otherwise would have recognised, is one year or less. Contract costs are capitalised in the month of service activation if the Group expects to recover these costs, and are amortised over the contract term.

The Group's normal operating cycle for contract costs capitalised is 24 to 36 months and, as such, contract costs capitalised are disclosed as current assets.

The amortisation of the contract asset is included in sales commission, incentives and logistical costs based on the nature of the costs being deferred.

In all other cases, contract costs are expensed as incurred.

Contract assets

Contract assets represent the Group's right to consideration in exchange for mobile devices and CPE. The contract asset is recognised at the point where the Group transfers control of the device or CPE to the end customer.

The Group's normal operating cycle for contract assets is 24 to 36 months and, as such, contract assets are disclosed as current assets.

IFRS 15 is silent regarding the derecognition of contract assets. Therefore, in terms of IAS 8, the Group has adopted a policy of using IFRS 9 derecognition principles and IFRS 7 derecognition disclosure principles when accounting for the derecognition of contract assets.

The Group recognises the gain on derecognition within the other income line item and/or loss on derecognition within the other expenses line item on the statement of profit or loss and other comprehensive income. The proceeds received are classified as cash generated from operating activities in the statement of cash flows.

Deferred revenue (contract liabilities)

Deferred revenue is accounted for or recognised at the earlier of the due date of the invoice and the date that the payment is received from the customer before the performance obligation is satisfied.

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Deferred installation fees and revenue billed in advance represent customer payments received in advance of performance (contract liabilities). This is included in deferred revenue on the statement of financial position.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.1 Disaggregation of revenue

	Company	
	31 March 2025 Rm	31 March 2024 Rm
Revenue	**32 287**	30 865
Revenue from contracts with customers recognised over time	**27 658**	26 368
Voice	**6 315**	6 354
Interconnection	**628**	581
Data	**20 156**	18 853
Customer premises equipment related services	**84**	96
Interest revenue	**299**	314
Sundry revenue	**176**	170
Revenue from contracts with customers recognised at a point in time	**4 322**	4 216
Customer premises equipment	**4 319**	4 183
Sundry revenue	**3**	33
Lease revenue	**15**	–
Insurance revenue	**292**	281

Refer to note 3.1 for the disaggregated revenue per segment for the Group.

Included in Telkom Company revenue is an amount of R4 498 million (31 March 2024: R4 623 million), which relates to Enterprise customer contracts that were sold to BCX in previous financial years but have been retained in the name of Telkom SA SOC Ltd.

3.2.2 Transaction price allocated to the remaining performance obligations

The tables below outline the revenue that is expected to be recognised in the future, related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	Group					
	31 March 2025			31 March 2024		
	2026 Rm	**2027 Rm**	**Beyond 2028 Rm**	2025 Rm	2026 Rm	Beyond 2027 Rm
Voice	**242**	**107**	**41**	260	118	26
Data	**2 389**	**903**	**149**	2 587	1 153	855
Information technology	**194**	**12**	**13**	228	22	12

	Company					
	31 March 2025			31 March 2024		
	2026 Rm	**2027 Rm**	**Beyond 2028 Rm**	2025 Rm	2026 Rm	Beyond 2027 Rm
Data	**2 388**	**903**	**149**	2 485	1 052	149
Voice	**242**	**107**	**41**	260	118	26

All revenue from contracts with customers is included in the amounts presented above.

The Group and Company apply the practical expedient in paragraph 121 of IFRS 15 and do not disclose information about the remaining performance obligations that have original expected durations of 12 months or less.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.3 Customer relationship periods

The customer relationship periods (CRPs) in the current financial year are as follows:

- Voice revenue: 5.5 years (31 March 2024: 5.5 years)
- Wholesale revenue: 4 years (31 March 2024: 4 years)
- Non-voice revenue: 3.5 years (31 March 2024: 3.5 years)

There has been no change in the average CRPs in respect of non-voice revenue, voice revenue and wholesale revenue during the 2025 financial year.

3.2.4 Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

3.2.4.1 Contract assets

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Contract assets	**2 344**	2 204	**2 344**	2 204
Gross contract assets	**3 085**	2 808	**3 085**	2 808
Impairment of contract assets	**(741)**	(604)	**(741)**	(604)
Allowance account for expected credit losses - contract assets	**741**	604	**741**	604
Opening balance	**604**	508	**604**	508
Charged to statement of profit or loss and other comprehensive income	**375**	397	**375**	397
Contract assets written off	**(238)**	(301)	**(238)**	(301)

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include sending reminders, pinging the accounts for additional debit order collections, suspending the services, handing the debt over to external debt collectors and not receiving positive feedback from the debtors that confirms the amounts as collectable, failure of a debtor to engage in a repayment plan with the Group, blacklisting the customer, and failure to make contractual payments.

The increase in the gross contract asset balance is due to the increase in the sale of devices in the current financial year. Although the gross carrying amount increased, the expected credit loss charged to the statement of profit or loss and other comprehensive income decreased due to the alleviation of customer distress and initiatives that have been put in place to improve collections and recoveries.

Refer to note 7.1.4 for a detailed credit risk analysis.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.4 Assets and liabilities related to contracts with customers continued

3.2.4.1 Contract assets continued

Sale of contract assets
Telkom entered into agreements with financial institutions to factor a ring-fenced group of contract assets. The gross carrying amount of the contract assets factored is R875 million (31 March 2024: R1 083 million). The profit on disposal of contract assets is accounted for in other income. Refer to note 3.3.

Per the arrangements, Telkom retains the contractual right to receive cash flows, and has assumed a contractual obligation to pay the cash flows received to the financial institution.

Based on the structure of the agreements, the criteria for "pass through" under IFRS 9 (Financial Instruments) have been met, resulting in the derecognition of the contract assets. Consequently, the contract asset portfolio has been derecognised in its entirety as significant risks and rewards have been transferred. The total cash inflow related to the derecognition is included in the cash flows from operating activities in the statement of cash flows.

As part of the agreement, Telkom is obligated to pay the financial institution only from the cash collected from the customers and, as such, Telkom assumes no further obligation in relation to the agreement. Where there is a credit note, Telkom will not be required to refund the financial institution for the credit note. Telkom has no continuing involvement with the transferred contract asset.

3.2.4.2 Other current assets

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Other current assets	**619**	545	**619**	545
Contract costs capitalised	**275**	272	**275**	272
Ongoing commission capitalised assets	**344**	273	**344**	273
Contract costs capitalised	**275**	272	**275**	272
Opening balance	**272**	240	**272**	240
Contract costs capitalised during the year	**296**	303	**296**	303
Contracts cancelled during the year	**(27)**	(28)	**(27)**	(28)
Amortisation recognised as cost of providing services during the year	**(266)**	(243)	**(266)**	(243)

Contract costs capitalised relate to commission and incentive costs paid to franchisees and sales staff, which are considered incremental to the acquisition and fulfilment of the contract. The contract costs capitalised are amortised as an expense over the term of the contract to which the commission relates. Management expects that the full cost will be recovered through the revenue recognised on these contracts and has consequently not recognised any impairment on the contract costs capitalised.

	Group		Company	
Ongoing commission capitalised assets	**31 March 2025 Rm**	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Contract asset - ongoing commission[1]	**344**	273	**344**	273
Ongoing commission (included in trade and other payables)[1]	**(344)**	(273)	**(344)**	(273)
Opening balance	**273**	222	**273**	222
Expense amortised in the current year	**(221)**	(153)	**(221)**	(153)
New contracts entered into	**374**	306	**374**	306
Contracts cancelled during the year	**(82)**	(102)	**(82)**	(102)
Closing balance	**344**	273	**344**	273

[1] *These amounts relate to commissions payable to franchisees based on the subscription value that the post-paid subscribers signed at the inception of their contracts. At contract inception, Telkom would have an asset and related liability for the entire amount related to the ongoing commission payable over the contractual period.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.2 Revenue continued

3.2.4 Assets and liabilities related to contracts with customers continued

3.2.4.3 Deferred revenue

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Deferred revenue	**2 905**	2 550	**1 009**	992
Non-current deferred revenue	**1 194**	899	**24**	24
Current portion of deferred revenue	**1 711**	1 651	**985**	968

The deferred revenue balance consists primarily of deferred installation fees, deferred revenue from the Google cable landing station, deferred revenue from the grant of use of terrestrial network on system, and revenue billed in advance due to Telkom's various billing cycles. Deferred revenue increased mainly due to the Google Equiano invoice on network system 2 that came through during the current financial year.

The total revenue recognised in the current year, which related to carried forward deferred revenue associated with installation fee revenue, and revenue payable in advance, is disclosed in the table below. The amounts recognised as a contract liability will generally be utilised within the next reporting period.

	Group		Company	
Revenue recognised in relation to deferred revenue (contract liabilities):	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Deferred revenue	**1 210**	1 224	**866**	992

3.3 Other income

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Other income	**1 552**	895	**7 094**	1 751
Interest received from trade receivables[1]	**184**	203	**160**	162
Sundry income[2]	**610**	477	**1 764**	1 392
Gain on disposal of Swiftnet (refer to note 12.2)	**—**	—	**4 998**	—
Profit on disposal of assets[3]	**758**	215	**172**	197
Profit on disposal of property, plant and equipment and intangible assets[4]	**654**	81	**69**	61
Profit on disposal of right-of-use assets	**9**	11	**8**	13
Profit on disposal of contract assets	**95**	123	**95**	123

1 *Interest received on trade receivables relates to interest on overdue trade receivables accounts. These are financial assets measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and effective interest rate.*

2 *Sundry income for the Company includes income from management fees charged to subsidiaries. The Group and Company amounts include gains or losses on lease terminations and other income on the submarine cable systems. Income on submarine cables consists of income for work done on behalf of the consortiums, income on operating cost, maintenance cost (direct cost) and travel fees related to the cable services. Sundry income for the Company increased mainly due to the increase in management fees as a result of the change in Group IT costs.*

3 *In the current year, the profit on disposal of assets was disaggregated. The comparative has been re-presented for the disaggregation for comparability purposes.*

4 *The increase for the Group is mainly due to profit on disposal of properties previously included in the Gyro Properties portfolio which were earmarked for auction.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses

Summary of material accounting policies

Payments to other operators
Payments to other operators are costs charged based on usage by other service providers in the same line of business. These services are directly related to the offering of products or services to customers, and exclude amounts paid for internal consumption.

Cost of handsets, equipment, software and directories
The cost of handsets, equipment, software and directories represent the acquisition cost of the items sold, net of any supplier rebates and discounts. This line item does not include any allocated overhead costs.

Sales commission, incentives and logistical costs
Sales commission and incentives are costs paid to Telkom's independent sales channels. Logistical costs represent costs incurred with third parties outside the Group for the delivery of handsets to customers and stores. This line item does not include the allocation of any other expense classified by nature in the annual financial statements.

3.4.1 Payments to other operators

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Payments to other operators	**(2 693)**	(3 328)	**(2 116)**	(2 664)

Payments to other operators decreased mainly due to the optimisation of the mobile roaming costs. This was driven by lower costs incurred resulting from a reduction in loadshedding hours, the rollout of Telkom mobile sites and the focus on cost efficiency as the Group maintains stringent roaming traffic thresholds and migrate traffic to the Telkom network.

3.4.2 Cost of handsets, equipment, software and directories

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Cost of handsets, equipment, software and directories	**(5 185)**	(6 125)	**(3 731)**	(3 867)

The cost of handsets, equipment, software and directories decreased largely due to lower IT hardware and software sales in BCX and lower mobile device costs underpinned by post-paid sales. This was primarily driven by Telkom Consumer implementing stringent credit vetting to de-risk its post-paid portfolio in response to a deteriorating credit consumer position.

3.4.3 Sales commission, incentives and logical costs

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Sales commission, incentives and logistical costs	**(3 214)**	(2 748)	**(3 214)**	(2 748)

Sales commission, incentives and logistical costs increased due to higher commissions from growth in the mobile commissionable base and the increase in costs associated with the post-paid market such, as distribution channel costs and higher recharges and airtime sales.

3.4.4 Employee expenses

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Employee expenses	**(8 813)**	(7 895)	**(2 179)**	(1 519)
Salaries and wages	**(6 950)**	(6 932)	**(1 299)**	(1 166)
Post-retirement pension and retirement fund (refer to notes 10.2 and 10.3)[1]	**(218)**	(481)	**161**	(48)
Post-retirement medical aid (refer to note 10.4)[2]	**144**	7	**144**	7
Post-retirement telephone rebates (refer to note 10.5)	**(40)**	(39)	**(40)**	(39)
Share-based compensation expense (refer to note 9.2)	**(69)**	(121)	**(38)**	(36)
Other benefits[3]	**(1 074)**	(509)	**(490)**	(238)
Restructuring expenses (refer to note 2.5.2)	**(160)**	—	**—**	—
Employee expenses capitalised to capital projects	**172**	180	**1**	1
Loss on settlement of the TRF (refer to note 10.3)	**(618)**	—	**(618)**	—

1 *The decrease in the Group and Company post-retirement pension and retirement fund is due to the lower service costs resulting from the settlement of the TRF in the current financial year.*

2 *The increase in the post-retirement medical aid is due to the curtailment paid by the Company in the prior year for restructuring costs. In the current year, there was no payment made relating to curtailment or restructuring costs.*

3 *Other benefits include, among others, skills development, annual leave, performance incentive and service bonuses. The increase is mainly due to the higher provision for the performance bonus in the current year of R711 million compared to R315 million in the prior year.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses continued

3.4.5 Other expenses

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Operating expenses	**(2 763)**	(2 195)	**(903)**	(697)
Sundry expenses[1]	**(494)**	(402)	**(132)**	(36)
Licence fees	**(311)**	(287)	**(229)**	(207)
Subsistence and travel	**(71)**	(55)	**(25)**	(15)
Third-party service costs[2]	**(1 310)**	(927)	**(149)**	(134)
Image building and market research costs	**(107)**	(73)	**(92)**	(60)
Telephone rebate - Openserve employees	**—**	—	**(17)**	(17)
Donations	**(60)**	(66)	**(38)**	(35)
Losses[3]	**(343)**	(305)	**(188)**	(149)
Other	**(67)**	(80)	**(33)**	(44)

1 *Sundry expenses include, among others, consumables, membership fees, project fees, printing and stationery costs.*
2 *Third-party service costs increased mainly due to the use of additional third parties resulting from delays in fulfilling vacancies, a shift in product mixes and resource constraints.*
3 *Losses include losses as a result of damages to private property belonging to third parties, costs incurred in extinguishing fires, and excess payments made to insurers.*

3.4.6 Wholesale voice and non-voice services

	Company	
	31 March 2025 Rm	31 March 2024 Rm
Wholesale voice and non-voice services	**(5 196)**	(5 638)
Data connectivity	**(3 118)**	(3 222)
Broadband access	**(1 486)**	(1 475)
Managed services	**(97)**	(137)
Line rental costs[1]	**(495)**	(804)

1. *The decrease in line rental costs is mainly due to declining legacy products as a result of customers migrating to new generation products.*

3.4.7 Maintenance

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Maintenance	**(5 043)**	(4 842)	**(3 025)**	(2 608)

The increase of R417 million in Telkom Company is mainly due to support contract costs relating to the maintenance of IT services between Telkom Company and BCX.

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses continued

3.4.8 Service fees

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Service fees	**(3 848)**	(3 849)	**(1 583)**	(1 397)
Facilities and property management	**(2 310)**	(2 443)	**(831)**	(715)
Consultancy, security and other services	**(1 538)**	(1 406)	**(752)**	(682)
Audit fees	**(87)**	(82)	**(52)**	(44)
Consultancy services[1]	**(492)**	(403)	**(151)**	(97)
Security and other services	**(959)**	(921)	**(549)**	(541)

[1] *Consultancy services include non-audit fees of R3 million (31 March 2024: R680 000).*

The increase in Telkom Company facilities and property management costs is mainly due to maintenance of the generators.

3.4.9 Depreciation, amortisation, impairments and write-offs of non-financial assets

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Depreciation, amortisation, impairments and write-offs of non-financial assets	**(5 957)**	(5 525)	**(3 418)**	(3 125)
Depreciation of property, plant and equipment	**(3 385)**	(3 350)	**(1 214)**	(1 155)
Depreciation of right-of-use assets[1]	**(1 655)**	(1 463)	**(1 553)**	(1 404)
Depreciation of investment property	**—**	—	**(96)**	(112)
Amortisation of intangible assets	**(589)**	(632)	**(388)**	(426)
Write-offs and impairments of property, plant and equipment and intangible assets[2]	**(328)**	(80)	**(167)**	(28)

[1] *Depreciation of right-of-use assets for Group and Company is mainly due to lease remeasurements for leases closer to the end of their period.*

[2] *Write-offs increased mainly due to equipment upgrades that resulted in some of the existing equipment no longer being relevant and written off.*

	Group		Company	
The estimated useful lives assigned to groups of property, plant and equipment are:	31 March 2025 Years	31 March 2024 Years	31 March 2025 Years	31 March 2024 Years
Freehold buildings	**5 to 45**	5 to 43	**5 to 40**	5 to 40
Network equipment				
Cables	**4 to 30**	4 to 30	**4 to 30**	4 to 30
Switching equipment	**5 to 18**	5 to 18	**5 to 18**	5 to 18
Transmission equipment	**5 to 20**	5 to 20	**5 to 20**	5 to 20
Other	**2 to 20**	2 to 20	**2 to 20**	2 to 20
Support equipment	**5 to 11**	5 to 12	**5 to 11**	5 to 10
Furniture and office equipment	**11 to 15**	10 to 15	**11 to 15**	11 to 15
Data processing equipment and software	**5 to 10**	2 to 10	**5 to 10**	5 to 10
Telkom support services equipment	**2 to 20**	2 to 20	**2 to 20**	2 to 20

	Company	
The expected useful lives assigned to investment property are:	31 March 2025 Years	31 March 2024 Years
Investment property	**15 to 40**	5 to 40

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.4 Expenses continued

3.4.9 Depreciation, amortisation, impairments and write-offs of non-financial assets continued

	Group		Company	
The expected useful lives assigned to intangible assets are:	**31 March 2025 Years**	31 March 2024 Years	**31 March 2025 Years**	31 March 2024 Years
Software and licences	**5 to 10**	5 to 10	**5 to 10**	5 to 10
Trademarks, copyrights and other	**5 to 20**	5 to 20	**5 to 20**	5 to 20

During the year, the Group reassessed the useful lives of various property, plant and equipment and intangible assets. The reassessment takes into account the Group's current capex strategy and changes in the technological environment.

The reassessment of useful lives decreased the depreciation expense for property, plant and equipment by R23 million (31 March 2024: R37 million) and decreased the amortisation expense for intangible assets by R19 million (31 March 2024: R2 million) at Company level.

The reassessment of useful lives decreased the depreciation expense for property, plant and equipment by R124 million (31 March 2024: R143 million) and decreased the amortisation expense for intangible assets by R25 million (31 March 2024: R8 million) at Group level.

With all other factors remaining constant, depreciation for future periods is expected to increase by R23 million for Company and by R124 million for Group, and amortisation for future periods is expected to increase by R19 million for Company and R25 million for the Group. Refer to notes 5.1 and 5.2 for the related accounting policies.

The assessment of useful lives decreased the depreciation expense on investment property for Telkom Company by R9 million. With all other factors remaining constant, depreciation for future periods is expected to increase by R9 million. Refer to note 5.4 for related accounting policies.

3.5 Earnings and dividends per share

Summary of material accounting policies

Basic earnings per share
Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders.

Headline earnings per share
Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2023 Headline Earnings issued by SAICA and as required by the JSE Ltd.

	Group	
Earnings per share	**31 March 2025 Cents**	31 March 2024 Cents
Continuing operations		
Basic earnings per share	**566.0**	297.8
Diluted earnings per share	**558.0**	291.0
Headline earnings per share[1]	**467.5**	288.1
Diluted headline earnings per share[1]	**461.0**	281.6

	Group	
Discontinued operation	**31 March 2025 Cents**	31 March 2024 Cents
Basic earnings per share	**962.0**	87.7
Diluted earnings per share	**948.5**	85.7
Headline earnings per share[1]	**77.0**	87.9
Diluted headline earnings per share[1]	**76.0**	85.9

[1] *The disclosure of headline earnings is a requirement of the JSE Listings Requirements. It has been calculated in accordance with the SAICA Circular 1/2023 issued in this regard as well as the relevant requirements of IAS 33.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.5 Earnings and dividends per share continued

	Group	
	31 March 2025	31 March 2024
Reconciliation of weighted average number of ordinary shares:	Number of shares	Number of shares
Weighted ordinary shares in issue	**511 140 239**	511 140 239
Weighted average number of treasury shares	**(20 479 356)**	(24 235 611)
Weighted average number of shares outstanding	**490 660 883**	486 904 628
Reconciliation of diluted weighted average number of ordinary shares:		
Weighted average number of shares outstanding	**490 660 883**	486 904 628
Expected future vesting of shares related to Group share scheme incentive plans	**6 980 054**	11 350 936
Diluted weighted average number of shares outstanding	**497 640 937**	498 255 564

	31 March 2025		31 March 2024	
Continuing operations	Rm	Rm	Rm	Rm
Reconciliation between earnings and headline earnings:	Gross	Net	Gross	Net
Profit for the year		**2 783**		1 454
Non-controlling interests		**(6)**		(4)
Profit attributable to owners of Telkom		**2 777**		1 450
Profit on disposal of property, plant and equipment and intangible assets	**(654)**	**(740)**	(81)	(110)
Write-offs and impairments of property, plant and equipment and intangible assets	**328**	**257**	80	63
Headline earnings		**2 294**		1 403
Discontinued operation				
Reconciliation between earnings and headline earnings:				
Profit for the year		**4 720**		427
Gain on disposal of Swiftnet (refer to note 12.2)	**(4 408)**	**(4 347)**	–	–
Write-offs of property, plant and equipment and intangible assets	**5**	**5**	1	1
Headline earnings		**378**		428

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.6 Reconciliation of profit before tax to cash generated from operations

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Cash generated from operations[1]	**12 991**	10 235	**6 653**	5 282
Profit before tax	**8 361**	2 537	**7 564**	3 611
Finance charges and fair value movements	**1 998**	2 197	**1 859**	2 002
Investment income	**(382)**	(253)	**(2 408)**	(4 381)
Interest received from trade receivables and subsidiaries	**(184)**	(203)	**(160)**	(162)
Non-cash items	**2 822**	7 347	**(307)**	3 874
Depreciation, amortisation, impairments and write-offs	**5 962**	5 561	**3 418**	3 124
Increase in impairment of receivables, contract assets and loans	**1 342**	1 683	**1 199**	1 451
Increase/(decrease) in provisions	**410**	(846)	**269**	(394)
Impairment of investment in subsidiaries	**—**	—	**—**	28
Insurance revenue	**(292)**	(281)	**(292)**	(281)
Insurance service expenses	**202**	184	**202**	184
Gain on termination of leases	**(9)**	(35)	**(8)**	(13)
Profit from disposal of property, plant and equipment and intangible assets	**(654)**	(81)	**(69)**	(61)
Gain on disposal of Swiftnet (refer to note 12.2)	**(4 408)**	—	**(4 998)**	—
Gain on sale of contract assets	**(95)**	(123)	**(95)**	(123)
Foreign exchange movements	**(26)**	148	**12**	87
Share-based payment expenses	**69**	121	**38**	36
Movement in deferred revenue [2]	**321**	1 016	**17**	(164)
Movement in working capital	**376**	(1 390)	**105**	338
Movement in inventories	**141**	244	**101**	(26)
Decrease in trade receivables, contract assets, finance lease receivables and other receivables	**(727)**	(948)	**(1 042)**	720
Increase/(decrease) in trade and other payables and prepayments	**962**	(686)	**1 046**	(356)

1 *This includes Swiftnet's cash generated from operations of R405 million for the 10 months ending 31 January 2025 (31 March 2024: R14 million). In the current year, Swiftnet has been sold. Refer to notes 12.2 and 12.3.*

2 *The decrease is mainly due to the recognition of revenue from the Google Equiano transaction, which was part of deferred revenue in the prior year.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.7 Changes in liabilities arising from financing activities

	Group			
2025	**Derivative liabilities - interest rate swaps Rm**	**Interest-bearing debt Rm**	**Lease liabilities Rm**	**Total Rm**
Balance as at 31 March 2024	**—**	**14 217**	**6 461**	**20 678**
Cash flow movements	**(136)**	**(2 629)**	**(2 979)**	**(5 744)**
Repayment of derivatives	**(136)**	**—**	**—**	**(136)**
Loans raised	**—**	**4 276**	**—**	**4 276**
Loans repaid	**—**	**(6 905)**	**—**	**(6 905)**
Repayment of lease liabilities	**—**	**—**	**(2 979)**	**(2 979)**
Non-cash flow movements	**145**	**29**	**3 438**	**3 612**
Insurance premium amortised	**—**	**(95)**	**—**	**(95)**
Finance charges capitalised to interest-bearing debt	**—**	**124**	**—**	**124**
Additions to lease liabilities	**—**	**—**	**932**	**932**
Termination of leases	**—**	**—**	**(92)**	**(92)**
Lease modifications	**—**	**—**	**618**	**618**
IFRS 16 interest capitalised	**—**	**—**	**530**	**530**
Accrued lease payments	**—**	**—**	**21**	**21**
Valuation loss	**145**	**—**	**—**	**145**
Leases reclassified from internal to external - sale of Swiftnet	**—**	**—**	**1 429**	**1 429**
Balance as at 31 March 2025	**9**	**11 617**	**6 920**	**18 546**
2024				
Balance as at 31 March 2023	16	14 356	5 888	20 260
Cash flow movements	—	(150)	(1 792)	(1 942)
Loans raised	—	9 363	—	9 363
Loans repaid	—	(9 513)	—	(9 513)
Repayment of lease liabilities	—	—	(1 792)	(1 792)
Non-cash flow movements	(16)	11	2 365	2 360
Foreign exchange revaluation on loans	—	(9)	—	(9)
Insurance premium amortised	—	16	—	16
Finance charges capitalised to interest-bearing debt	—	4	—	4
Additions to lease liabilities	—	—	1 417	1 417
Termination of leases	—	—	(88)	(88)
Lease modifications	—	—	544	544
IFRS 16 interest capitalised	—	—	602	602
Accrued lease payments	—	—	70	70
Valuation gain	(16)	—	—	(16)
Leases transferred to non-current assets held for sale	—	—	(180)	(180)
Balance as at 31 March 2024	—	14 217	6 461	20 678

Notes to the annual financial statements continued

for the year ended 31 March 2025

3. Performance continued

3.7 Changes in liabilities arising from financing activities continued

	Company			
2025	**Derivative liabilities - interest rate swaps Rm**	**Interest-bearing debt Rm**	**Lease liabilities Rm**	**Total Rm**
Balance as at 31 March 2024	**79**	**14 217**	**5 153**	**19 449**
Cash flow movements	**(136)**	**(2 629)**	**(1 939)**	**(4 704)**
Repayment of derivatives	**(136)**	**—**	**—**	**(136)**
Loans raised	**—**	**4 276**	**—**	**4 276**
Loans repaid	**—**	**(6 905)**	**—**	**(6 905)**
Repayment of lease liabilities	**—**	**—**	**(1 939)**	**(1 939)**
Non-cash flow movements	**66**	**29**	**2 161**	**2 256**
Insurance premium amortised	**—**	**(95)**	**—**	**(95)**
Finance charges capitalised to interest-bearing debt	**—**	**124**	**—**	**124**
Additions to lease liabilities	**—**	**—**	**1 092**	**1 092**
Termination of leases	**—**	**—**	**(92)**	**(92)**
Lease modifications	**—**	**—**	**697**	**697**
IFRS 16 interest capitalised	**—**	**—**	**463**	**463**
Accrued lease payments	**—**	**—**	**1**	**1**
Valuation loss	**66**	**—**	**—**	**66**
Balance as at 31 March 2025	**9**	**11 617**	**5 375**	**17 001**
2024				
Balance as at 31 March 2023	16	14 356	5 355	19 727
Cash flow movements	—	(150)	(1 669)	(1 819)
Loans raised	—	9 363	—	9 363
Loans repaid	—	(9 513)	—	(9 513)
Repayment of lease liabilities	—	—	(1 669)	(1 669)
Non-cash flow movements	63	11	1 467	1 541
Foreign exchange revaluation on loans	—	(9)	—	(9)
Insurance premium amortised	—	16	—	16
Finance charges capitalised to interest-bearing debt	—	4	—	4
Additions to lease liabilities	—	—	495	495
Termination of leases	—	—	(199)	(199)
Lease modifications	—	—	624	624
IFRS 16 interest capitalised	—	—	468	468
Accrued lease payments	79	—	79	158
Valuation gain	(16)	—	—	(16)
Balance as at 31 March 2024	79	14 217	5 153	19 449

	Group		Company	
Repayment of lease liabilities reconciliation	**31 March 2025 Rm**	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Total repayment of lease liabilities per tables above	**(2 979)**	(1 792)	**(1 939)**	(1 669)
Interest paid on lease liabilities classified as operating activities	**530**	602	**463**	468
Accrued lease payment movement	**(49)**	(10)	**(78)**	(11)
Prepayments movement	**2**	(2)	**2**	(2)
Repayment of capital lease liabilities classified as financing activities	**(2 496)**	(1 202)	**(1 552)**	(1 214)

Notes to the annual financial statements continued
for the year ended 31 March 2025

4. Working capital

4.1 Lease receivables

4.1.1 Finance lease receivables

The Group provides voice and non-voice services to its customers, which make use of router, PABX equipment and IT equipment that are dedicated to specific customers. The disclosed information relates to those arrangements that have been assessed to be finance leases.

	Group		
2025	**Total Rm**	**<1 year Rm**	**1 - 5 years Rm**
Minimum lease payments receivable			
Lease payments receivable	**705**	**360**	**345**
Unearned finance income	**(76)**	**(41)**	**(35)**
Present value of minimum lease income (finance lease receivables)	**629**	**319**	**310**
Expected credit loss	**(165)**		
Carrying amount	**464**		
2024			
Minimum lease payments receivable			
Lease payments receivable	691	334	357
Unearned finance income	(76)	(36)	(40)
Present value of minimum lease income (finance lease receivables)	615	298	317
Expected credit loss	(36)		
Carrying amount	579		

	Company		
2025	**Total Rm**	**<1 year Rm**	**1 - 5 years Rm**
Minimum lease payments receivable			
Lease payments receivable	**242**	**70**	**172**
Unearned finance income	**(39)**	**(22)**	**(17)**
Present value of minimum lease income (finance lease receivables)	**203**	**48**	**155**
Expected credit loss	**(10)**		
Carrying amount	**193**		
2024			
Minimum lease payments receivable			
Lease payments receivable	56	24	32
Unearned finance income	(8)	(4)	(4)
Present value of minimum lease income (finance lease receivables)	48	20	28
Expected credit loss	(10)		
Carrying amount	38		

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.1 Lease receivables continued

4.1.2 Operating lease revenue

	Group			
2025	**Total Rm**	**<1 year Rm**	**1 - 5 years Rm**	**>5 years Rm**
Rental receivable on buildings	**201**	**54**	**123**	**24**
Customer premises equipment receivables	**5**	**3**	**2**	**—**
Exchanges	**285**	**67**	**183**	**35**
Total	**491**	**124**	**308**	**59**
2024				
Rental receivable on buildings	73	37	36	—
Customer premises equipment receivables	7	4	3	—
Exchanges	94	94	—	—
Masts and towers[1]	2 417	684	1 733	—
Total	2 591	819	1 772	—

[1] *In the current year, Swiftnet has been sold. Future rental income from masts and towers will not materialise for the Group.*

	Company			
2025	**Total Rm**	**<1 year Rm**	**1 - 5 years Rm**	**>5 years Rm**
Rental receivable on buildings	**167**	**71**	**96**	**—**
Customer premises equipment receivables	**5**	**3**	**2**	**—**
Total	**172**	**74**	**98**	**—**
2024				
Rental receivable on buildings	244	76	168	—
Customer premises equipment receivables	7	4	3	—
Total	251	80	171	—

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.2 Inventories

Significant accounting judgements, estimates and assumptions

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Judgement is involved in determining whether inventories need to be written off to net realisable value. Factors considered include the age of the stock, inventory turnover, exchange rates, new device models released and the ability to bundle devices with other value-added services, such as voice, data and SMSes.

Inventory write-downs related to slow-moving stock are determined by considering the following:

For network build stock, management runs quarterly reports to identify obsolete and excess warehouse stock. The definitions are as follows:

- Obsolete stock: All material items per material group that have had no movement for the past 12 months.
- Excess stock: All material items per material group that have more than 12 months' stock on hand, with five years' stock cover consideration.

New items not yet used and items planned for projects are excluded. The balance is then taken through the write-off process.
For maintenance spares, management also runs quarterly reports to identify obsolete and excess stock. The definitions are as follows:

- Obsolete stock: All material items per material group that have had no movement for the past 24 months.
- Excess stock: All material items per material group that have more than 24 months' stock on hand.

New items not yet used and items planned for projects are excluded. The balance is then taken through the write-off process.

Summary of material accounting policies

Stock valuation and work-in-progress
Inventory is measured at the lower of cost and net realisable value.

The purchase cost of inventories comprises the purchase price, import duties and other taxes (excluding those that can be subsequently recovered by the entity from the taxing authorities), transport, handling, and other costs directly attributable to the acquisition of the finished goods, materials and services. Trade discounts, rebates and other similar items are deducted when determining the costs of inventory.

Where relevant, the initial cost of inventories includes the transfer of gains and losses on qualifying fair value hedges that are recognised as firm commitments in respect of purchases made in foreign currencies.

Merchandise, installation material, maintenance material and network equipment inventories are stated at the lower of cost, determined on a weighted average basis and estimated net realisable value. Inventory is assessed for write-down to the net realisable value at each reporting date. The reversal of any write-downs is also considered where increases in the net realisable value have been identified.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Inventories	**747**	903	**237**	355
Gross inventories	**966**	1 143	**335**	393
Write-down of inventories to net realisable value	**(219)**	(240)	**(98)**	(38)
Inventories consist of the following categories:	**966**	1 143	**334**	393
Installation material, maintenance material and network equipment	**295**	431	**1**	1
Merchandise	**671**	712	**333**	392
Write-down of inventories to net realisable value	**219**	240	**98**	38
Opening balance	**240**	229	**38**	4
Charged to statement of profit or loss and other comprehensive income	**124**	36	**118**	34
Inventories written off	**(145)**	(25)	**(58)**	–

During the current financial year, R30 million (31 March 2024: R4 million) for Group and Company were transferred from inventories to property, plant and equipment. The transfers only take place from capital work in progress (CWIP).

The decrease in inventory is mainly due to a management initiative to reduce stock holdings to avoid higher write-offs.

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.3 Trade and other receivables

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Trade and other receivables	**7 740**	8 215	**5 636**	6 165
Trade receivables	**5 913**	6 174	**3 902**	3 874
Gross trade receivables	**9 431**	9 369	**7 046**	6 698
Impairment of trade receivables	**(3 518)**	(3 195)	**(3 144)**	(2 824)
Other receivables	**1 110**	1 079	**1 417**	1 878
Gross other receivables[1]	**1 132**	1 101	**1 439**	1 900
Impairment of other receivables[1]	**(22)**	(22)	**(22)**	(22)
Prepayments	**717**	962	**317**	413

[1] *In the current year, the net amount of other receivables has been disaggregated to separately disclose the gross other receivables and impairment of other receivables.The comparative disclosure has been re-presented for comparability purposes.*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The repayment terms of trade receivables vary between 21 and 120 days from date of invoice. Interest charged on overdue accounts varies between the prime rate and a rate of 18%, depending on the contract terms.

Trade receivables are initially recognised at the transaction price, unless they contain significant financing components, in which case they are recognised at fair value. The increase in the impairment of receivables is driven by an increase in the gross trade receivables balance.

Other receivables generally arise from transactions not directly relating to customers. Other receivables mainly include municipal deposits, staff bursaries, staff loans and intercompany management fees charged to Group entities (at a Telkom Company level). Other receivables decreased at Company level mainly due to a decrease in intercompany trading balances between Telkom and Openserve.

The Group uses the general expected credit loss methodology to calculate the expected credit loss rate using available historical information, and forward-looking information where relevant. The balances included in other receivables have low credit risk due to their nature as well as the structured collections arrangements with counterparties.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Allowance account for expected credit losses - trade receivables	**3 518**	3 195	**3 144**	2 824
Opening balance	**3 195**	2 908	**2 824**	2 238
Charged to statement of profit or loss and other comprehensive income	**838**	1 285	**849**	1 048
Enterprise loss allowance movement	**—**	—	**(45)**	(40)
Receivables written off	**(515)**	(998)	**(484)**	(422)

In the prior year, some BCX customers were undergoing business rescue, which resulted in increased write-offs in the 2024 financial year. As these balances were fully written off in the prior year, no balances remain outstanding in the current year, contributing to a reduction in write-offs for the current year. Although the gross carrying amount increased, the expected credit loss charged to statement of profit or loss and other comprehensive income decreased due to the alleviation of customer distress and initiatives that have been put in place to improve collections and recoveries.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include sending payment reminders, pinging the accounts for additional debit order collections, suspending the services, handing over the debt to external debt collectors and not receiving the debtors' positive feedback that confirms the amounts as collectable, failure of a debtor to engage in a repayment plan with the Group, blacklisting the customer, and failure to make contractual payments.

Refer to note 7.1.4 for a detailed credit risk analysis.

Notes to the annual financial statements continued

for the year ended 31 March 2025

4. Working capital continued

4.4 Cash and cash equivalents

Summary of material accounting policies
Cash and cash equivalents comprise cash on hand, deposits held on call and short-term deposits with an initial maturity of less than three months when entered into.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Cash and cash equivalents	**11 054**	3 747	**8 989**	1 863
Cash and bank balances	**6 312**	2 687	**4 898**	803
Short-term deposits	**4 742**	1 060	**4 091**	1 060
Undrawn borrowing facilities	**6 546**	5 563	**5 250**	5 250

The undrawn borrowing facilities are unsecured and bear interest at a rate that will be mutually agreed between the borrower and lender at the time of drawdown. These facilities are subject to annual review and are in place to ensure liquidity. At 31 March 2025, R4.8 billion (31 March 2024: R4 billion) of these undrawn facilities were committed by the banks. The uncommitted portion of R1 746 million is subject to bank approval. Cash and cash equivalents increased mainly due to the proceeds received from the disposal of Swiftnet. Refer to note 12.2 for details.

Short-term deposits
Short-term deposits are made mostly for periods ranging from one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Borrowing powers
Telkom's Directors, subject to permitted encumbrance undertakings, as outlined in its financing agreements, may mortgage or encumber Telkom's property, or any part thereof, and issue debt, whether secured or unsecured, either outright or as security for other debt, liability or obligation of Telkom or any third party. For this purpose, the borrowing powers of Telkom are unlimited, but are subject to compliance with the financial covenants set forth in its financing agreements.

4.5 Trade and other payables

Summary of material accounting policies

Supplier finance arrangements (SFAs)

SFAs with no extended payment terms
The Group participates in SFAs. This allow suppliers that decide to participate to trade invoices and receive the funding earlier than the invoice due date from the participating funder. The Group pays the participating funder on behalf of the supplier that traded the invoice, based on the original contractual supplier payment terms, and has no further obligation to the participating funder. The financial liability subject to this arrangement is classified as trade and other payables.

The assessment of SFAs, and whether they result in changes to the trade payable classification, takes into consideration numerous factors. These include the impact of the arrangement on the supplier's payment terms, the nature of the relationships between the Group and the funders, changes in cash flows, whether any guarantees are provided by the Group to the funders, as well as whether the supplier has discharged the Group from its obligation.

Considering the above assessment at reporting date, the Group had invoices subject to the SFAs that met the requirements to remain classified as trade payables.

The arrangement that remained classified as trade payables does not have an impact on the Group's trade payables, net debt and cash flows. Cash paid to these suppliers is recognised as part of cash paid to suppliers and employees in the operating activities in the cash flow statement. Refer to note 7.1.5 for the liquidity risk disclosure.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Trade and other payables	**9 944**	8 996	**9 011**	8 108
Trade and other payables	**5 456**	5 004	**5 974**	5 548
Accruals	**4 488**	3 992	**3 037**	2 560

Trade and other payables and accruals are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accruals and other payables mainly represent licence fees and amounts payable for goods received, net of VAT obligations.

The Group's standard payment terms of trade payables is within 90 days after the date of receipt of the invoice.

R1 532 million (31 March 2024: R1 435 million) of the total trade payables is subject to supplier financing where the suppliers have decided to receive the invoice amounts before the due date from independent external funders (refer to note 7.1.5 for details). Trade and other payables increased mainly as a result of a surge in operational activity in March due to higher sales volumes.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets

5.1 Property, plant and equipment

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for property, plant and equipment
The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each of the individual categories of property, plant and equipment. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy. The impact of the change in the expected useful lives of property, plant and equipment is described fully in note 3.4.9. The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate.

Impairments of property, plant and equipment
Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, determining the recoverable amount of a CGU requires management to make assumptions to determine the value in use. The value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors including the discount rate, revenue growth, terminal growth rates, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and, ultimately, the amount of impairment loss recognised.

In calculating value in use, consideration is also given to the completion of a network that is partially completed at the date impairment test is performed. Significant judgement is applied in determining if network expansion should be treated as a partially completed asset or an enhancement of an asset (which cash flows are not allowed to be considered in calculation of value in use).

Summary of material accounting policies

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

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Assets under construction represent freehold buildings, operating software, network and support equipment and include all direct expenditure as well as related borrowing costs capitalised, but exclude the costs of abnormal amounts of waste material, labour or other resources incurred in the production of self-constructed assets.

Subsequent measurement
Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.
Repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Depreciation, residual values and useful lives
The residual value of property, plant and equipment is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. Due to the technical nature of the Group's assets, the residual value is assumed to be zero based on the active market that is likely to exist at the end of the asset's useful life, which can be used to estimate the residual values.

The estimated useful lives applied are provided in note 3.4.9.

Depreciation is charged from the date the asset is available for use on a straight-line basis over the estimated useful life and ceases at the earlier of the date that the asset is classified as held for sale and the date the asset is derecognised. Idle assets continue to attract depreciation.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

Impairment of property, plant and equipment

The Group regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators, including changes in technology, market, economic, legal and operating environments, availability of funding or the discontinuation of services and could result in changes to the asset's or CGU's estimated recoverable amount.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount.

Previously recognised impairment losses are reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

	2025			2024			2023		
	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value
Group	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Freehold land and buildings	**7 076**	**(5 074)**	**2 002**	7 056	(4 975)	2 081	7 612	(4 875)	2 737
Network equipment	**104 047**	**(81 834)**	**22 213**	100 810	(80 039)	20 771	98 718	(78 726)	19 992
Support equipment	**6 852**	**(5 931)**	**921**	6 642	(5 673)	969	6 437	(5 415)	1 022
Furniture and office equipment	**1 004**	**(668)**	**336**	823	(601)	222	814	(617)	197
Data processing equipment and software	**3 271**	**(2 788)**	**483**	3 227	(2 875)	352	3 357	(2 955)	402
Under construction	**1 312**	**—**	**1 312**	1 538	—	1 538	1 759	—	1 759
Other[1]	**504**	**(437)**	**67**	508	(439)	69	512	(443)	69
	124 066	**(96 732)**	**27 334**	120 604	(94 602)	26 002	119 209	(93 031)	26 178

	2025			2024			2023		
	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value	Cost	Accumulated depreciation, impairment and write-offs	Carrying value
Company	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Freehold land and buildings	**1 471**	**(885)**	**586**	1 457	(875)	582	1 326	(738)	588
Network equipment	**23 237**	**(15 132)**	**8 105**	22 088	(14 775)	7 313	21 881	(14 837)	7 044
Support equipment	**353**	**(241)**	**112**	355	(226)	129	317	(208)	109
Furniture and office equipment	**188**	**(110)**	**78**	165	(106)	59	152	(100)	52
Data processing equipment and software	**2 143**	**(1 763)**	**380**	2 123	(1 875)	248	2 249	(2 003)	246
Under construction	**947**	**—**	**947**	930	—	930	847	—	847
Other[1]	**109**	**(92)**	**17**	121	(97)	24	112	(92)	20
	28 448	**(18 223)**	**10 225**	27 239	(17 954)	9 285	26 884	(17 978)	8 906

[1] *Other includes, for example, intruder detection systems, surveillance equipment, access control systems, mechanical aids and tools, etc.*

Finance charges of R48 million (31 March 2024: R39 million) for Group and R32 million (31 March 2024: R28 million) for Company were capitalised to property, plant and equipment and intangible assets in the current financial year.

No material property, plant and equipment has been pledged as security.

Notes to the annual financial statements continued
for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

The carrying amounts of property, plant and equipment can be reconciled as follows:

Group										
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Transfers Rm**	**Foreign currency translation Rm**	**Disposals Rm**	**Disposal of subsidiary[1] Rm**	**Depreciation Rm**	**Write-offs and impairment Rm**	**Reclassified to held for sale reversal[1] Rm**	**Carrying value at the end of the year Rm**
Freehold land and buildings	**2 081**	**95**	**254**	**(1)**	**(107)**	**(883)**	**(197)**	**(1)**	**761**	**2 002**
Network equipment	**20 771**	**4 135**	**527**	**—**	**(1)**	**(407)**	**(2 678)**	**(212)**	**78**	**22 213**
Support equipment	**969**	**137**	**122**	**1**	**—**	**(1)**	**(293)**	**(15)**	**1**	**921**
Furniture and office equipment	**222**	**32**	**174**	**(1)**	**—**	**—**	**(89)**	**(2)**	**—**	**336**
Data processing equipment and software	**352**	**241**	**2**	**—**	**—**	**—**	**(112)**	**—**	**—**	**483**
Under construction	**1 538**	**721**	**(1 135)**	**(6)**	**(5)**	**(294)**	**—**	**(27)**	**520**	**1 312**
Other	**69**	**9**	**18**	**—**	**—**	**(12)**	**(16)**	**(1)**	**—**	**67**
	26 002	**5 370**	**(38)**	**(7)**	**(113)**	**(1 597)**	**(3 385)**	**(258)**	**1 360**	**27 334**

2024	Carrying value at the beginning of the year Rm	Additions Rm	Transfers Rm	Foreign currency translation Rm	Disposals Rm	Depreciation Rm	Write-offs Rm	Reclassified to held for sale[1] Rm	Carrying value at the end of the year Rm
Freehold land and buildings	2 737	139	195	1	(6)	(224)	—	(761)	2 081
Network equipment	19 992	2 985	538	—	—	(2 640)	(26)	(78)	20 771
Support equipment	1 022	126	124	—	—	(298)	(4)	(1)	969
Furniture and office equipment	197	14	85	—	(1)	(72)	(1)	—	222
Data processing equipment and software	402	79	3	—	—	(118)	(14)	—	352
Under construction	1 759	1 343	(1 025)	(1)	—	(1)	(17)	(520)	1 538
Other	69	13	3	1	—	(17)	—	—	69
	26 178	4 699	(77)	1	(7)	(3 370)	(62)	(1 360)	26 002

1. *Swiftnet was sold in the current financial year. In the prior year, Swiftnet was classified as held for sale. Assets classified as held for sale were reversed in the current year and were subsequently disposed of as included in the disposal of subsidiary column. These balances relate to asset held for sale as at 31 March 2024, which have been reclassified per note 12.3. Refer to notes 12.2 and 12.3.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Company						
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Transfers Rm**	**Disposals Rm**	**Depreciation Rm**	**Write-offs Rm**	**Carrying value at the end of the year Rm**
Freehold land and buildings	**582**	**20**	**30**	**(3)**	**(39)**	**(4)**	**586**
Network equipment	**7 313**	**1 993**	**—**	**—**	**(1 061)**	**(140)**	**8 105**
Support equipment	**129**	**1**	**1**	**—**	**(19)**	**—**	**112**
Furniture and office equipment	**59**	**28**	**—**	**—**	**(8)**	**(1)**	**78**
Data processing equipment and software	**248**	**214**	**(1)**	**—**	**(81)**	**—**	**380**
Under construction	**930**	**83**	**(54)**	**—**	**—**	**(12)**	**947**
Other	**24**	**—**	**(1)**	**—**	**(6)**	**—**	**17**
	9 285	**2 339**	**(25)**	**(3)**	**(1 214)**	**(157)**	**10 225**
2024	Carrying value at the beginning of the year Rm	Additions Rm	Transfers Rm	Disposals Rm	Depreciation Rm	Write-offs Rm	Carrying value at the end of the year Rm
Freehold land and buildings	588	24	14	(4)	(40)	—	582
Network equipment	7 044	951	319	—	(1 001)	—	7 313
Support equipment	109	3	38	(1)	(19)	(1)	129
Furniture and office equipment	52	5	10	—	(7)	(1)	59
Data processing equipment and software	246	76	7	—	(81)	—	248
Under construction	847	478	(389)	—	—	(6)	930
Other	20	3	8	—	(7)	—	24
	8 906	1 540	7	(5)	(1 155)	(8)	9 285

Expansion of the mobile network contributed 45% of the additions to assets. In total, 27% of capital expenditure was on the deployment of fibre, and 13% was on the next-generation POTN core network, rehabilitation and sustainment was 6%, and 1% relates to masts and towers. The balance of 8% capital expenditure is attributable to investment in IT solutions, Telkom properties, regulatory and compliance, strategic initiatives, shared services and other. The focus on expanding mobile network and fibre rollout is expected to continue over the next few years.

Assets with a carrying value to the net amount of R24 million (31 March 2024: R4 million) for the Group and Company were transferred from intangible assets to property, plant and equipment in the current year. Assets with a carrying value to the net amount of R17 million (31 March 2024: R74 million) for Group were transferred from property, plant and equipment to intangible assets in the current year. At the Group level, transfers were effected between property, plant and equipment, intangible assets and inventory (these transfers only take place from CWIP).

Transfers in the Company mostly related to property, plant and equipment, investment property and intangible assets. Assets with a carrying value of R30 million (31 March 2024: R4 million) for Group and Company relate to inventory that was transferred to property, plant and equipment in the current year. Assets with a carrying value of Rnil million (31 March 2024: R2 million) for Company were transferred from property, plant and equipment to investment property (refer to note 5.4).

Changes to the estimated useful lives of property, plant and equipment resulted in a decrease in depreciation of R23 million (31 March 2024: R37 million) for Company and R124 million (31 March 2024: R143 million) for Group. Refer to note 3.4.9 for the useful lives.

The capital expenditure under property, plant and equipment relates to expansions of R4 339 million (31 March 2024: R3 633 million) for Group and R2 104 million (31 March 2024: R1 258 million) for Company. Expenditure due to maintenance is R768 million (31 March 2024: R744 million) for Group and R245 million (31 March 2024: R282 million) for Company.

In addition to the goodwill in the consolidated annual financial statements, the impairment considerations apply equally to the investment in Openserve and BCX (refer to note 5.3) and the property, plant and equipment in the separate annual financial statements. No impairment was recognised on property, plant and equipment in the current and prior financial year.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.1 Property, plant and equipment continued

Property, plant and equipment consists mainly of network equipment. The network equipment within the Company does not generate cash inflows that are largely independent of those from other assets or groups of assets. Property, plant and equipment is included in the impairment testing for the Telkom CGU (refer to note 5.3). The recoverability of property, plant and equipment is largely dependent on macro-economic factors, which include cash flows to be generated through the network assets, as well as internal assumptions and estimates related to realisation levels and operating costs. The impairment test included assessing the recoverable amount of property, plant and equipment, with reference to all cash flows (including the fair value contributory asset income), and comparing this to the carrying amount of the property, plant and equipment (refer to note 5.3).

Property, plant and equipment subject to operating leases

	Group			
	31 March 2025		31 March 2024	
	Freehold land and buildings	Furniture and office equipment	Freehold land and buildings	Furniture and office equipment
	Rm	Rm	Rm	Rm
Opening carrying amount	1 631	25	1 627	12
Additions	36	—	64	1
Depreciation	(126)	(40)	(145)	(29)
Transfers	125	167	111	42
Disposals	(20)	(1)	(26)	(1)
Disposal of a subsidiary[1]	(814)	—	—	—
Closing carrying amount	832	151	1 631	25

1. *Swiftnet was sold in the current financial year. Refer to notes 12.2 and 12.3.*

5.2 Intangible assets

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for intangible assets

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

Impairments of intangible assets

Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, determining the recoverable amount of a CGU requires management to make assumptions to determine the value in use. The value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors that include the discount rate, revenue growth, terminal growth rates, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and ultimately the amount of impairment loss recognised.

In calculating value in use, consideration is also given to the completion of a network that is partially completed at the date impairment test is performed. Significant judgement is applied in determining if network expansion should be treated as the completion of a partially completed asset or the enhancement of an asset (for which cash flows are not allowed to be considered in the calculation of value in use).

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.2 Intangible assets continued

Summary of material accounting policies

Initial recognition and measurement
At initial recognition, acquired intangible assets are recognised at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognised cost includes any directly attributable costs for preparing the asset for its intended use. Internally generated intangible assets are recognised at cost comprising all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management.

Intangible assets under construction represent application and other non-integral software and include all direct expenditure as well as related borrowing costs capitalised, but exclude the costs of abnormal amounts of waste material, labour or other resources incurred in the production of self-constructed assets.

Subsequent measurement
After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Repairs and maintenance expenses are charged to profit or loss during the reporting period in which they are incurred.

Subsequent costs in respect of intangible assets already functioning as intended by management are capitalised, provided that they meet the definition of an asset (e.g. relate to additional features and enhancements that result in additional future economic benefits).

Amortisation, residual values and useful lives
The residual value of intangible assets is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated cost of disposal, if the asset were already at the age and in the condition expected at the end of its useful life. Due to the nature of the asset, the residual value is assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life or if an active market is likely to exist at the end of the asset's useful life, which can be used to estimate the residual values. The residual values of intangible assets, the amortisation methods used, and their useful lives are reviewed annually at the reporting date and adjusted prospectively as required.

Amortisation commences when the intangible assets are available for their intended use and is recognised on a straight-line basis over the expected useful lives of the assets. Amortisation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The expected useful lives applied are provided in note 3.4.9.

Impairment of intangible assets (including goodwill)
The Group regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators, including changes in technology, market, economic, legal and operating environments, availability of funding or the discontinuation of services and could result in changes to an asset's or CGU's estimated recoverable amount. Goodwill, intangible assets with indefinite useful lives and intangible assets under construction are tested for impairment annually regardless of whether an indicator of impairment has been identified.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Previously recognised impairment losses, other than goodwill, are reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised in prior years.

	2025			2024			2023		
	Cost	**Accumulated amortisation, impairment and write-offs**	**Carrying value**	Cost	Accumulated amortisation, impairment and write-offs	Carrying value	Cost	Accumulated amortisation, impairment and write-offs	Carrying value
Group	**Rm**	**Rm**	**Rm**	Rm	Rm	Rm	Rm	Rm	Rm
Goodwill	**1 367**	**(72)**	**1 295**	1 367	(72)	1 295	1 367	(72)	1 295
Trademarks, copyrights and other	**2 551**	**(685)**	**1 866**	2 551	(535)	2 016	1 621	(426)	1 195
Software	**13 363**	**(11 544)**	**1 819**	13 133	(11 371)	1 762	12 756	(11 060)	1 696
Under construction	**480**	**(39)**	**441**	262	(8)	254	315	(8)	307
	17 761	**(12 340)**	**5 421**	17 313	(11 986)	5 327	16 059	(11 566)	4 493
Company									
Trademarks, copyrights and other	**2 118**	**(262)**	**1 856**	2 118	(155)	1 963	1 146	(47)	1 099
Software	**9 666**	**(8 455)**	**1 211**	9 519	(8 416)	1 103	9 390	(8 242)	1 148
Under construction	**248**	**—**	**248**	75	—	75	95	—	95
	12 032	**(8 717)**	**3 315**	11 712	(8 571)	3 141	10 631	(8 289)	2 342

Notes to the annual financial statements continued
for the year ended 31 March 2025

5. Long-term assets continued

5.2 Intangible assets continued

The carrying amounts of intangible assets can be reconciled as follows:

	Group							
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Disposal of subsidiary[1] Rm**	**Transfers Rm**	**Amortisation Rm**	**Write-offs and impairment Rm**	**Reclassified to held for sale reversal[1] Rm**	**Carrying value at the end of the year Rm**
Goodwill	**1 295**	**—**	**—**	**—**	**—**	**—**	**—**	**1 295**
Trademarks, copyrights and other	**2 016**	**—**	**—**	**—**	**(150)**	**—**	**—**	**1 866**
Software	**1 762**	**479**	**(11)**	**57**	**(439)**	**(40)**	**11**	**1 819**
Under construction	**254**	**237**	**(1)**	**(20)**	**—**	**(30)**	**1**	**441**
	5 327	**716**	**(12)**	**37**	**(589)**	**(70)**	**12**	**5 421**

2024	Carrying value at the beginning of the year Rm	Additions Rm	Transfers Rm	Disposals Rm	Amortisation Rm	Write-offs Rm	Reclassified to held for sale[1] Rm	Carrying value at the end of the year Rm
Goodwill	1 295	—	—	—	—	—	—	1 295
Trademarks, copyrights and other	1 195	972	—	—	(150)	(1)	—	2 016
Software	1 696	319	260	—	(485)	(17)	(11)	1 762
Under construction	307	134	(184)	(2)	—	—	(1)	254
	4 493	1 425	76	(2)	(635)	(18)	(12)	5 327

[1] *Swiftnet was sold in the current financial year. In the prior year Swiftnet was held for sale. Assets classified as held for sale were reversed in the current year and were subsequently disposed of as reflected in the disposal of subsidiary column. These balances relate to assets held for sale as at 31 March 2024, which have been reclassified per note 12.3. Refer to notes 12.2 and 12.3.*

The carrying amounts of intangible assets can be reconciled as follows:

	Company					
2025	**Carrying value at the beginning of the year Rm**	**Additions Rm**	**Transfers Rm**	**Amortisation Rm**	**Write-offs Rm**	**Carrying value at the end of the year Rm**
Trademarks, copyrights and other	**1 963**	**—**	**1**	**(108)**	**—**	**1 856**
Software	**1 103**	**397**	**1**	**(280)**	**(10)**	**1 211**
Under construction	**75**	**149**	**24**	**—**	**—**	**248**
	3 141	**546**	**26**	**(388)**	**(10)**	**3 315**
2024						
Trademarks, copyrights and other	1 099	971	1	(108)	—	1 963
Software	1 148	232	62	(319)	(20)	1 103
Under construction	95	44	(64)	—	—	75
	2 342	1 247	(1)	(427)	(20)	3 141

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.2 Intangible assets continued

The goodwill in the Group is attributable to the goodwill that arose on acquisition of BCX in August 2015, and subsequent acquisitions made by BCX, including its acquisition of Dotcom Software Solutions (Pty) Ltd in December 2022.

Intangible assets that are material to the Group consist of software, trademarks and other, with an average remaining amortisation period is three years (31 March 2024: two years).

No other intangible asset apart from goodwill has been assessed as having an indefinite useful life.

Intangible assets under construction are included in the impairment testing for the Telkom, BCX and Openserve CGUs.

Approximately R83 million (31 March 2024: R1 098 million) and R81 million (31 March 2024: R1 010 million) of additions relate to externally acquired intangible assets for the Group and the Company, respectively, while R632 million (31 March 2024: R324 million) relates to internal developments for the Group and R466 million (31 March 2024: R237 million) relates to internal developments for the Company.

Changes to the estimated useful lives of intangible assets resulted in a decrease in amortisation to the value of R19 million (31 March 2024: R2 million) for the Company and R25 million (31 March 2024: R8 million) for the Group. Refer to note 3.4.9 for details on the useful lives.

Where assets have become technologically obsolete or can no longer contribute towards the Group and Company's revenue-generating capacity, the assets are written off. The total write-off balance is not considered significant to the annual financial statements in the current or prior financial years.

5.3 Impairment of goodwill and cash-generating units

Significant accounting judgements, estimates and assumptions

CGU impairment assessment
IAS 36 (Impairment of Assets) requires assets to be assessed for impairment when impairment indicators are evident. This standard also requires goodwill to be assessed for impairment on an annual basis.

In determining the recoverable amount of the Group's CGUs, the Group considered several sources of estimation uncertainty and made certain assumptions or judgements about the future.

Management uses the cash flow projections based on the Board-approved business plans. These cash flow projections are based on a five-year outlook for the current year-end. Management applied the following key assumptions in the discounted cash flow valuation model:

- Revenue growth;
- EBITDA margins;
- Discount rates; and
- Terminal growth rates.

Summary of material accounting policies

Measurement
Goodwill is measured at cost less accumulated impairment losses and is not amortised. Goodwill is tested for impairment annually or when an indication of impairment exists.

Goodwill impairment assessment
Goodwill arising in a business combination is recognised as an intangible asset at the date of acquisition.

Goodwill is measured as an excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net fair value of the acquiree's identifiable net assets.

If the Group’s interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree, the excess is recognised immediately in profit or loss as a bargain purchase gain.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units continued

	2025	2024
The Group's goodwill balance is as follows:	Rm	Rm
Closing balance	**1 295**	1 295

Description	BCX CGU Rm	Total goodwill recognised Rm
Carrying amount	**1 295**	**1 295**

Impairment considerations

The Group tests impairment at a CGU level. As a right-of-use (ROU) asset does not generate cash inflows largely independent from other assets, the ROU asset is tested for impairment together with the CGU to which the asset belongs. From an IFRS 16 perspective, the assumptions assume the reinvestment of the ROU asset, i.e. cash flows to replace the ROU asset have been included in the model. Management adjusted the value in use model by excluding the cash outflows in respect of the lease payments as it relates to financing and including the cash outflows to replace the ROU asset.

The Group's CGUs consist of Telkom Consumer, Openserve, BCX and Gyro. BCX is the only CGU that has goodwill. In accordance with IAS 36 (Impairment of Assets), management has performed an annual impairment assessment of the CGUs as of 31 March 2025.

Management identified impairment indicators for the Telkom Consumer, Openserve and BCX CGUs, with further details noted below.

The Group utilised the value in use, using the discounted cash flow method, as the valuation basis for all CGUs. Based on this, the income approach was applied. A five-year period was used for the discounted cash flows, which were approved by senior management and/or the Board of the Group.

The Group has evaluated the potential impact that the US tariffs would have across the Group and determined that they do not have a material impact.

BCX CGU

During the current financial year, BCX initiated the section 189 restructuring process, which was identified as an impairment indicator.

The value in use, using the discounted cash flow method, was adopted as the valuation basis. Based on this, the income approach was used. A five-year period was used for the discounted cash flows, as approved by senior management and/or the Board of the Group.

The BCX CGU was then valued using a sum-of-the-parts approach. The valuation was performed on an enterprise value basis.

The value in use calculation took into consideration the following key assumptions:

EBITDA margin
The budgeted EBITDA margin was used, based on past experience and management's future expectations of business performance.

Growth rates
The growth rates were consistent with publicly available information relating to long-term average growth rates for the market in which the CGU operated. The compound annual growth rate used for revenue is 5.3% (31 March 2024: 4.9%) and EBITDA ranges between 11.5% and 11.6% (31 March 2024: 11.5% and 16.0%).

Terminal growth rates
A terminal growth rate of 4.9% (31 March 2024: 5%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady state of growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate
The discount rate used reflects both time value of money and other specific risks relating to the entity. The discount rate was calculated based on comparable companies in the industry. An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate.

The pre-tax discount rate for the BCX CGU is 20.8% (31 March 2024: 21.6%). An in-perpetuity calculation was also included after five years as per the terminal growth rate disclosure.

Based on the value in use calculation, the estimated value in use of BCX significantly exceeds the carrying amount of the BCX CGU. As such, no impairment loss is recognised.

Sensitivity to changes in assumptions
Given the significant headroom computed, no further sensitivity analysis has been performed.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units continued

Telkom Consumer CGU

Telkom Consumer operates in South Africa. Where the economic climate is under strain due to numerous factors. Telkom Consumer's business is dependent on technology, and in some of its operations, the legacy assets (old technology) are still being utilised.

The five-year budgets indicated that the economic performance of the CGU had not materially changed from the previous valuation. Even though the discount rates had increased slightly from the previous valuation, this did not result an impairment loss. Effectively, the five-year budgets have been adjusted to incorporate the changes, resulting in the recoverable amount of the CGU being higher than its carrying value.

The value in use calculation took into consideration the following key assumptions:

EBITDA margin
The budgeted EBITDA margin is based on experience and management's future expectations of business performance.

Growth rates
The growth rates were consistent with publicly available information related to long-term average growth rates for the market in which the CGU operates. The compound annual growth rate used for revenue is 5.2% (31 March 2024: 3.9%) and EBITDA is 5.4% (31 March 2024: 10.8%).

Terminal growth rates
A terminal growth rate of 3% (31 March 2024: 3%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady-state growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate
An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate. The pre-tax discount rate for the Telkom CGU is 17.8% (31 March 2024: 17.4%). An in-perpetuity calculation was also included after five years as per the terminal rate disclosure.

Based on the value in use calculation, the recoverable amount of the Telkom CGU is higher than the carrying value as at 31 March 2025, indicating no impairment loss.

Sensitivity to changes in assumptions
The recoverable amount is most sensitive to the discount rate and terminal growth rate:

- An 18.6% pre-tax discount rate, in absolute terms, would result in the recoverable amount of the Consumer CGU to approximate its carrying amount.
- A 2.9% terminal growth rate, in absolute terms, would result in the recoverable amount of the Consumer CGU to approximate its carrying amount.

Openserve CGU

Openserve operates in South Africa. Where the economic climate is under strain due to numerous factors. Openserve's business is dependent on technology, and in some of its operations the legacy assets (old technology) are still being utilised.

The five-year budgets indicated that the economic performance of the CGU had not materially changed from the previous valuation. Even though the discount rates had decreased slightly from the previous valuation, this was not material enough to warrant an impairment loss reversal. Effectively, the five-year budgets have been adjusted to incorporate the changes, resulting in the recoverable amount of the CGU being higher than its carrying value.

The value in use calculation took into consideration the following key assumptions:

EBITDA margin
The budgeted EBITDA margin is based on experience and management's future expectations of business performance.

Growth rates
The growth rates were consistent with publicly available information related to long-term average growth rates for the market in which the CGU operates. The compound annual growth rate used for revenue is 5.6% (31 March 2024: 4.2%) and EBITDA is 8.5% (31 March 2024: 6.2%).

Terminal growth rates
A terminal growth rate of 3.5% (31 March 2024: 5.0%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady-state growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate
An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate. The pre-tax discount rate for the Openserve CGU is 16.4% (31 March 2024: 16.7%). An in-perpetuity calculation was also included after five years as per the terminal rate disclosure.

Based on the value in use calculation, the recoverable amount of the Openserve CGU is higher than the carrying value as at 31 March 2025, indicating no impairment loss.

Sensitivity to changes in assumptions
The recoverable amount is most sensitive to the discount rate and terminal growth rate:

- A 17.4% pre-tax discount rate, in absolute terms, would result in the recoverable amount of the Openserve CGU to approximate its carrying amount.
- A 2.9% terminal growth rate, in absolute terms, would result in the recoverable amount of the Openserve CGU to approximate its carrying amount.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.4 Investment property

Significant accounting judgements, estimates and assumptions

Impairments of investment property
The Company regularly reviews its non-financial assets and CGUs for any indication of impairment. An impairment test is performed when indicators occur, including changes in technology, market, economic, legal and operating environments, availability of funding or discontinuation of services, and could result in changes to the asset's or CGU's estimated recoverable amount.

Previously recognised impairment losses were reviewed annually for any indication that they may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. Such impairment losses are reversed in profit or loss if the recoverable amount has increased as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

Fair value estimation

The Company's investment properties are subject to IAS 16 cost model measurement and, as required by IAS 40, the Company discloses the fair value of investment property. Depending on the available information and location of investment property, the Company uses the income capitalisation or repeat sales index system valuation method to determine the fair value of investment properties.

The fair value of investment property is measured at the value calculated internally. The calculation of fair value uses the assumptions such as the capitalisation rate, vacancy rate, rental and operating expense rate.

Summary of material accounting policies

Recognition of investment property
Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Company, and the cost of the investment property can be measured reliably.

Property held to earn rentals will be recognised as investment property. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include those incurred initially to acquire an investment property and costs incurred subsequently to add to, replace part of, or service the property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of a replacement part is derecognised.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Subsequent measurement
Subsequent to initial recognition, investment property is carried at its cost less any accumulated depreciation and any impairment losses.

Investment property is measured in terms of the cost model.

Depreciation and useful lives
Depreciation is charged from the date the asset is available for use on a straight-line basis over the estimated useful life and ceases at the earlier of the date that the asset is classified as held for sale or the date the asset is derecognised.

Notes to the annual financial statements continued

for the year ended 31 March 2025

5. Long-term assets continued

5.4 Investment property continued

As a result of the Openserve legal separation on 1 September 2022, Telkom and Openserve entered into a lease agreement for land and buildings owned by Telkom. The land and buildings leased to Openserve are classified as investment properties in the Company from the transaction date and will be classified as property, plant and equipment in the Group.

	2025			2024			2023		
	Cost	Accumulated depreciation and write-offs	Carrying value	Cost	Accumulated depreciation and write-offs	Carrying value	Cost	Accumulated depreciation and write-offs	Carrying value
Company	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Investment property	**1 070**	**(238)**	**832**	1 079	(168)	911	1 032	(55)	977

The carrying amounts of investment property can be reconciled as follows:

	2025					
	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Write-offs	Carrying value at the end of the year
Company	Rm	Rm	Rm	Rm	Rm	Rm
Investment property	**911**	**36**	**(16)**	**(96)**	**(3)**	**832**

	2024					
	Carrying value at the beginning of the year	Additions	Transfers	Depreciation	Write-offs	Carrying value at the end of the year
Company	Rm	Rm	Rm	Rm	Rm	Rm
Investment property	977	48	(1)	(112)	(1)	911

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the Company.

All investment properties are being leased to Openserve, a 100% owned subsidiary of the Group.

Details of valuation

The effective date of the valuations was 31 March 2025 and resulted in a fair value of R2 374 million (31 March 2024: R2 038 million). Valuations of these investment properties were conducted by independent and qualified industry specialists in the 2023 financial year and recalculated by management using the income capitalisation valuation approach in the current year. The fair value of investment property is classified as level 3 in the fair value hierarchy.

The valuation was based on the open market value for existing use.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with international standards.

	Company	
	2025	2024
Amounts recognised in profit and loss for the year	Rm	Rm
Rental income from investment property	**83**	79

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments

6.1 Investment income

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Investment income	**369**	229	**2 408**	4 381
Interest income	**339**	229	**1 149**	1 115
Dividend income from subsidiaries	**—**	—	**1 229**	3 266
Dividend received in cash	**—**	—	**1 189**	616
Non-cash dividend	**—**	—	**40**	2 650
Dividend income from insurance cell captive	**30**	—	**30**	—

Interest income relates to interest earned from financial assets (cash and cash equivalents and loans) measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and the effective interest rate.

The decrease in dividend received is mainly due to the decrease in dividends declared by BCX in the current financial year.

R40 million (31 March 2024: R2 650 million) of the dividends declared by BCX and Gyro were non-cash and were net settled through the entities' intercompany accounts.

6.2 Net finance charges and fair value movements

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Net finance charges and fair value movements	**(1 984)**	(2 181)	**(1 859)**	(2 002)
Net finance charges	**(1 926)**	(2 127)	**(1 809)**	(2 030)
Finance charges on lease liabilities	**(529)**	(586)	**(463)**	(468)
Net finance charges on local debt[1]	**(1 445)**	(1 580)	**(1 377)**	(1 590)
Less: Finance charges capitalised[2]	**48**	39	**31**	28
Foreign exchange and fair value movements	**(58)**	(54)	**(50)**	28
Foreign exchange gain/(loss)	**167**	(185)	**112**	(101)
Fair value adjustments	**(225)**	131	**(162)**	129
Capitalisation rate for borrowing costs (%)	**10.2**	10.2	**10.2**	10.2

[1] *For the interest-bearing debt movement, refer to note 6.4.*

[2] *Finance charges on general borrowings are capitalised to qualifying assets (property, plant and equipment and intangible assets).*

Finance charges relate to interest expense on financial liabilities measured at amortised cost.

Net finance charges on local and foreign debt decreased from R2 127 million in March 2024 to R1 926 million in March 2025 for the Group and decreased from R2 030 million in March 2024 to R1 809 million in March 2025 for the Company. The decrease in finance charges is largely due to decreases in interest rates and lower average debt levels during the current financial year.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities

Significant accounting judgements, estimates and assumptions

Lease term

Renewal and termination options

In determining the lease term, all facts and circumstances are considered that create an economic incentive to exercise a renewal option, or not exercise a termination option. Renewal options and periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The Group applies judgement in assessing whether it is reasonably certain that options will be exercised. Factors considered include the past history of renewing leases, the length of the non-cancellable period of the lease, the Group's rolling budgeting forecast period of five years and the importance of the underlying asset to the Group's operations. The Group applied the rolling budgeting forecast period on all its strategic month-to-month leases or strategic leases with indefinite lease periods.

The lease term will be reassessed at the occurrence of a significant event, which is either a change in the rolling forecast cycle or other major events not within the Group's control.

Month-to-month leases

The Group has leases that continue contractually on a month-to-month basis for an indefinite period or continue automatically on a month-to-month basis after expiry. In these agreements, the Group can terminate the agreement without either party incurring a contractual penalty upon termination. However, in determining the lease term, the Group considered the broader economics of the contract including factors such as the strategic importance of the asset, whether alternative suitable locations are available, the budgeting forecast cycle, and that management is not reasonably certain of business decisions that it will take beyond this period. Based on the above, the lease term of all strategic month-to-month leases are aligned with the budgeting forecast cycle.

Lease discount rate

Except where a discount rate implicit in the lease has been stipulated in the lease agreement, the lease payments are discounted using the incremental borrowing rate. The calculation of an incremental borrowing rate requires significant judgement. The incremental borrowing rate is calculated as a function of base rate, plus credit spread, plus other adjustments. Other adjustments take into account the lease period, currency of the lease payments, lease duration and lease-specific adjustments such as asset class and country risk premiums.

The base rate is a risk-free rate based on the interest rate swap curve of the country of the lease payments currency and the base is matched to the lease period.

The credit spread for the Company is based on Telkom's bond yield spread over the equivalent risk-free rate. The credit spread for other Group entities (BCX, Gyro and Openserve) is based on their credit spread relative to the Group.

Lease and non-lease components

In lease agreements where the gross rental amount includes operational costs, the Group applies judgement in allocating the consideration in the contract to each lease and non-lease component based on their relative stand-alone selling prices. The stand-alone selling prices of each component are based on available market prices. Where the market prices are unavailable, the stand-alone selling price will be calculated.

Impairments of right-of-use assets

Management is required to make judgements concerning the cause as well as the amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, the discontinuation of services, market changes, legal changes, operating environments and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessment to its CGUs. This requires management to make significant judgements concerning the existence of impairment indicators, identifying CGUs, and estimating the remaining useful lives of assets as well as projected cash flows to determine fair value less costs of disposal or value in use. Management's analysis of CGUs involves an assessment of the ability of a group of assets to independently generate cash inflows, and involves analysing the extent to which different products make use of the same assets. Management's judgement is also required when assessing whether there are indicators that a previously recognised impairment loss should be reversed.

Where impairment indicators exist, the determination of the recoverable amount of a CGU requires management to make assumptions to determine the value in use. Value in use is calculated using the discounted cash flow valuation method. The determination of value in use is based on a number of factors which include the discount rate, revenue growth, EBITDA margins and capital expenditure. The judgements, assumptions and methodologies used can have a material impact on the recoverable amount and ultimately the amount of impairment loss recognised.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

Summary of material accounting policies
The Group's leases include network equipment (mainly consisting of masts and towers), property and vehicles.

The Group as a lessee
At the inception of a contract, the Group considers whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition, the Group assesses whether the contract meets three key conditions, which are whether:

- The contract contains an identified asset, which is either explicitly or implicitly identified in the contract;
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

Recognition of leases
At the commencement date of a lease, the Group shall recognise a right-of-use asset and lease liability for contracts that are or contain a lease, except in the case where recognition exemptions are elected.

The Group has elected to apply the following recognition exemptions:

Recognition exemptions	
Short-term leases	Leases that, at the commencement date, have a lease term of 12 months or less (after considering lease extension options and management's intentions regarding the use of the leased asset) are expensed on a straight-line basis over the lease term. This is accounted for in the lease-related expenses line item on the statement of profit or loss and other comprehensive income.
Low-value assets	All leases involving underlying assets of low value, are assessed on a lease-by-lease basis and expensed on a straight-line basis over the lease term. This is accounted for in the lease-related expenses line item on the statement of profit or loss and other comprehensive income. Leased assets are classified as low value if the value of the asset is R73 200 or less when purchased new, regardless of the age of the asset. The low-value criteria are applied to the underlying asset that can benefit the entity on its own or together with an asset that is readily available in the market, and the underlying asset is neither highly dependent on nor highly inter-related with other assets. As required by IFRS 16, if an asset is subleased by the Group, the head lease is not accounted for as a low-value lease even when the low-value criteria are met.

Lease and non-lease components
A number of lease contracts include both lease and non-lease components. The Group allocates the consideration in the contract to each lease and non-lease component based on the amount as stipulated in the lease agreement, as the rental for the asset is separate from the operational costs in the majority of the agreements. In lease agreements, where the gross rental amount includes operational costs, an estimate will be made to determine which portion of the gross rental relates to operational costs, which will inform the separation of the operational costs on these contracts. The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

Right-of-use assets – initial and subsequent measurement
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets are measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of any lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment in accordance with the principles of IAS 36 (Impairment of Assets).

The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. office equipment) and for short-term leases, i.e. leases that, at commencement date, have lease terms of 12 months or less. The Group defines low-value leases as leases of assets for which the value of the underlying asset is R73 200 or less when it is new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

Lease liabilities – initial and subsequent measurement

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, less any lease incentives receivable, variable lease payments that are based on an index or rate (measured using the index or rate at commencement date), and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the Group is reasonably certain to exercise the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased by the interest cost. Interest costs are included in finance charges in the statement of profit or loss and other comprehensive income over the lease period. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee or, as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Furthermore, a revision to Telkom's rolling budget/forecast is considered a significant event, which would trigger a reassessment of the lease term. Any change to the lease term would result in a remeasurement of the associated lease liability.

The Group as a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless it is impracticable to do so.

Finance lease receivables are subject to the derecognition requirements of IFRS 9 as stipulated by IFRS 16. Finance lease receivables transferred with recourse remain classified as finance lease receivables. This is due to the fact that the derecognition criteria will not be met as the Company would not have transferred all the risks and rewards. Finance lease receivables transferred without recourse are derecognised as all the risks and rewards have been transferred.

Right-of-use assets and lease liabilities

The Group leases three asset categories, namely vehicles, property and network equipment. Vehicle leases mainly include a fleet of vehicles that are used by the technicians as part of the network operations. Property leases mainly relate to the lease of land and buildings/sites used for office purposes as well as property where masts and towers are erected. Network equipment mainly relates to the co-location on masts and towers and the lease of exchange assets.

The lease agreements do not impose any covenants on the Group. The existing leases do not have residual value guarantees.
At 31 March 2025, the Group has not committed to leases that have not yet commenced. There were no sale and leaseback transactions for the Group in the current or prior year.

Generally, the lease term is fixed, however, there are also a number of leases that run on a month-to-month basis. The Group applies judgement in assessing whether extension or termination options will be exercised and these options are only included in the lease term if the lease is reasonably certain to be extended or terminated.

In the current year, the lease calculation assumes that the Group will continue to use the strategic month-to-month contract for the next five years (current forecast period). Additionally, the Group concluded that it is reasonable that it will exercise available renewal options for all leases of strategic need, except in the case that there is evidence that it will not. For the rest of the assets, the lease calculation is based on the fixed term specified in the contract.

Some leases allow for earlier termination. In this case, the Group is required to serve a certain notice period and there is no financial penalty.
At 31 March 2025, a number of lease contracts relating to network equipment and properties include renewal options for various renewal periods. Due to the judgement exercised in relation to the determination of the lease period as outlined in the accounting policy, the Group is exposed to potential future cash outflows relating to the renewal period which have not been included in the lease liability because it is not reasonably certain that the lease will be extended beyond the estimated lease period. The contracts provide for month-to-month extensions. The Group is not able to determine with reasonable certainty as to which leases will be renewed as that perspective changes based on business needs over the lease period. Also, the rental payments escalate, therefore a reasonable estimate of the quantum of the payment cannot be determined.

Notes to the annual financial statements continued
for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.1 Right-of-use assets

	2025			2024		
	Cost	Accumulated depreciation and write-offs	Carrying value	Cost	Accumulated depreciation and write-offs	Carrying value
Group	Rm	Rm	Rm	Rm	Rm	Rm
Vehicles	225	(173)	52	224	(141)	83
Property	1 318	(756)	562	1 310	(716)	594
Network equipment	13 101	(7 331)	5 770	8 736	(3 819)	4 917
	14 644	(8 260)	6 384	10 270	(4 676)	5 594
Company						
Vehicles	1	—	1	1	—	1
Property	427	(257)	170	439	(296)	143
Network equipment	9 961	(5 397)	4 564	8 802	(4 364)	4 438
	10 389	(5 654)	4 735	9 242	(4 660)	4 582

The carrying amounts for the right-of-use assets can be reconciled as follows:

	Group								
	Carrying value at the beginning of the year	Cancelled leases	New leases entered into	Lease remeasurement[1]	Depreciation	Transfers[2]	Reclassified to held for sale reversal[3]	Disposal of a subsidiary[3]	Carrying value at the end of the year
2025	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Vehicles	83	(1)	40	5	(75)	—	—	—	52
Property	594	(17)	162	98	(190)	—	179	(264)	562
Network equipment	4 917	(65)	812	524	(1 390)	972	—	—	5 770
	5 594	(83)	1 014	627	(1 655)	972	179	(264)	6 384

	Carrying value at the beginning of the year	Cancelled leases	New leases entered into	Lease remeasurement	Depreciation	Reclassified to held for sale[3]	Carrying value at the end of the year
2024	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Vehicles	164	(15)	1	9	(76)	—	83
Property	844	(26)	99	71	(215)	(179)	594
Network equipment	4 352	(37)	1 325	461	(1 184)	—	4 917
	5 360	(78)	1 425	541	(1 475)	(179)	5 594

[1] *Lease remeasurements include changes due to CPI escalations and lease modifications due to changes in lease contracts as well as lease renewals.*

[2] *Transfers relate to network equipment leases transferred from internal to external due to the sale of Swiftnet. Refer to note 12.2 for details.*

[3] *Swiftnet was sold in the current financial year. In the prior year Swiftnet was held for sale. Assets classified as held for sale were reversed in the current year and were subsequently disposed of as included in the disposal of subsidiary column. These balances relate to assets held for sale as at 31 March 2024, which have been reclassified per note 12.3. Refer to notes 12.2 and 12.3.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.1 Right-of-use assets continued

	Company					
2025	**Carrying value at the beginning of the year Rm**	**Cancelled leases Rm**	**New leases entered into Rm**	**Lease remeasurement[1] Rm**	**Depreciation Rm**	**Carrying value at the end of the year Rm**
Vehicles	**1**	**—**	**—**	**—**	**—**	**1**
Property	**144**	**(16)**	**51**	**69**	**(78)**	**170**
Network equipment	**4 437**	**(69)**	**1 043**	**628**	**(1 475)**	**4 564**
	4 582	**(85)**	**1 094**	**697**	**(1 553)**	**4 735**

2024	Carrying value at the beginning of the year Rm	Cancelled leases Rm	New leases entered into Rm	Lease remeasurement[1] Rm	Depreciation Rm	Carrying value at the end of the year Rm
Vehicles	1	—	—	—	—	1
Property	209	(31)	22	29	(85)	144
Network equipment	4 835	(155)	479	597	(1 319)	4 437
	5 045	(186)	501	626	(1 404)	4 582

[1] *Lease remeasurements include changes due to CPI escalations and lease modifications due to changes in lease contracts as well as lease renewals.*

6.3.2 Lease liabilities

	Group		Company	
	2025	2024	**2025**	2024
The closing balances for non-current lease liabilities can be reconciled as follows:	**Rm**	Rm	**Rm**	Rm
Vehicles	**(28)**	(15)	**—**	—
Property	**(640)**	(680)	**(149)**	(112)
Network equipment[1]	**(4 432)**	(3 405)	**(3 828)**	(3 676)
	(5 100)	(4 100)	**(3 977)**	(3 788)
The closing balances for current lease liabilities can be reconciled as follows:				
Vehicles	**(32)**	(80)	**—**	—
Property	**(187)**	(187)	**(60)**	(69)
Network equipment[1]	**(1 601)**	(2 094)	**(1 338)**	(1 297)
	(1 820)	(2 361)	**(1 398)**	(1 366)

[1.] *The increase in network equipment lease liabilities is mainly due to leases transferred to external due to the disposal of Swiftnet. Refer to note 12.2.*

In the current financial year, the total cash outflow for leases, including finance charges, was R3 025 million (31 March 2024: R1 787 million) for the Group and R2 015 million (31 March 2024: R1 682 million) for the Company. Finance charges on lease liabilities of R529 million (31 March 2024: R586 million) for the Group and R463 million (31 March 2024: R468 million) for the Company have been recognised in the statement of profit of loss and other comprehensive income for the year ended 31 March 2025.

Refer to note 7.1.5 for the maturity analysis on lease liabilities.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.3 Leases of low-value assets, short-term leases, variable lease payments and subleasing income from right-of-use assets

The following amounts relating to leases of low-value assets, short-term leases and variable lease payments were recognised in the statement of profit or loss and other comprehensive income:

	Group							
	2025				2024			
	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	—	4	31	35	—	11	7	18
Network equipment	2	2	—	4	2	1	—	3
	2	6	31	39	2	12	7	21

The following amounts relating to leases of low-value assets, short-term leases and variable lease payments were recognised in the statement of profit or loss and other comprehensive income:

	Company							
	2025				2024			
	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	—	—	1	1	—	8	7	15
	—	—	1	1	—	8	7	15

In the current financial year, the Group has earned R176 million (31 March 2024: R140 million) subleasing income and the Company has earned R15 million (31 March 2024: R5 million) subleasing income.

6.4 Interest-bearing debt

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Total interest-bearing debt	11 617	14 217	11 617	14 217
Non-current interest-bearing debt	9 368	11 535	9 368	11 535
Local debt	9 368	11 535	9 368	11 535
Current portion of interest-bearing debt	2 249	2 682	2 249	2 682
Local debt	2 249	2 682	2 249	2 682
Bonds	1 500	2 113	1 500	2 113
Accrued interest	125	169	125	169
Other loans[1]	624	400	624	400

[1] *Other loans relate to loans from local financial institutions.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.4 Interest-bearing debt continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Total interest-bearing debt is made up as follows:	**11 617**	14 217	**11 617**	14 217
(a) Local debt	**11 617**	14 217	**11 617**	14 217
Telkom debt instruments	**11 617**	14 217	**11 617**	14 217
Name, maturity, rate p.a., nominal value				
TL25, 2024, 9.52% (fixed)	**—**	835	**—**	835
TL26, 2024, 10.37%	**—**	400	**—**	400
TL28, 2025, 9.28% (fixed)	**1 000**	1 000	**1 000**	1 000
TL29, 2025, 9.56%	**500**	500	**500**	500
TL30, 2024, 9.81%	**—**	877	**—**	877
TL31, 2026, 9.23%	**623**	623	**623**	623
TL32, 2027, 9.21%	**1 000**	1 000	**1 000**	1 000
TL33, 2033, 9.61%	**700**	700	**700**	700
TL34, 2027, 9.05%	**345**	—	**345**	—
TL35, 2029, 9.28%	**405**	—	**405**	—
Export Credit Agency (ECA) loan, 2029 - 2033, 9.43% - 10.54%	**2 533**	3 667	**2 533**	3 667
Export Credit Risk Agreement - insurance premium (unamortised cost)	**(94)**	(167)	**(94)**	(167)
Other loans, 2025 - 2030, 9.12% - 9.51%	**4 480**	4 613	**4 480**	4 613
Accrued interest	**125**	169	**125**	169
Total interest-bearing debt is made up of R11 617 million debt at amortised cost (31 March 2024: R14 217 million) for the Group and for the Company. Finance costs accrued on debt are included in interest-bearing debt. Other loans have maturities ranging from 2025 to 2030. The ECA loan is repayable quarterly and will be maturing in 2033. The floating debts are priced based on the three-month JIBAR plus a margin.				

During the year, R4 276 million (31 March 2024: R9 363 million) debt was raised for the Group and the Company, and R6 905 million (31 March 2024: R9 513 million) debt was repaid for the Group and for the Company.

The Group may issue or reissue locally registered debt instruments in terms of the Post Office Amendment Act, 85 of 1991. The borrowing powers of the Company are set out as per note 4.4.

Interest-bearing debt
Interest-bearing debt is at amortised cost, and finance costs accrued on debt are included in interest-bearing debt. The debt is unsecured but limits the Group's ability to create encumbrances on revenue or assets and secure any indebtedness without securing the outstanding debts equally and rateably with such indebtedness.

Debt covenants applicable to Telkom loans require the following for the Group:

- Net debt to EBITDA of 3:1
- EBITDA to finance charges of at least 3.5:1

As at 31 March 2025, Telkom's net debt to EBITDA ratio was 0.7x (31 March 2024: 1.7x) and finance charges cover 6.6x (31 March 2024: 5.2x). As at 31 March 2025, Telkom's net debt to EBITDA ratio, excluding lease liabilities, was 0.1x.

Telkom has complied with the financial covenants of its borrowing facilities during the 2025 reporting period.

Repayments/refinancing of the current portion of interest-bearing debt
The repayment of the current portion of interest-bearing debt of R2 249 million (31 March 2024: R2 682 million) for the Company and for the Group as at 31 March 2025 is expected to be repaid from available cash, operational cash flow or the issue of new debt instruments. Management believes that sufficient funding facilities will be available at the date of repayment.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.5 Provisions

Significant accounting judgements, estimates and assumptions
Estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the reporting date.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Non-current provisions	**381**	336	**337**	294
Non-current employee-related provisions	**334**	280	**327**	273
Subsidiary defined benefit plans (refer to note 10.4 for the reconciliation of the opening to closing balance)	**7**	7	**—**	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**327**	273	**327**	273
Non-current non-employee-related provisions				
Other	**47**	56	**10**	21
Current provisions	**1 501**	1 093	**479**	214
Current portion of employee-related provisions	**1 229**	795	**440**	183
Annual leave	**424**	423	**74**	62
Balance at the beginning of the year	**423**	499	**62**	82
Charged to employee expenses	**27**	(62)	**12**	(20)
Leave paid/utilised	**(26)**	(14)	**—**	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	**43**	43	**43**	43
Bonus, termination packages and other benefits	**762**	329	**323**	78
Balance at the beginning of the year	**329**	1 002	**78**	411
Charged to employee expenses (refer to note 3.4.4)	**988**	373	**353**	130
Payments made	**(555)**	(1 046)	**(108)**	(463)
Current portion of non-employee-related provisions				
Other	**272**	298	**39**	31

Annual leave
In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle to a cap of 22 - 30 days (31 March 2024: 22 - 30 days), which must be taken within a 12 - 19 months (31 March 2024: 12 - 18 months) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

Bonus
The bonus scheme consists of performance bonuses which are dependent on the achievement of certain financial and non-financial targets. The bonus is payable annually to all qualifying employees after the Group's results have been made public, with a 14th cheque payable to a certain group of employees.

Non-employee-related provisions
Other provisions relate to restoration provisions, contingent consideration on the acquisition of Dotcom Software Solutions (Pty) Ltd and other general provisions.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.6 Finance charges paid

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Finance charges paid	**(2 023)**	(2 304)	**(1 876)**	(2 066)
Finance charges and fair value movements per statement of profit or loss and other comprehensive income	**(1 999)**	(2 197)	**(1 859)**	(2 002)
Non-cash items	**(24)**	(107)	**(17)**	(64)
Movements in interest accruals and interest on uncertain tax provisions	**(45)**	(8)	**(46)**	(8)
Finance costs capitalised (refer to note 6.2)	**(48)**	(39)	**(31)**	(28)
Hedging costs	**75**	(218)	**38**	(230)
Fair value adjustment	**11**	10	**—**	—
SARS Voluntary Disclosure Programme adjustment	**10**	—	**10**	—
Foreign exchange (gain)/loss	**(27)**	148	**12**	202

The Group classifies interest paid as cash flow from operating activities.

6.7 Commitments

6.7.1 Capital commitments

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Capital commitments authorised	**7 475**	6 186	**3 733**	2 887
Commitments against authorised capital expenditure	**3 562**	809	**2 701**	194
Authorised capital expenditure not yet contracted	**3 913**	5 377	**1 032**	2 693

Capital commitments comprise commitments for property, plant and equipment and intangible assets.

Management expects these commitments to be financed from internally generated cash and borrowings.

The increase in capital commitments is mainly due to the three-year bulk purchase from Huawei for network equipment, licences and services, which was concluded in May 2024. The purchase is over a three-year period starting from the current financial year.

6.7.2 Lease commitments

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Future payments on leases committed but not yet commenced	**10**	—	**10**	—

In the prior year, there were no material lease commitments.

Notes to the annual financial statements continued

for the year ended 31 March 2025

6. Financing structure and commitments continued

6.8 Contingencies

Significant accounting judgements, estimates and assumptions
On an ongoing basis, the Group is party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognised where, based on the Group's legal views, advice and application of professional judgement, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. The disclosure of other contingent liabilities is made unless the possibility of a loss arising is considered remote.

Contingent liabilities
Other than the disclosures below, no significant movement or new matters have been noted on the contingent positions as reported in the 31 March 2025 annual financial statements.

Radio Surveillance Security Services (RSSS)
On 27 August 2020, RSSS served a new summons on Telkom based largely on the same events which gave rise to its previous unsuccessful action. RSSS is claiming the return of 444 disputed alarm systems, alternatively payment of R210 million and a payment of R319 million for alleged outstanding rentals for the disputed alarm monitoring systems. Telkom is defending the matter. Telkom placed RSSS into provisional liquidation on 16 May 2023, and Telkom is proceeding with the steps necessary to place RSSS into final liquidation.

Class action against Telkom and Mutual and Federal Risk Financing Ltd
During June 2021, Telkom received a High Court application to certify a class action against it. The application arises from minor billing discrepancies relating to VAT on device insurance premiums. Mutual and Federal Risk Financing Ltd acts as underwriter for the device insurance and has also been cited in the court proceedings. Telkom filed its answering affidavit in the application during July 2023. The applicants have taken no further steps to advance the matter since receiving Telkom's answering affidavit.

Phutuma Networks (Pty) Ltd (Phutuma)
In August 2009, Phutuma served a summons on Telkom claiming damages in the amount of R5.5 billion, arising from a tender published by Telkom in November 2007. The High Court granted absolution from the instance in Telkom's favour. The Supreme Court of Appeal (SCA) had initially dismissed Phutuma's application for leave to appeal in October 2014. On 4 November 2014, the SCA rescinded its order granted in October 2014. In early 2015, the SCA referred the application for leave to appeal back to the full bench of the North Gauteng High Court. The leave to appeal was heard in September 2016 and was upheld. The matter now needs to be re-enrolled for trial. To date, Phutuma has failed to set down the matter for hearing before the same judge who granted absolution. Telkom has proposed that the matter begins anew before another judge. Telkom has not heard from Phutuma and it has taken no further steps to advance the litigation since 2016.

Masstores (Pty) Ltd (Masstores)
During November 2021, Masstores launched arbitration proceedings against BCX. The claim is for an amount of approximately R166 million for alleged breach of contract. The matter is proceeding, with steps being taken to prepare for a hearing currently set to commence in August 2026.

Special Investigating Unit (SIU) – Appeal against High Court judgement setting aside Proclamation
On 19 July 2023, the Pretoria High Court handed down judgement setting aside Presidential Proclamation 49 of 2022 (the Proclamation). The Proclamation gave the SIU authority to investigate various historical matters including Telkom's contracting for network and advisory services, and the disposal of former Telkom subsidiaries. The High Court had declared the Proclamation unconstitutional, invalid and of no force or effect and awarded costs to Telkom.

On 11 December 2023, the High Court granted both the President and the SIU leave to appeal to the Supreme Court of Appeal. The appeal remains pending before the Supreme Court of Appeal, and Telkom will continue with steps to uphold the High Court order in its favour. Telkom currently expects the matter to be heard by the Supreme Court of Appeal in the latter part of 2025 or early 2026.

Telkom follows robust corporate governance principles and has done so in executing the Telkom strategy to consolidate its operations in South Africa. The aforementioned matters date back as far as 2006 and most of them have been repeatedly reported on in respective Telkom reports.

Therefore, at this point, Telkom expects no material impact on its annual financial statements resulting from the outcomes of the SIU investigation.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk

7.1 Financial instruments and risk management

Summary of material accounting policies

Recognition and initial measurement
Financial instruments are recognised when the Group becomes a party to the contractual arrangements.

All financial instruments are initially recognised at fair value plus or minus, in the case of financial assets and liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issue. All regular way transactions are accounted for on settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Classification and subsequent measurement

Financial assets: classification and subsequent measurement
The Group classifies financial assets on initial recognition as measured at amortised cost or FVTPL on the basis of the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. Refer to note 7.1.2 for the categories of financial instruments.

Financial assets are subsequently measured at amortised cost where they are held with the objective to collect contractual cash flows that are solely payments of the principal amount outstanding and interest on the outstanding amount. These include cash and cash equivalents, trade and other receivables and loans to subsidiaries.

All other financial assets not measured at amortised cost, as described above, are subsequently measured at FVTPL. These include other investments.

Financial liabilities: classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities. Financial liabilities at amortised cost are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method. Any gain or loss on derecognition of the financial liabilities is also recognised in profit or loss.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group accounts for the transfer or factoring of the financial asset to the third parties as follows:

- If the entity transfers substantially all the risks and rewards of ownership of the financial asset, then the Group derecognises the financial asset.
- If the entity retains substantially all the risks and rewards of ownership, then the Group continues to recognise the financial asset.

Where the Group retains the right to service the derecognised financial asset for a fee, service fees are accounted for as follows:

- If the fee to be received is not expected to compensate the Group adequately for performing the servicing, a servicing liability for the servicing obligation shall be recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset shall be recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset. Where the benefits of servicing approximately compensate the service provider for its servicing responsibilities, there is no servicing asset or liability and the service contract's fair value is zero.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial asset or liability, the difference between the consideration and the carrying amount on the settlement date is included in finance charges and fair value movements for the year.

Hedge accounting
The Group uses derivative financial instruments (such as forward currency contracts, cross currency swaps and options) to hedge its foreign currency risks, variability in cash flows and interest rate risks. Derivative financial instruments, including forward currency contracts that are designated as hedging instruments in an effective hedge, are initially recognised at fair value on the date on which a derivative contract is entered into. Telkom applies fair value hedge accounting for firm commitments.

The Group has elected to continue applying the hedge accounting requirements of IAS 39.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

Hedge accounting continued

For fair value hedges, the designated hedging instruments and firm commitments are subsequently remeasured at fair value at each reporting date. The gain or loss relating to both the effective and ineffective portion of hedging instruments is recognised immediately in profit or loss on remeasurement. When a firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

7.1.1 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing debt, lease liabilities, trade and other payables and asset finance payables. The Group's financial liabilities are subjected to fair value measurements and adjustments.

The Group has finance lease receivables, trade and other receivables, contract assets, cash receivables, restricted cash and short-term deposits that arise directly from its operations. The main purpose of the interest-bearing debt is to raise finance for the Group's operations.
The Group is exposed to liquidity, credit and market risks. The Group's senior management oversees the management of these risks.

7.1.2 Risk management

Treasury policies, risk limits and control procedures are continuously monitored by the Board through the Audit Committee and Risk Committee.

The Group holds or issues financial instruments to finance its operations, for the investment of short-term funds and to manage currency and interest rate risks. In addition, financial instruments such as trade receivables and payables arise directly from the Group's operations.

The Group finances its operations primarily by a mixture of issued share capital, retained earnings, and long-term and short-term loans.
The Group uses derivative financial instruments to manage its exposure to market risks from changes in interest and foreign exchange rates. The derivatives used for this purpose are principally interest rate swaps and forward exchange contracts and the Group does not speculate in derivative instruments. The Group applied fair value hedge accounting in the current and prior financial years.

The table below sets out the Group's classification of financial assets and liabilities.

		Group	
2025	Notes	At fair value through profit or loss Rm	At amortised cost Rm
Classes of financial instruments per statement of financial position			
Assets		**176**	**18 641**
Other investments[1]	7.2.3	96	—
Trade and other receivables[2]	4.3	—	7 023
SMME loans	7.3	—	77
Other financial assets	7.3	63	—
Forward exchange contracts		35	—
Firm commitments		28	—
Finance lease receivables	4.1.1	—	464
Cash and cash equivalents	4.4	—	11 054
Investment in equity fund	7.3	10	—
Investment in first-party cell captive	7.3	7	—
Restricted cash		—	23
Liabilities		**(137)**	**(22 034)**
Interest-bearing debt	6.4	—	(11 617)
Trade and other payables	4.5	—	(9 944)
Shareholders for dividend	9.4	—	(19)
Other financial liabilities	7.3	(101)	—
Forward exchange contracts		(61)	—
Firm commitments		(31)	—
Interest rate swaps		(9)	—
Contingent consideration	7.1.3	(36)	—
Asset finance payables	7.3	—	(360)
Supplier finance arrangements	7.3	—	(94)

1. *Other investments only include the investments in FutureMakers.*
2. *Trade and other receivables are disclosed excluding prepayments of R717 million (31 March 2024: R962 million) for the Group.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

		Group	
2024	Notes	At fair value through profit or loss Rm	At amortised cost Rm
Classes of financial instruments per statement of financial position			
Assets		305	11 775
Other investments[1]	7.2.3	237	—
Trade and other receivables[2]	4.3	—	7 253
SMME loans	7.3	—	72
Other financial assets	7.3	51	84
Forward exchange contracts		35	—
Firm commitments		1	—
Interest rate swaps		15	—
Asset finance receivables		—	84
Finance lease receivables	4.1.1	—	579
Cash and cash equivalents	4.4	—	3 747
Investment in equity fund	7.3	10	—
Investment in first-party cell captive	7.3	7	—
Restricted cash		—	17
Short-term loans and advances		—	23
Liabilities		(76)	(23 732)
Interest-bearing debt	6.4	—	(14 217)
Trade and other payables	4.5	—	(8 996)
Shareholders for dividend	9.4	—	(24)
Other financial liabilities	7.3	(76)	—
Forward exchange contracts		(21)	—
Firm commitments		(55)	—
Asset finance payables	7.3	—	(323)
Supplier finance arrangements	7.3	—	(172)

[1] *Other investments only are disclosed net of investments accounted for using the equity method of R10 million (31 March 2024: R10 million) for the Group.*

[2] *Trade and other receivables are disclosed excluding prepayments of R717 million (31 March 2024: R962 million) for the Group.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

The table below sets out the Company's classification of financial assets and liabilities.

		Company	
2025	Notes	**At fair value through profit or loss Rm**	**At amortised cost Rm**
Classes of financial instruments per statement of financial position			
Assets		**63**	**23 290**
Trade and other receivables[1]	4.3	—	5 319
SMME loans	7.3	—	77
Loans to subsidiaries	7.2.2	—	8 712
Other financial assets	7.3	46	—
Forward exchange contracts		22	—
Firm commitments		24	—
Finance lease receivables	4.1.1	—	193
Cash and cash equivalents	4.4	—	8 989
Investment in equity fund	7.3	10	—
Investment in first-party cell captive	7.3	7	—
Liabilities		**(70)**	**(20 647)**
Interest-bearing debt	6.4	—	(11 617)
Trade and other payables	4.5	—	(9 011)
Shareholders for dividend	9.4	—	(19)
Other financial liabilities	7.3	(70)	—
Forward exchange contracts		(50)	—
Firm commitments		(11)	—
Interest rate swaps		(9)	—

[1] *Trade and other receivables are disclosed, excluding prepayments of R317 million (31 March 2024: R413 million) for the Company.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

		Company	
2024	Notes	At fair value through profit or loss Rm	At amortised cost Rm
Classes of financial instruments per statement of financial position			
Assets		205	16 744
Other investments	7.2.3	141	—
Trade and other receivables[1]	4.3	—	5 752
SMME loans	7.3	—	72
Loans to subsidiaries	7.2.2	—	9 018
Other financial assets	7.3	48	—
Forward exchange contracts		33	—
Interest rate swaps		15	—
Finance lease receivables	4.1.1	—	38
Cash and cash equivalents	4.4	(1)	1 864
Investment in equity fund	7.3	10	—
Investment in first-party cell captive	7.3	7	—
Liabilities		(49)	(22 349)
Interest-bearing debt	6.4	—	(14 217)
Trade and other payables	4.5	—	(8 108)
Shareholders for dividend	9.4	—	(24)
Other financial liabilities	7.3	(49)	—
Forward exchange contracts		(16)	—
Firm commitments		(33)	—

[1] *Trade and other receivables are disclosed, excluding prepayments of R317 million (31 March 2024: R413 million) for the Company.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair value of all financial instruments noted in the statement of financial position approximates their carrying value except as disclosed below.

The fair value of financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. The fair value of cash and short-term deposits, trade and other receivables, contract assets, finance leases, shareholders for dividend and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and market-related interest rates included in finance lease receivables. Long-term receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country factors and the individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at the reporting date, the carrying amount of such receivables, net of allowances, are not materially different from their calculated fair values. Fair values of quoted bonds are based on price quotations at the reporting date.

The carrying amount of financial instruments approximates fair value, with the exception of interest-bearing debt (at amortised cost) for the Company and Group, which has a fair value of R11 720 million (31 March 2024: R14 380 million) and a carrying amount of R11 617 million (31 March 2024: R14 217 million).

The fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

For financial assets and liabilities not traded in an active market, a valuation technique is applied to derive the fair value, which takes into account quoted prices for similar or identical liabilities in active markets using observable inputs where necessary.

Type of financial instrument - Group	Fair value at 31 March 2025 Rm	Valuation technique	Significant inputs
Derivative assets	63	Discounted cash flows	Yield curves Market interest rates
Derivative liabilities	(101)		
Investment in FutureMakers entities	96	Discounted cash flows	Cash flow forecasts and market-related discount rates
Investment in equity fund	10	Discounted cash flows	Cash flow forecasts and market-related discount rates
Investment in first-party cell captive	7	Discounted cash flows	Cash flow forecasts and market-related discount rates
Contingent consideration (refer to note 6.5)	(36)	Discounted cash flows	Weighted average cost of capital
Interest-bearing debt	(11 720)	Discounted cash flows and quoted bond prices	Market interest rates

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments continued

Fair value hierarchy
The following table presents the Group's assets and liabilities that are measured/disclosed at fair value at reporting date. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices that are observable for the asset or liability.
Level 3: Inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels in the current financial year.

		Group			
		Total	Level 1	Level 2	Level 3
31 March 2025	Notes	Rm	Rm	Rm	Rm
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	**35**	**—**	**35**	**—**
Firm commitments	7.3	**28**	**—**	**28**	**—**
Investment in FutureMakers entities	7.2.3	**96**	**—**	**—**	**96**
Investment in equity fund	7.3	**10**	**—**	**—**	**10**
Investment in first-party cell captive	7.3	**7**	**—**	**—**	**7**
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	**(61)**	**—**	**(61)**	**—**
Firm commitments	7.3	**(31)**	**—**	**(31)**	**—**
Interest rate swaps	7.3	**(9)**	**—**	**(9)**	**—**
Contingent consideration	7.1.2	**(36)**	**—**	**—**	**(36)**
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	**(11 720)**	**—**	**(11 720)**	**—**
31 March 2024					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	35	—	35	—
Firm commitments	7.3	1	—	1	—
Interest rate swaps	7.3	15	—	15	—
Investment made by FutureMakers	7.2.3	96	—	—	96
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(21)	—	(21)	—
Firm commitments	7.3	(55)	—	(55)	—
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	(14 380)	—	(14 380)	—

[1] *The carrying amount of interest-bearing debt is R11 617 million (31 March 2024: R14 217 million) for the Group. Interest-bearing debt is measured at amortised cost, however it is included in the fair value hierarchy table above to achieve the IFRS 13 disclosure requirements relating to the disclosure of fair value.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments continued

		Company			
2025	Notes	**Total Rm**	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	**22**	**—**	**22**	**—**
Firm commitments	7.3	**24**	**—**	**24**	**—**
Investment in equity fund	7.3	**10**	**—**	**—**	**10**
Investment in first-party cell captive	7.3	**7**	**—**	**—**	**7**
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	**(50)**	**—**	**(50)**	**—**
Firm commitments	7.3	**(11)**	**—**	**(11)**	**—**
Interest rate swaps	7.3	**(9)**	**—**	**(9)**	**—**
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	**(11 720)**	**—**	**(11 720)**	**—**
2024					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	33	—	33	—
Interest rate swaps	7.3	15	—	15	—
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(16)	—	(16)	—
Firm commitments	7.3	(33)	—	(33)	—
Liabilities measured at amortised cost					
Interest-bearing debt[1]	6.4	(14 380)	—	(14 380)	—

[1] *The carrying amount of interest-bearing debt is R11 617 million (31 March 2024: R14 217 million) for the Company. Interest-bearing debt is measured at amortised cost, however it is included in the fair value hierarchy table above to achieve the IFRS 13 disclosure requirements relating to the disclosure of fair value.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk

Significant accounting judgements, estimates and assumptions

Impairment of financial assets (expected credit losses)

Trade receivables and finance lease receivables
IFRS 9 (Financial Instruments) requires the Group to recognise expected credit losses on financial assets that are measured at amortised cost (loans, trade receivables, other receivables and cash and cash equivalents) or at fair value through other comprehensive income, on a lease receivable and on a contract asset, either on a 12-month or lifetime basis.

The Group has elected the simplified approach to recognise lifetime expected losses for its trade receivables and lease receivables as permitted by IFRS 9. The historical loss rates are adjusted when their impact is material to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the financial asset.

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

Trade receivables have been grouped together based on similar credit characteristics and a separate expected loss provision matrix has been calculated for each of the categories based on the net loss history associated with the specific category of receivables. Following the adoption of IFRS 9, the Group implemented a process whereby trade receivable balances are only written off when there is no longer any probable recovery on a trade receivable balance.

Whenever a finance lease receivable is billed, the amount is moved from finance lease receivables to trade receivables and forms part of the trade receivables balance. To determine an expected credit loss for the outstanding lease receivables, the total outstanding amounts are proportioned into the various ageing buckets based on the proportions experienced in trade receivables. The same loss rates that are used for the fixed-line trade receivables segment are then applied to the outstanding lease receivables balance to derive the expected loss on finance lease receivables over the lifetime of the instrument. The underlying assumption attached to this is that the exposure to the finance lease balance will realise as the balance is billed to the customer over the lifetime of the instrument and will thus follow the same pattern of expected loss as the trade receivable balance.

Contract assets
The Group has elected the simplified approach to recognise lifetime expected losses for its contract assets, as permitted by IFRS 9. The expected credit loss is calculated as a function of default rate multiplied by the balance of the contract asset. The expected loss is calculated using a probability weighted model, which applies an expected loss percentage based on the net write-off history experienced over the average remaining period of the contract.

Cash and cash equivalents
Expected credit losses on cash and cash equivalents are calculated using the general approach. As cash and cash equivalents are current assets, 12-month and lifetime expected losses are the same. For disclosure purposes, expected credit losses on cash and cash equivalents will be calculated based on a 12-month period if the debtors/bank has low credit risk. Impairment on cash and cash equivalents is calculated at each reporting date. However, no impairment loss is recognised on cash and cash equivalents where the calculated expected credit loss is not material.

Other receivables, loans and financial assets at amortised cost
The Group uses the general approach to calculate expected credit losses on all other receivables, loans and other financial assets that are measured at amortised cost or at fair value through other comprehensive income. The general approach is based on a stage approach – stage one being 12-month expected losses and stage two being lifetime expected losses. Impairments of all other financial assets that are not measured using the simplified approach will be calculated as the difference between the carrying value of the asset and the present value of the expected cash flows, discounted at the original effective interest rate of the instrument.

Forward-looking information consideration
Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Forward-looking information can be based on the future projections of macro-economics and other available market information. The Group uses macro-economics to calculate a forward-looking top-up.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management
Credit risk, or the risk of financial loss, is the risk that a counterparty will not meet its contractual obligations as they fall due per the stipulated contractual terms. The Group is exposed to credit risk from its operating activities and from investing activities, including deposits with banks and financial institutions. The Group is not exposed to significant concentrations of credit risk as credit limits are set on an individual basis and reviewed annually.

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each type of customer. Management reduces the risk of irrecoverable debt by improving credit management through credit checks and limits. To reduce the risk of counterparty failure, limits are set based on the individual ratings of counterparties by well-known rating agencies. Trade receivables comprise a large and widespread customer base covering residential, business, government, wholesale, global and corporate customer profiles.

Credit checks are conducted for all customers, except pre-paid customers, when applying for new services and on an ongoing basis, where appropriate.

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed annually or when the need arises. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

The Group and Company have the following types of assets that are subject to the expected credit loss model:

- Trade receivables from the Group's ordinary activities;
- Contract assets;
- Finance lease receivables;
- Other receivables;
- Loans;
- Cash and cash equivalents; and
- Restricted cash.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

The maximum exposure to credit risk for financial assets at the reporting date by type of instrument and counterparty was:

	Group - Carrying amount		Company - Carrying amount	
	2025	2024	2025	2024
	Rm	Rm	Rm	Rm
Trade receivables (refer to note 4.3)	5 913	6 174	3 902	3 874
Telkom SA	9 221	9 161	7 046	6 698
Business and residential	4 555	4 425	4 273	4 027
Global, corporate and wholesale	3 946	3 960	2 068	1 906
Government	697	774	705	765
Other customers	23	2	—	—
BCX subsidiaries - External	210	208	—	—
Impairment of trade receivables (refer to note 4.3)	(3 518)	(3 195)	(3 144)	(2 824)
Contract assets (refer to note 3.2.4.1)	2 344	2 204	2 344	2 204
Gross contract assets	3 085	2 808	3 085	2 808
Impairment of contract assets (refer to note 3.2.4.1)	(741)	(604)	(741)	(604)
Subtotal for trade receivables and contract assets	8 257	8 378	6 246	6 078
Other receivables (refer to note 4.3)	1 110	1 079	1 417	1 878
Gross other receivables	1 132	1 101	1 439	1 900
Impairment of other receivables (refer to note 4.3)	(22)	(22)	(22)	(22)
Loans to Openserve (refer to note 7.2.2)	—	—	8 712	8 662
Loans granted to Openserve	—	—	8 743	8 719
Accumulated impairment of Openserve loans	—	—	(31)	(57)
SMME loans (refer to note 7.3)	77	72	77	72
SMME loans granted	77	78	77	78
Impairment of SMME loans	—	(6)	—	(6)
Derivatives (refer to note 7.3)	63	36	46	33
Other investments (refer to note 7.2.3)	96	96	—	—
Finance lease receivables (refer to note 4.1.1)	464	615	193	48
Cash and cash equivalents (refer to note 4.4)	11 054	3 747	8 989	1 863
Restricted cash	23	17	—	—
	21 144	14 040	25 680	18 634

Impairment of financial assets
The Group's approach and methodology when calculating expected credit losses under IFRS 9 are shown in the sub-sections below. Refer to note 4.3 for the reconciliation of the expected credit loss balances recognised.

Trade receivables and contract assets
The Group's receivables are split between different customer segments. Lifetime expected credit losses are calculated per segment for trade receivables using the simplified approach as the instruments do not contain a significant financing component. This is calculated using a provision matrix which has been derived from the Group's historical ageing and write-off data by considering the expected provision of a debtor based on its age at the end of the reporting period, as well as a provision being raised for the debtor based on the likelihood of it ending up in the ageing category where the instrument is likely to be written off.

For contract asset debtors, the Group uses loss rates from the trade receivables ageing analysis. These are not applied at a segment level, but an average loss rate is calculated per ageing bucket, evenly weighting the various segments and applying these across the contract asset debtors.

Application of forward-looking information
The Group calculated expected credit losses on trade receivables, finance lease receivables, contract assets, cash and cash equivalents, and other receivables and loans, based on the IFRS 9 principles. In the current year, fuel prices and interest rates decreased and a more positive outlook is predicted thereby alleviating customer distress. Based on the above, the Group did not adjust the expected credit loss rates for forward-looking information as the impact was determined to be immaterial.

Post write-off recoveries
The Company's receivable and contract assets' book data indicates that a large proportion of recoveries relative to the write-off came through subsequent to an account being written off. Post write-off recoveries are considered in the expected credit loss model to better reflect the appropriate customer credit risk view.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

Default

Financial assets are in default when contractual payments are 90 days past due the contractual payment terms. This term of 90 days past due is viewed as appropriate considering the Group's collection processes, the volume of customers, as well as the customer relationship experience.

	Group - Carrying amount		Company - Carrying amount	
	2025	2024	**2025**	2024
Impairment of receivables, contract assets and loans	**Rm**	Rm	**Rm**	Rm
Impairment of receivables (refer to note 4.3)	**(838)**	(1 285)	**(849)**	(1 048)
Impairment of contract assets (refer to note 3.2.4.1)	**(375)**	(397)	**(375)**	(397)
Impairment of finance lease receivables (refer to note 4.1.1)[1]	**(129)**	—	**—**	—
Impairment reversal of Openserve loans (refer to note 7.2.2)	**—**	—	**25**	—
Impairment of SMME loans (refer to note 7.3)	**—**	(6)	**—**	(6)
	(1 342)	(1 688)	**(1 199)**	(1 451)

[1] *In the prior year, there was no movement in the impairment of finance lease receivables due to the low credit risks. The increase in the current year is attributable to BCX's finance lease receivables. No changes were recognised in the expected credit loss balance for Telkom Company in the current and prior year.*

	Group		Company	
Post write-off recoveries credited within the impairment of receivables, contract assets and loans	**2025**	2024	**2025**	2024
	Rm	Rm	**Rm**	Rm
Post write-off recoveries	**261**	233	**261**	233

During the current financial year, R515 million (31 March 2024: R998 million) for Group and R484 million (31 March 2024: R422 million) for Company of trade receivables and R238 million (31 March 2024: R301 million) for Group and Company of contract assets were written-off and are still subject to enforcement activity, such as external debt collection processes and Credit Bureau listing. Refer to notes 4.3 and 3.2.4.1 for details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

	Group - Carrying amount 2025			Group - Carrying amount 2024		
The ageing of trade receivables at the reporting date was:	**Trade receivables ageing Rm**	**Allowance for expected credit losses ageing Rm**	**Average expected credit loss ratio %**	Trade receivables ageing Rm	Allowance for expected credit losses ageing Rm	Average expected credit loss ratio %
Current	**4 799**	**188**	**3.9**	4 618	200	4.3
21 to 60 days past due	**941**	**228**	**24.2**	1 091	340	31.2
61 to 90 days past due	**281**	**177**	**63.0**	306	186	60.8
91 to 120 days past due	**234**	**133**	**56.8**	283	180	63.6
121 days to 150 days past due	**257**	**180**	**70.0**	294	165	56.1
151 days to 240 days past due	**569**	**422**	**74.2**	500	428	85.6
241 days to 330 days past due	**417**	**350**	**83.9**	693	322	46.5
331 days to 361 days past due	**128**	**107**	**83.6**	170	147	86.5
361+ days past due	**1 805**	**1 733**	**96.0**	1 414	1 227	86.8
	9 431	**3 518**	**37.3**	9 369	3 195	34.1

	Company - Carrying amount 2025			Company - Carrying amount 2024		
The ageing of trade receivables at the reporting date was:	**Trade receivables ageing Rm**	**Allowance for expected credit losses ageing Rm**	**Average expected credit loss ratio %**	Trade receivables ageing Rm	Allowance for expected credit losses ageing Rm	Average expected credit loss ratio %
Current	**3 379**	**137**	**4.1**	3 311	162	4.9
21 to 60 days past due	**603**	**211**	**35.0**	757	322	42.5
61 to 90 days past due	**214**	**168**	**78.5**	201	172	85.6
91 to 120 days past due	**177**	**122**	**68.9**	215	151	70.2
121 days to 150 days past due	**170**	**159**	**93.5**	159	151	95.0
151 days to 240 days past due	**450**	**386**	**85.8**	389	365	93.8
241 days to 330 days past due	**355**	**320**	**90.1**	304	294	96.7
331 days to 361 days past due	**111**	**100**	**90.1**	154	134	87.0
361+ days past due	**1 587**	**1 541**	**97.1**	1 207	1 074	89.0
	7 046	**3 144**	**44.6**	6 697	2 825	42.2

Significant changes within ageing brackets

The decrease in trade receivables and allowance for expected credit loss in the 61 to 90 ageing bracket is due to the increase in collections in Telkom mobile. The increase in the average expected credit loss ratio in the 61 to 90, 121 to 150, 151 to 240 and 241 to 330 ageing brackets is mainly due to the reversal of previously written off debtors as a result of the new post write-off recoveries calculation in Telkom Company.

The increase in gross trade receivables of R62 million for Group was mainly due to an increase in mobile sales. Refer to note 4.3 for the explanation of the movement in expected credit loss.

The movement in the allowance for impairment in respect of trade receivables during the year is disclosed in note 4.3. Included in the allowance for impairment are individually impaired receivables with a balance of R440 million (31 March 2024: R462 million) for Group and R204 million (31 March 2024: R209 million) for Company, which have been identified as unable to service their debt obligation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the future cash flows. The Group does not hold any collateral over these balances.

The Group and Company do not age the contract assets, as none of the amounts related to the contract assets are past due. Telkom uses one rate across all the contract assets and that rate is the average of the contract assets over the average remaining life of the contract assets.

Cash and cash equivalents

As at the reporting date, the Group has not recognised any expected credit losses for cash and cash equivalents. This approach will only be reconsidered should there be a future downgrade of the banks with which the amounts are invested.

Notes to the annual financial statements continued
for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.5 Liquidity risk management

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

The Group's treasury department manages liquidity risk in accordance with policies and guidelines formulated by the Group's Executive Committee. In terms of the borrowing requirements, the Group ensures that sufficient facilities exist to meet its immediate obligations. Short-term liquidity gaps may be funded through undrawn facilities and commercial paper bills.

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

		Group							
2025	Notes	**Carrying amount Rm**	**Contractual cash flows Rm**	**0 - 12 months Rm**	**1 - 2 years Rm**	**2 - 3 years Rm**	**3 - 4 years Rm**	**4 - 5 years Rm**	**>5 years Rm**
Non-derivative financial liabilities									
Interest-bearing debt	6.4	**11 617**	**15 031**	**3 045**	**2 974**	**3 569**	**795**	**1 371**	**3 277**
Lease liabilities	6.3.2	**6 920**	**7 540**	**1 965**	**1 738**	**1 444**	**1 183**	**604**	**606**
Trade and other payables	4.5	**9 944**	**9 944**	**9 944**	**—**	**—**	**—**	**—**	**—**
Shareholders for dividend	9.4	**19**	**19**	**19**	**—**	**—**	**—**	**—**	**—**
Asset finance payables	7.3	**360**	**443**	**190**	**138**	**82**	**30**	**3**	**—**
Contingent consideration	7.1.2	**36**	**41**	**11**	**30**	**—**	**—**	**—**	**—**
Supplier finance arrangements	7.3	**94**	**94**	**94**	**—**	**—**	**—**	**—**	**—**
Derivative financial liabilities					**—**			**—**	
Interest rate swaps	7.3	**9**	**9**	**9**	**—**	**—**	**—**	**—**	**—**
Firm commitments	7.3	**31**	**31**	**31**	**—**	**—**	**—**	**—**	**—**
Forward exchange contracts	7.3	**61**	**61**	**61**	**—**	**—**	**—**	**—**	**—**
		29 091	**33 213**	**15 369**	**4 880**	**5 095**	**2 008**	**1 978**	**3 883**

		Group							
2024	Notes	Carrying amount Rm	Contractual cash flows Rm	0 - 12 months Rm	1 - 2 years Rm	2 - 3 years[1] Rm	3 - 4 years[1] Rm	4 - 5 years[1] Rm	>5 years Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	14 217	18 161	3 795	3 334	2 892	3 228	1 035	3 877
Lease liabilities	6.3.2	6 461	8 995	2 965	1 716	1 463	1 153	878	820
Trade and other payables	4.5	8 996	8 996	8 996	—	—	—	—	—
Shareholders for dividend	9.4	24	24	24	—	—	—	—	—
Asset finance payables	7.3	323	357	150	109	98	—	—	—
Supplier finance arrangements	7.3	172	172	172	—	—	—	—	—
Derivative financial liabilities					—			—	
Firm commitments	7.3	55	55	55	—	—	—	—	—
Forward exchange contracts	7.3	21	21	21	—	—	—	—	—
		30 269	36 781	16 178	5 159	4 453	4 381	1 913	4 697

[1] *In the current year, the time band that was previously disclosed as 2 to 5 years has been disaggregated into three time bands, namely 2 to 3 years, 3 to 4 years and 4 to 5 years, to improve liquidity disclosure. The comparative has been re-presented for comparability purposes.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.5 Liquidity risk management continued

		Company							
		Carrying amount	Contractual cash flows	0 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	>5 years
2025	Notes	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	11 617	15 031	3 045	2 974	3 569	795	1 371	3 277
Lease liabilities	6.3.2	5 375	6 578	1 876	1 690	1 136	852	506	518
Trade and other payables	4.5	9 011	9 011	9 011	—	—	—	—	—
Shareholders for dividend	9.4	19	19	19	—	—	—	—	—
Derivative financial liabilities									
Interest rate swaps	7.3	9	9	9	—	—	—	—	—
Firm commitments	7.3	11	11	11	—	—	—	—	—
Forward exchange contracts	7.3	50	50	50	—	—	—	—	—
		26 092	30 709	14 021	4 664	4 705	1 647	1 877	3 795

		Company							
		Carrying amount	Contractual cash flows	0 - 12 months	1 - 2 years	2 - 3 years[1]	3 - 4 years[1]	4 - 5 years[1]	>5 years
2024	Notes	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	14 217	18 161	3 795	3 334	2 892	3 228	1 035	3 877
Lease liabilities	6.3.2	5 154	6 296	1 651	1 484	1 268	772	499	622
Trade and other payables	4.5	8 108	8 108	8 108	—	—	—	—	—
Shareholders for dividend	9.4	24	24	24	—	—	—	—	—
Derivative financial liabilities									
Firm commitments	7.3	33	33	33	—	—	—	—	—
Forward exchange contracts	7.3	16	16	16	—	—	—	—	—
		27 552	32 638	13 627	4 818	4 160	4 000	1 534	4 499

[1] *In the current year, the time band that was previously disclosed as 2 to 5 years has been disaggregated into three time bands, namely 2 to 3 years, 3 to 4 years and 4 to 5 years, to improve liquidity disclosure. The comparative has been re-presented for comparability purposes.*

Supplier finance arrangements (SFA)

Supplier finance arrangement with no extended payment terms

The supplier's participation in the arrangement is entirely at the supplier's discretion. The arrangement allows suppliers to trade invoice and receive funding earlier than the invoice due date. During the current reporting period, invoices amounting to R6 013 million were eligible for SFA and suppliers traded R3 714 million (31 March 2024: R3 674 million), which were paid by the funder to the suppliers. Of the traded invoices, the Group has settled R3 126 million (31 March 2024: R3 884 million) with the funders, while R1 076 million (31 March 2024: R488 million) being due after 31 March 2025. Refer to note 4.5 for details.

Supplier finance arrangement with extended payment terms
In this arrangement, BCX enters into an agreement with the financier and the financier pays the supplier based on the payment terms (30 days) and BCX repays the financier at a later date (90 days). These SFAs are subject to credit limits approved by the financier. Refer to note 7.3 for details.

During the current reporting period, the financier has paid the supplier invoices amounting to R514 million (31 March 2024: R688 million), representing the full amount subject to this type of SFA, of which BCX has settled R592 million (31 March 2024: R733 million) within the current financial period, with R94 million (31 March 2024: R172 million) being due after 31 March 2025.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk

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

Changes in the market prices have an impact on the values of the underlying derivatives, and an analysis has been prepared on the basis of changes in one variable and, with all other variables remaining constant.

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates with alternative risk-free rates to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated its intention to move away from the the Johannesburg Interbank Average Rate (JIBAR) and to create an alternative reference rate for South Africa. The SARB has indicated its initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. In November 2023, the SARB designated ZARONIA as the successor rate to replace JIBAR. The observation period for ZARONIA ended on 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward.

The SARB published an update on the JIBAR transition plan on 6 May 2024. The plan defines a transition path for the South African market defined along three key pillars. The transition plan maps out a clear and achievable strategy for creating robust demand for trading ZARONIA derivatives and ultimately catalysing the broader adoption of ZARONIA. Management continues to monitor the developments in this regard in order to determine the future impact on the Group.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from the repricing of the Group's forward cover and floating rate debt as well as incremental funding or new borrowings and refinancing of existing borrowings.

The Group's policy is to manage interest cost through the utilisation of a mix of fixed and floating rate debt. In order to manage this mix in a cost efficient manner and to hedge specific exposure in the interest rate repricing profile of the existing borrowings, the Group makes use of interest rate swaps. Fixed rate debt represents approximately 22% (2024: 32%) of the total debt. The debt has been maintained to limit the Group's exposure to interest rate increases. During the current year, management did not meet the target of fixed/floating debt because it was not an optimal time to take debt at a fixed interest rate, however, the interest rate risk was managed by obtaining more favourable and cost effective debt at a floating rate. This is part of the Treasury policy to manage interest rate risk.

The targeted fixed/floating debt ratio is 30:70, but it can be adjusted to market conditions. In a scenario of low interest rates, a higher ratio may be established.

The table below summarises the interest rate swaps outstanding as at the reporting date:

	Group		Company	
	Average maturity	Notional amount Rm	Average maturity	Notional amount Rm
2025				
Interest rate swaps outstanding				
Pay fixed and receive floating	**1.26 years**	**1 500**	**1.26 years**	**1 500**
2024				
Interest rate swaps outstanding				
Pay fixed and receive floating	1.38 years	2 777	1.38 years	2 777

The floating rate is based on the three-month JIBAR, and is settled quarterly in arrears. The interest rate swaps are used to manage interest rate risk on debt instruments. The South African financial market is transitioning from the JIBAR to the ZARONIA. The SARB is spearheading the transition from JIBAR to a new benchmark reference rate by 2026.

The Group is closely monitoring the SARB's transition guidelines and critical milestones leading to the formal cession of JIBAR, and is in the process of initiating a project team that will be responsible for determining the impact on all the affected contracts and assessing the system change requirements as the transition plan advances.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Foreign currency exchange rate risk management
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's foreign currency exposure arises in its procurement environment where opex and capex items are procured from international suppliers. The Group manages its foreign currency exchange rate risk by hedging all identifiable exposures via various financial instruments suitable to the Group's risk exposure.

The Group enters into forward exchange contracts to hedge foreign currency exposure of the Group's operations and liabilities.

Refer to note 7.3 for the balances recognised relating to hedging instruments and hedged items.

The following table details the forward exchange contracts outstanding at the reporting date:

	Group		Company	
Purchased	Foreign contract value m	Contract value Rm	Foreign contract value m	Contract value Rm
2025				
Currency				
United States dollar	**183**	**3 367**	**163**	**2 991**
Euro	**18**	**357**	**13**	**254**
British pound sterling[1]	**—**	**2**	**—**	**1**
Chinese yuan	**52**	**132**	**52**	**132**
Swiss franc[1]	**—**	**1**	**—**	**1**
		3 859		**3 379**
2024				
Currency				
United States dollar	129	2 451	111	2 098
Euro	8	167	6	133
British pound sterling[1]	1	13	—	1
Chinese yuan	45	117	45	117
		2 748		2 349

[1] *Foreign currency amount is less than one million and is disclosed as zero due to rounding to the nearest million.*

	Group		Company	
Sold	Foreign contract value m	Contract value Rm	Foreign contract value m	Contract value Rm
2025				
Currency				
United States dollar	**2**	**34**	**44**	**808**
Euro	**—**	**—**	**11**	**225**
Chinese yuan	**—**	**—**	**52**	**132**
		34		**1 165**
2024				
Currency				
United States dollar	2	34	34	645
Euro	—	—	6	131
Chinese yuan	—	—	43	114
		34		890

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Foreign currency exchange rate risk management continued

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

	Group				Company		
	Euro	United States dollar	Chinese yuan	British pound sterling	Euro	United States dollar	Chinese yuan
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
2025							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African rand	**(87)**	**(1 155)**	**(25)**	**(7)**	**(28)**	**(855)**	**—**
2024							
Net foreign currency monetary assets/(liabilities)							
Functional currency of company operation							
South African rand	(3)	(1 058)	(32)	(1)	(1)	(718)	(3)

Sensitivity analysis

Interest rate risk

An interest rate sensitivity analysis is based on an increase or decrease of 1% (100 basis points) in the South African market interest rates and the prevailing information as at the reporting date.

The analysis assumes that all other variables remain constant. The analysis and changes in interest rates are performed on the same basis as was used in prior years.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the profit/loss for the year ended 31 March 2025 would decrease/increase by R13 million (31 March 2024: decrease/increase by R54 million) for the Group and R27 million (31 March 2024: decrease/ increase by R40 million) for the Company.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Sensitivity analysis continued

Interest rate risk *continued*

The following table illustrates the sensitivity to a 100 basis points (1%) change in the interest rates on profit/loss before taxes, with all other variables held constant:

Classes of financial instruments per statement of financial position	Group movement + 1% Profit Rm	Group movement - 1% Profit Rm	Company movement + 1% Profit Rm	Company movement - 1% Profit Rm
2025				
Assets				
Other financial assets	2	(2)	2	(2)
Forward exchange contracts	2	(2)	2	(2)
Cash and cash equivalents	13	(13)	—	—
Finance lease receivables	4	(4)	—	—
Liabilities				
Other financial liabilities	(21)	21	(18)	18
Interest rate swaps	(15)	15	(15)	15
Forward exchange contracts	(3)	3	(3)	3
Asset finance payable	(3)	3	—	—
Interest-bearing debt	(11)	11	(11)	11
	(13)	13	(27)	27
2024				
Assets				
Other financial assets	48	(48)	31	(31)
Forward exchange contracts	3	(3)	2	(2)
Interest rate swaps	10	(10)	—	—
Cash and cash equivalents	29	(29)	29	(29)
Finance lease receivables	6	(6)	—	—
Liabilities				
Other financial liabilities	(3)	3	—	—
Asset finance payable	(3)	3	—	—
Interest-bearing debt	9	(9)	9	(9)
	54	(54)	40	(40)

Foreign exchange currency risk

The foreign currency sensitivity analysis is based on a 10% strengthening or weakening of the rand against all currencies from the rates applicable and prevailing information as at the reporting date.

If foreign exchange rates had been 10% higher/lower and all other variables were held constant, the Group and Company's profit/loss for the year ended 31 March 2025 would increase/(decrease) by R49 million for Group (31 March 2024: increase/(decrease) by R78 million) and R49 million for Company (31 March 2024: increase/(decrease) by R78 million).

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Sensitivity analysis continued

Foreign exchange currency risk *continued*

The following table illustrates the sensitivity to a 10% change in the exchange rates before taxes, with all other variables held constant:

	Group		Company	
	+ 10% movement	- 10% movement	+ 10% movement	- 10% movement
	(Depreciation)	(Appreciation)	(Depreciation)	(Appreciation)
Classes of financial instruments per statement of financial position	Rm	Rm	Rm	Rm
2025				
Assets				
Other financial assets	**331**	**(331)**	**331**	**(331)**
Firm commitments	**229**	**(229)**	**229**	**(229)**
Forward exchange contracts	**102**	**(102)**	**102**	**(102)**
Liabilities				
Other financial liabilities	**(380)**	**380**	**(380)**	**380**
Firm commitments	**(98)**	**98**	**(98)**	**98**
Forward exchange contracts	**(282)**	**282**	**(282)**	**282**
	(49)	**49**	**(49)**	**49**
2024				
Assets				
Other financial assets	214	(214)	214	(214)
Forward exchange contracts	214	(214)	214	(214)
Liabilities				
Other financial liabilities	(136)	136	(136)	136
Firm commitments	(66)	66	(66)	66
Forward exchange contracts	(70)	70	(70)	70
	78	(78)	78	(78)

7.1.7 Equity price risk

The Group's investments are susceptible to market price risk arising from uncertainties about the future values of the investment securities. Changes in the fair value of equity securities held by the Group will fluctuate because of changes in market prices caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded on the market. The Group is not exposed to commodity price risk. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board reviews and approves all equity investment decisions above R100 million.

At the reporting date, the total amount for local equity investments was R105 million (31 March 2024: R102 million). A 10% increase (31 March 2024: 10% increase) in the local equity portfolios at the reporting date would have increased profit or loss by R10 million (31 March 2024: R10 million) before tax. An equal and opposite change would have decreased profit or loss. A 10% fluctuation represents management's assessment of the reasonably possible changes in equity prices.

There will be no other impact on equity, as the equity securities are classified as at FVTPL. The analysis assumes that all other variables remain constant and is performed on the same basis as in the prior year.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.8 Capital management

The Group's policy is to manage the capital structure to ensure maximisation of shareholders' return, growth and ability to meet its obligations. Capital comprises equity and net debt, which is monitored using, inter alia, a net debt to EBITDA ratio.

Net debt is defined as interest-bearing debt and credit facilities utilised, less restricted cash and cash and cash equivalents. EBITDA is defined as earnings before investment income and finance cost (which includes gains and losses on foreign exchange transactions), tax, depreciation, amortisation and write-offs, impairments and losses of property, plant and equipment and intangible assets, and is also presented inclusive of interest revenue and interest on overdue accounts.

The net debt (excluding lease liabilities) to EBITDA at reporting date was as follows:

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Non-current portion of interest-bearing debt	**9 368**	11 535	**9 368**	11 535
Current portion of interest-bearing debt	**2 249**	2 682	**2 249**	2 682
Less: Cash and cash equivalents	**(11 054)**	(3 747)	**(8 989)**	(1 863)
Less: Restricted cash	**(23)**	(17)	**—**	—
Net debt	**540**	10 453	**2 628**	12 354
EBITDA	**11 014**	9 428	**10 433**	4 385

7.2 Investments

7.2.1 Investment in subsidiaries

	Company	
	31 March 2025 Rm	31 March 2024 Rm
Investment in subsidiaries	**13 477**	13 480
Openserve (Pty) Ltd	**6 685**	6 676
100% shareholding at cost	**11 296**	11 296
Accumulated impairment	**(4 655)**	(4 655)
Share-based compensation reserve (refer to note 9.2)	**44**	35
Trudon (Pty) Ltd	**17**	17
100% shareholding at cost	**326**	326
Impairment	**—**	(12)
Accumulated impairment	**(56)**	(44)
Return on investment[1]	**(253)**	(253)
Business Connexion Group Ltd (BCX)		
100% shareholding at cost	**6 579**	6 579
Gyro Properties (Pty) Ltd		
100% shareholding at cost (R100)	**129**	129
Gyro Group (Pty) Ltd		
100% shareholding at cost (R100)	**5**	5
Investment in the FutureMakers Fund	**62**	74
Shareholding at cost	**100**	100
Disinvestment	**(12)**	—
Impairment	**—**	(16)
Accumulated impairment	**(26)**	(10)

[1] *Return on investment is due to the operations of Trudon being integrated with Telkom in the 2023 financial year.*

Impairment considerations

The Company holds a 100% interest in BCX, Openserve and Trudon and accounts for these investments as subsidiaries in terms of IAS 27 (Separate Financial Statements). Under IAS 36 (Impairment of Assets), the Group is required to test investments in subsidiaries carried at cost for impairment if there is an indicator of impairment. In the current year, management identified impairment indicators in the Openserve and BCX investments but no impairment loss was recognised. Refer to note 5.3 for the impairment indicators.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.2 Loans to subsidiaries

	Company Carrying value 31 March 2025 Rm	31 March 2024 Rm
Loans to subsidiaries	**8 712**	9 018
Loan to Swiftnet	**—**	356
Non-current portion of Swiftnet loan	**—**	225
Current portion of Swiftnet loan	**—**	131
Loans to Openserve	**8 712**	8 662
Loans granted to Openserve	**8 743**	8 719
Non-current portion of loans granted to Openserve	**8 363**	8 717
Current portion of loans granted to Openserve	**380**	2
Accumulated impairment loss on loans to Openserve	**(31)**	(57)

Loan to Swiftnet
The Telkom Board approved a R500 million loan from Telkom to Swiftnet on 31 March 2022. The loan was provided to Swiftnet to finance capital expenditure requirements and/or discharge indebtedness incurred for the purposes of financing such capital expenditure requirements. The loan is payable in 5.5 years and accrues interest at a rate of three-month JIBAR plus a margin of 1.65%. The payments against the loan are on a voluntary basis by the borrower. The loan to Swiftnet was settled effective 31 January 2025 as part of the disposal of Swiftnet. Refer to note 12.2 for details.

Loans to Openserve
As part of the Openserve carve-out transaction, Telkom and Openserve have agreed to fund Openserve's capital structure through two intercompany loans, granted in July 2022.

The first loan is a R4.2 billion loan which is payable over 5 years and 6 months and accrues interest at a rate of three-month JIBAR plus a margin of 1.65%. Quarterly interest payments will be made against the loan. The capital is repayable in five instalments, with the next instalment of R380 million due on 31 March 2026.

The second loan of R4.8 billion is payable over 10 years and accrues interest at a rate of three-month JIBAR plus a margin of 1.85%. Capital will be paid as a bullet repayment at the end of the loan period.

Loans to subsidiaries key assumptions
All the loans made by Telkom to its subsidiaries are accounted for at amortised cost. Loans to subsidiaries are considered to have low credit risk as the subsidiaries are performing well and there has been no deterioration of credit risk since the loans were originated. Therefore, the loss allowance recognised during the period was limited to the 12-month expected credit loss.

Telkom used the general approach methodology to calculate the expected loss of 0.88% (31 March 2024: 1.62%) and 40% loss given default on the Openserve loans. The expected loss percentage is calculated using Telkom rating agency credit risk rate percentage as a base, adjusted by the borrowing subsidiary specific credit risk using the credit rating agency's notching analysis model. During the current financial year, an expected credit loss reversal of R25 million (31 March 2024: Rnil) was accounted for on the loans to Openserve.

BCX loan
In March 2024, Telkom and its wholly owned subsidiary, BCX, entered a term loan and Revolving Credit Facility agreement, in terms of which Telkom commits to set aside R1 billion for BCX. The committed funds can be drawn by BCX over 3 years and 6 months, commencing from the date when Telkom notifies BCX that the conditions precedent are met. Any amount drawn will incur interest at JIBAR plus an additional margin of 1.65%. On 31 March 2025, BCX had not drawn on either facility.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments

Significant accounting judgements, estimates and assumptions

Determination of an onerous contract
A contract is onerous at initial recognition where the expected fulfilment cash flows, any previously recognised acquisition cash flows and any cash flows arising from the contract, at the date of initial recognition, in total, are a net outflow. The Group uses estimates to determine future expected cash flows. The estimation considers available historical information about claims and statistical data relating to events that affect the loss ratio such as crime rate, mortality rate, etc. The insurance contracts were determined to be non-onerous on initial recognition.

Summary of material accounting policies

FutureMakers Fund
This fund is an enterprise and supplier development (ESD) programme. In partnership with Identity FutureFund (Pty) Ltd, the fund was created in terms of the Department of Trade and Industry's Code of Good Practice on Black Economic Empowerment 2007, as amended, and specifically in terms of the information and technology charter.

The Company accounts for this at cost as an investment in a subsidiary. The Group consolidates the fund and holds the investments within the fund at fair value. The underlying investments in the fund have been designated as at fair value through profit or loss as this more appropriately reflects the basis on which management measures and monitors the performance of the investment. No change was made to this designation following the adoption of IFRS 9. In 2018, the partnership agreement was amended to also include BCX. BCX invested an amount of R100 million, which is reflected as a financial asset in the BCX stand-alone annual financial statements and included in cash and cash equivalents in the Group annual financial statements.

Investment in associate
The Number Portability Company (Pty) Ltd was incorporated in response to Regulations of 2005 that required a national centralised database of ported numbers for mobile numbers. The investment has been classified as an associate in line with the requirements of the revised IAS 28 (Investments in Associates and Joint Ventures). The year-end of the associate, 31 December, is different to that of the Company and the impact is not material.

Investment in insurance first-party cell captive
Telkom has entered into a first-party cell captive arrangement with Guardrisk. The first-party cell is to insure the life of Telkom's employees and their related parties. Telkom will pay insurance premiums to Guardrisk periodically. In the event that a life is lost, the claims will be paid from the cell captive.

The first-party cell is not subject to IFRS 17 as it is not an insurance contract as defined in IFRS 17. The Telkom share subscription is accounted for as an IFRS 9 financial asset at fair value through profit or loss.

Investment in insurance third-party cell captive
Telkom is a cell captive owner for two third-party cell captive arrangements with Mutual and Federal Risk Financing Limited (MFRF) and Guardrisk. Both MFRF and Guardrisk are licensed insurance companies. MFRF underwrites the Telkom device insurance and Guardrisk underwrites the Telkom life insurance.

The device insurance allows Telkom's customers to insure their devices against theft, accidental loss, and accidental physical damage. The life insurance allows customers to insure lives with the main product being the death benefit cover.

Both third-party cells are ring-fenced insurance businesses and Telkom's participation is restricted to the results of the insurance businesses.

Based on the nature of the shareholder and subscription and intermediary contracts between Telkom and MFRF and Guardrisk, Telkom compensates the underwriters for claims arising from the contracts issued to the public when the premiums cannot cover those claims. The contract between Telkom and the underwriters is classified as reinsurance contracts issued.

In the Group, the cell captive arrangements effectively represent investments in a separate class of shares in the cell captive insurer (Guardrisk and MFRF). The Group concluded that its cell captive arrangement does not satisfy the criteria to be a deemed separate entity and, accordingly, is not subject to consolidation.

Telkom will derecognise the cell captive asset from its statement of financial position in the event that the contract is cancelled, expired or upon liquidation of the insurer.

Classification
Insurance contracts are contracts under which the Group accepts significant insurance risk from its cell captive underwriters (MFRF and Guardrisk) by agreeing to compensate the underwriters if a specified uncertain future event covered by the insurance adversely affects the third-party policyholders. The contracts issued by the underwriters to the policyholders meet this definition.

Contract boundary period
The measurement of the insurance contracts only considers cash flows within the boundary. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel t he policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services.

Measurement
The Group applies the premium allocation approach (PAA) on the device and life insurance contracts as they have a coverage period of one year or less. Both the device insurance and life insurance do not meet the definition of insurance contracts with direct participating rights.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

Investment in insurance third-party cell captive continued

Measurement continued
The Group manages insurance contracts by product lines, i.e. device insurance and life insurance, within the Consumer operating segment. Insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further assessed and grouped into three cohorts, namely:

- Contracts that are onerous at initial recognition;
- Contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- Remaining group contracts.

All the insurance contracts were determined to be non-onerous on initial recognition.

Insurance liability measurement
The insurance cell recognises the insurance contracts with the policyholders at the earlier of the beginning of the coverage period, date when the first payment from a policyholder is due or when the first payment is received, if there is no due date, and when the insurance cell becomes onerous in relation to onerous insurance contracts.

Liability of remaining coverage
Using the PAA measurement, the liability for remaining coverage is measured as:

- Insurance premiums received at initial recognition;
- Less insurance acquisition cash flows incurred at initial recognition.

Subsequently:

- Opening liability of remaining coverage as per the previous reporting period;
- Add insurance revenue received;
- Less insurance revenue recognised;
- Less acquisition costs paid;
- Add acquisition cash flows incurred in the period; and
- Add interest attributed to the profit share account/investment income over a period.

Insurance acquisition cash flows incurred
Insurance acquisition cash flows incurred consist of cash flows that arise from costs of selling, underwriting, insurance acquisition and other insurance business operating expenses.

Liability for Incurred Claims (LIC)
LIC consists of claims incurred but not yet honoured and paid. The Group does not adjust for the time value of money as the time between providing the insurance service and the related claim date are not more than a year. The fulfilment cash flows are determined on an unbiased basis and reflect the Group's estimate of the claims liability. The estimate considers all information available without undue costs relating to the cash flows arising from substantive rights and obligations that exist during the reporting period.

Acquisition costs
The Group accounting policy choice is to expense insurance acquisition cash flows as and when they are incurred, as the insurance coverage period is 12 months or less.

Insurance risk
Insurance risk is the risk that the premiums received to cover the insured events are not sufficient to cover the claims liability.

Telkom is exposed to the risk that should there be insufficient capital available to honour the claims made by the policyholders in the cell captive arrangement, it has to recapitalise the cell captive. Therefore, Telkom has accepted significant insurance risk from the underwriters in a controlled manner by investing in the businesses that are liable to compensate the third party in the event that a specified risk occurs.

Insurance contract risk is unpredictable by nature. To determine the insurance premiums, the underwriters use available historical claims information and actuarial science techniques.

The underwriter's risk is that the actual insurance claims liability exceeds the premiums collected from the policyholders.

The number of claims at any given boundary period cannot be predicted with certainty and is affected by the following unforeseen events that may lead to insufficient capital being available to honour the customer claims:

- Loss rate risk: Risk that the actual experienced loss/claims are higher than that assumed and cannot be covered by collected insurance premiums. For device insurance, this relates to claims due to loss of devices or accidental physical damage or theft. For life insurance, this relates to loss of insured life/assumed mortality rate.
- Business volume risk: Risk that the insurance business may not attract and sell sufficient volumes to cover the fixed costs of running the business.
- Lapse risk: Risk that customers will terminate their contracts prior to contractual maturity.
- Crime rate: Risk that the level of crime gets out of control, resulting in frequent high number of claims due to death, for life insurance, and theft, for device insurance.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

Investment in insurance third-party cell captive continued

***Insurance risk** continued*

As the cell owner of both cell captives, Telkom is obliged to ensure that the cell always maintains financially sound requirements (solvency and liquidity). Where the cell's solvency and liquidity requirements are adversely affected, Telkom is required to inject capital into the cell. The insurance business risk exposure is currently within the Group's risk appetite on both cell captives. Therefore, Telkom has opted not to reinsure its insurance risk on both cell captives.

Telkom develops an annual business plan and its performance is reviewed monthly, including the assessment of annual financial statements of the respective cell to monitor the financial performance and position. The claims ratio is closely monitored to ensure that they have considered all the possible risks, and mitigation actions are implemented.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Non-current other investments				
Unlisted investment	**106**	106	**—**	—
FutureMakers Fund	**96**	96	**—**	—
Investment	**96**	96	**—**	—
Investment in associates	**10**	10	**—**	—
Current other investments	**251**	141	**251**	141
Insurance contract assets	**251**	141	**251**	141

7.2.3.1 Reconciliation of insurance contract assets

	Group and Company			
	31 March 2025		31 March 2024	
Device insurance	**Liability of Remaining Coverage (LRC) - Excluding Loss Component Rm**	**Liability of Incurred Claim (LIC) Rm**	Liability of Remaining Coverage (LRC) - Excluding Loss Component Rm	Liability of Incurred Claim (LIC) Rm
Insurance contract assets/(liability) balance as at 1 April	**497**	**(362)**	255	(199)
Insurance revenue	**284**	**—**	273	—
Insurance service expenses	**(9)**	**(137)**	(16)	(163)
Incurred claims and directly attributable costs	**—**	**(75)**	—	(130)
Insurance acquisition cash flows	**(9)**	**—**	(16)	—
Insurance operating costs	**—**	**(32)**	—	(33)
Preference dividends paid	**—**	**(30)**	—	—
Insurance service result	**275**	**(137)**	257	(163)
Insurance finance income	**19**	**—**	15	—
Taxation	**(51)**	**—**	(30)	—
Total recognised in the statement of profit or loss and other comprehensive income	**243**	**(137)**	242	(163)
Cash flows				
Premiums received	**(284)**	**—**	(273)	—
Premiums recognised	**284**	**—**	273	—
Incurred claims and directly attributable costs recognised	**—**	**137**	—	163
Incurred claims and directly attributable costs paid	**—**	**(137)**	—	(163)
Insurance acquisition cash flows recognised	**9**	**—**	16	—
Insurance acquisition cash flows paid	**(9)**	**—**	(16)	—
Total cash flows	**—**	**—**	—	—
Insurance contract assets/(liability) balance as at 31 March	**740**	**(499)**	497	(362)

There was no loss component in FY2024 and FY2025.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

7.2.3.1 Reconciliation of insurance contract assets continued

	Group and Company			
	31 March 2025		31 March 2024	
Life insurance	Liability of Remaining Coverage (LRC) - Excluding Loss Component Rm	Liability of Incurred Claim (LIC) Rm	Liability of Remaining Coverage (LRC) - Excluding Loss Component Rm	Liability of Incurred Claim (LIC) Rm
Insurance contract assets/(liability) balance as at 1 April	**17**	**(11)**	9	(5)
Insurance revenue	**8**	**—**	8	—
Insurance service expenses	**—**	**(4)**	—	(6)
Incurred claims and related costs	**—**	**(4)**	—	(5)
Insurance operating costs	**—**	**—**	—	(1)
Insurance service result	**8**	**(4)**	8	(6)
Insurance finance income	**1**	**—**	1	—
Taxation	**(1)**	**—**	(1)	—
Total recognised in the statement of profit or loss and other comprehensive income	**8**	**(4)**	8	(6)
Cash flows				
Premiums received	**(8)**	**—**	(8)	—
Premiums recognised	**8**	**—**	8	—
Incurred claims and directly attributable costs recognised	**—**	**5**	—	6
Incurred claims and directly attributable costs paid	**—**	**(5)**	—	(6)
Insurance contract assets/(liability) balance as at 31 March	**25**	**(15)**	17	(11)

There was no loss component in FY2024 and FY2025.

For both cell captives the adjustment for non-financial risk is considered to be immaterial.

7.3 Other financial assets and liabilities

Significant accounting judgements, estimates and assumptions

Cash flow treatment of asset finance transactions
The cash flows from BCX asset finance transactions are accounted for in operating activities within the statement of cash flows. Significant judgement was involved in concluding the above, which included the following considerations:

- BCX has a principal revenue-producing activity of providing financing to customers. The provision of financing to customers provides an advantage in the overall customer value proposition from which further opportunities for revenue generation arise. Financing to customers is managed on a back-to back basis with the financier, with full disclosure in the customer contracting of the identity of the financier on deals. Financing is managed at a customer level, which is also the level at which performance within the business unit can be assessed.
- Margins on deals are actively managed with a track record of gross profit and EBITDA margins enabled through profitable margins between the lending rate to the customer and the rate from the financier (over and above the typical equipment outright sale deals). Where BCX assumes the credit risk on deals (deals with recourse), the credit risk is managed in line with the Company's credit risk policies and practices.

Summary of material accounting policies

Investment in equity fund

In 2016, the private sector formed the SA SME Fund, the purpose of which is to stimulate investments in high-potential small and medium enterprises (SMEs). This partnership of the fund and the accredited companies will also build a high-quality mentorship cohort to support said enterprises and entrepreneurs. Pursuant to the aforesaid initiative, various leading private sector entities committed to provide equity funding to the fund.

In the 2022 financial year, Telkom entered into an agreement with this fund in terms of which Telkom will provide equity funding through share subscriptions at a value of R10 million. Telkom does not have control over the fund as it only holds 0.72% interest in the fund. The investment is classified at fair value through profit or loss. The fair value of the investment is equivalent to its cost price.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.3 Other financial assets and liabilities continued

Asset finance payables

The Group leases equipment to certain customers. These leases are accounted for as either operating leases or finance leases. In certain cases, BCX finances the purchase of the underlying equipment through securitisation of the underlying rental schedules. Where the derecognition criteria for the sale of the lease receivable to the financial institution in terms of IFRS 9 has been met, the lease receivable is derecognised. If the derecognition criteria are not met and the Group does not transfer all risks and rewards (i.e. credit risk), the lease receivable is not derecognised. The Group accounts for the liability related to the inflow from the financial institutions for the financing of these leases as asset finance payables.

BCX supplier finance arrangements with extended payment terms

BCX participates in SFAs with extended payment terms and the trade payables subject to this arrangement is classified as other financial liabilities. The assessment of SFAs, and whether they result in changes to the trade payable classification to interest-bearing debt, takes into consideration numerous factors, which include the impact of the arrangement on the supplier's payment term, nature of relationships between the Group and the funders, changes in cash flows, whether there are any guarantees provided by the Group to the funders, as well as whether the supplier has discharged the Group from its obligation.

Considering the above assessment at reporting date, the Group had invoices subject to the SFAs that met the requirements to be reclassified as other financial liabilities.

R94 million (31 March 2024: R172 million) of the total other financial liabilities is subject to supplier financing with extended payment terms. Refer to note 7.1.5 for liquidity risk disclosure.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Other financial assets				
Non-current other financial assets	**94**	173	**94**	89
Other financial assets at amortised cost	**77**	156	**77**	72
Asset finance receivables	**—**	73	**—**	—
SMME loans	**77**	72	**77**	72
Long-term loans and advances	**—**	11	**—**	—
Other financial assets at fair value through profit or loss	**17**	17	**17**	17
Investment in equity fund	**10**	10	**10**	10
Investment in first-party cell captive	**7**	7	**7**	7
Current other financial assets	**63**	63	**46**	48
Other financial assets at amortised cost				
Short term loans and advances	**—**	12	**—**	—
Other financial assets at fair value through profit or loss				
Derivative instruments used for hedging	**63**	51	**46**	48
Forward exchange contracts	**35**	35	**22**	33
Firm commitments	**28**	1	**24**	—
Interest rate swaps	**—**	15	**—**	15
Other financial liabilities				
Non-current other financial liabilities	**(205)**	(202)	**—**	—
Other financial liabilities at amortised cost				
Asset finance payables	**(205)**	(202)	**—**	—
Current other financial liabilities	**(350)**	(369)	**(70)**	(49)
Other financial liabilities at amortised cost	**(249)**	(293)	**—**	—
Asset finance payables	**(155)**	(121)	**—**	—
Supplier finance arrangement	**(94)**	(172)	**—**	—
Other financial liabilities at fair value through profit or loss	**(101)**	(76)	**(70)**	(49)
Derivative instruments used for hedging	**(101)**	(76)	**(70)**	(49)
Forward exchange contracts	**(61)**	(21)	**(50)**	(16)
Firm commitments	**(31)**	(55)	**(11)**	(33)
Interest rate swaps	**(9)**	—	**(9)**	—

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.3 Other financial assets and liabilities continued

SMME loans

The Group grants interest-free loans for Broad-Based Black Economic Empowerment (B-BBEE) scorecard purposes. Based on the Group's business model of managing the interest-free loans for SMMEs, subsequently interest-free loans are measured at amortised cost as they are held with the objective to collect contractual cash flows that are solely payments of the principal amount outstanding and/or interest on the outstanding amount.

As required by IFRS 9, interest-free loans are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue. The SMME loans are not granted at fair value as they are interest-free.

On initial recognition, the difference between the fair value and the transaction price (loan amount) is recognised as a loss in the statement of profit or loss and other comprehensive income. Although the loans are granted for B-BBEE purposes, due to points being earned through financing the SMMEs, the loss is recognised as a finance cost.

In the 2023 financial year, Absa Group Ltd, on behalf of Telkom, entered into loan agreements with seven SMMEs/borrowers. Telkom has appointed Absa Group Ltd to act as its agent for the purposes of managing and administering the ESD funding loans.

The loan amounts for the seven borrowers range from a minimum of R2.5 million to a maximum of R10 million. The loans are all at a zero-interest rate and have different instalments and period terms.

Aligned with IFRS 9 principles, Telkom uses the general approach in calculating expected credit losses on loans. The SMMEs' credit risk scores are not publicly available and there is currently no history available in which the credit risk can be assessed. Based on the nature and size of the SMMEs, their credit risk is regarded as significant, thus a lifetime expected credit loss will be calculated. In the current financial year, an expected credit loss of Rnil (31 March 2024: R6 million) was recognised on the loans.

Derivatives

Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or economic hedges that do not meet the hedge accounting requirements. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives that do not meet the hedge accounting requirements

The Group uses forward exchange contracts and interest rate swaps to economically hedge its foreign exchange and interest rate exposures. This relates to the "Other" category of forward exchange contracts as referred to in note 7.1.6. These derivative instruments are measured at fair value through profit or loss.

Derivatives that meet the hedge accounting requirements

The Group uses forward exchange contracts to hedge its exposure to changes attributable to movements in the spot exchange rate of its firm commitments. These derivatives are designated as fair value hedges.

Fair value hedge

The foreign forward exchange contracts, designated as fair value hedges, are being used to hedge the exposure to changes attributable to movement in the spot exchange rate of firm commitments.

The Group implements fair value hedge accounting where the hedging relationship meets the requirements of IAS 39.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period-end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two.

The critical terms of the hedging instrument entered into exactly match the terms of the hedged item. As such, the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative, where appropriate.

Notes to the annual financial statements continued

for the year ended 31 March 2025

7. Financial risk continued

7.3 Other financial assets and liabilities continued

Derivatives that meet the hedge accounting requirements:

	Group				
	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge effectiveness
		Assets	Liabilities		
	Rm	Rm	Rm		Rm
2025					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	**3 859**	**35**	**(61)**	**Other financial assets and other financial liabilities**	**164**
2024					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	2 748	35	(21)	Other financial assets and other financial liabilities	121

	Company				
	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge effectiveness
		Assets	Liabilities		
	Rm	Rm	Rm		Rm
2025					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	**3 379**	**22**	**(50)**	**Other financial assets and other financial liabilities**	**119**
2024					
Foreign exchange risk fair value hedging relationship					
Forward exchange contracts	2 349	33	(16)	Other financial assets and other financial liabilities	121

A decrease in the fair value of the forward exchange contracts designated as fair value hedges, amounting to R164 million (31 March 2024: R121 million) has been recognised in finance charges and fair value movements and offset with a similar gain on the hedged items (property, plant and equipment and inventory). The ineffective portion recognised in the current financial year was immaterial.

Notes to the annual financial statements continued

for the year ended 31 March 2025

8. Taxation

8.1 Income tax expense

Significant accounting judgements, estimates and assumptions

Management determines the income tax charge in accordance with the applicable tax laws and rules which are subject to interpretation. The calculation of the Group's total tax charge involves judgements and estimations in respect of certain items whose tax treatment cannot be finalised until resolution has been reached with the involved parties. The resolution of some items may give rise to material profits, losses and/or cash flows. Where the effect of tax is not certain, management makes taxation liability estimates based on the available information, using either the most likely outcome approach or the expected value approach. Tax assets are only recognised when amounts receivable are virtually certain. The resolution of taxation issues is not always within the control of the Group and, as a result, there can be substantial differences between the taxation charge in the statement of profit or loss and other comprehensive income and the current tax payments.

Summary of material accounting policies

Current tax is calculated as amounts that are expected to be paid (or recovered), using the tax rates and laws that have been enacted or substantively enacted by the reporting period date. Deferred tax is calculated on all taxable temporary differences that exist at the reporting date, except those that are exempted based on IAS 12.

Telkom periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. The Group establishes provisions where the position is considered more likely than not to occur. The provision is recognised and measured based on the single most likely outcome approach.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Taxation[1]	**(858)**	(655)	**(442)**	(59)
Discontinued operation	**(199)**	(158)	**—**	—
Continuing operations	**(659)**	(497)	**(442)**	(59)
South African normal company taxation	**(282)**	(258)	**(86)**	(30)
Current taxation	**(280)**	(258)	**(86)**	(30)
Underprovision for prior year	**(2)**	—	**—**	—
Deferred taxation (refer to note 8.2)	**(376)**	(239)	**(357)**	(29)
Capital allowances	**(892)**	(1 115)	**(419)**	(362)
Provisions and other allowances	**674**	412	**350**	(131)
Tax losses	**(236)**	458	**(344)**	471
Acquisition of BCX[2]	**9**	9	**—**	—
Overprovision/(underprovision) for prior year[3]	**69**	(3)	**56**	(7)
Reconciliation of taxation rate	%	%	%	%
South African normal rate of taxation	**27.0**	27.0	**27.0**	27.0
Decreased by the following adjustments:	**(7.9)**	(1.5)	**(21.2)**	(25.4)
Non-taxable income	**(7.4)**	(3.1)	**(23.2)**	(25.0)
Dividends received[4]	**(0.2)**	—	**(4.5)**	(24.5)
Profit on sale of assets and investments[5]	**(5.8)**	—	**(18.0)**	(0.3)
Cell captive fair value adjustments	**—**	—	**(0.7)**	(0.2)
Other exempt income	**(1.4)**	(3.1)	**—**	—
Non-deductible expenditure	**2.6**	2.0	**0.2**	(0.4)
Capital expenditure	**2.0**	3.4	**0.4**	0.2
IFRS 2 share-based payment adjustments	**(1.0)**	(2.0)	**(0.5)**	(1.2)
Interest and penalties	**0.3**	0.1	**—**	—
Other disallowed expenditure	**1.3**	0.5	**0.3**	0.6
Prior year adjustments	**(1.9)**	(0.4)	**(0.9)**	—
Prior year overprovision/(underprovision) tax expense[3]	**(1.9)**	(0.4)	**(0.9)**	—
Other taxes	**(1.2)**	—	**2.7**	—
Discontinued operation effect	**(9.9)**	—	**—**	—
Capital gains tax	**8.7**	—	**2.7**	—
Effective rate[6]	**19.1**	25.5	**5.8**	1.6

[1] *The Group tax expense increased by R203 million to R858 million in the current year primarily due to the increase in the Group's taxable profits.*
[2] *This relates to non-deductible write-offs in respect of the previous acquisition of BCX.*
[3] *The movement in the overprovision/underprovision is mainly due to adjustments that related to capital allowances on fixed assets that were recognised in prior years and reversed in the current year as they did not have any impact going forward.*
[4] *The movement in dividends received for Group is mainly due to dividends received from the insurance cell captive. The Company received less dividends from subsidiaries in the current financial year.*
[5] *The movement in the Group tax rate relating to profit on sale of assets is mainly due to the increase in profits related to property disposals that took place in FY2025. The increase in Company is mainly due to the sale of Swiftnet which is subject to a capital gain inclusion of 80% compared to the full accounting profit that is non-taxable.*
[6] *The decrease of 6.4% in the effective tax rate for Group is primarily attributable to property disposals that are subject to a capital gain inclusion of 80% compared to the full accounting profit that is non-taxable. The increase in the effective tax rate for Telkom Company is mainly due to the lower amount of dividends received in FY2025.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

8 Taxation continued

8.2 Deferred taxation

Significant accounting judgements, estimates and assumptions

Deferred taxation asset
Management's judgement is exercised when determining the probability of future taxable profits, which will determine whether deferred taxation assets should be recognised or derecognised. The realisation of deferred taxation assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the length and nature of the taxation asset. When deciding whether to recognise unutilised deferred taxation credits as deferred tax assets, management needs to determine the extent that the future obligations are likely to be available for set-off against the deferred taxation asset. In the event that the assessment of the future obligation and future utilisation changes, the change in the recognised deferred taxation asset is recognised in profit or loss. The carrying amount of the deferred tax asset is reviewed at each reporting date and adjusted to reflect changes in the probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Source of estimation uncertainty
Deferred tax assets are recognised for unused tax losses, unused tax credit and deductible temporary differences (as applicable) to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be used. The Group is required to make significant estimates in assessing whether future taxable profits will be available.

Future taxable profits are determined based on business plans for individual entities in the Group and the probable reversal of taxable temporary differences in future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. In the current year, the Group recognised deferred tax assets amounting to R3 736 million (31 March 2024: R4 160 million).

Based on the five-year business plan, it is envisaged that Telkom will have future taxable profits available against which the deferred tax asset can be used.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Deferred taxation[1]	**3 637**	3 873	**1 029**	1 386
Opening balance	**3 873**	4 064	**1 386**	1 415
Profit and loss and opening balance movements	**(385)**	(248)	**(357)**	(29)
Capital allowances[2]	**(891)**	(1 115)	**(420)**	(362)
Provisions and other allowances[3]	**673**	412	**351**	(131)
Tax losses	**(236)**	458	**(344)**	471
Overprovision/(underprovision) prior year	**69**	(3)	**56**	(7)
Common control transactions/business combinations	**9**	8	**—**	—
Sale of Swiftnet	**143**	48	**—**	—
Other comprehensive income deferred tax impact	**(3)**	1	**—**	1
The balance comprises:	**3 637**	3 873	**1 029**	1 386
Capital allowances[2]	**(2 305)**	(1 669)	**(2 966)**	(2 604)
Provisions and other allowances[3]	**4 745**	4 053	**3 151**	2 736
Business combination	**(23)**	(31)	**—**	—
Tax losses	**1 675**	1 977	**1 302**	1 712
Other comprehensive income tax impact	**(455)**	(457)	**(458)**	(458)
Deferred taxation balance is made up as follows:[1]	**3 637**	3 873	**1 029**	1 386
Deferred taxation assets[1]	**3 736**	4 160	**1 029**	1 386
Deferred taxation liabilities	**(99)**	(287)	**—**	—

[1] *The Group considered the following factors in assessing whether it is probable that the Group will have future taxable profits against which the deferred tax asset (DTA) can be utilised:*

- *It is expected that the circumstances resulting in the Group's tax losses will not continue and that no additional tax losses will arise within the foreseeable future.*
- *The DTA that arose as a result of the impairment of property, plant and equipment and intangible assets during the 2023 financial year will continue to be utilised within approximately six years through the use of the assets. The commencement of the utilisation in the prior year is evident in the reduction of the DTA attributable to the movement in capital allowances as well as the utilisation of the assessed loss due to the sale of Swiftnet.*

[2] *The increase in capital allowances is mainly due to the increase in the carrying amount of property, plant and equipment as a result of higher additions in the current year.*

[3] *The increase in provisions and other allowances is mainly driven by the higher bonus provision in the 2025 financial year.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

8. Taxation continued

8.3 Taxation paid

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Taxation paid[1]	**(396)**	(422)	**(66)**	—
Net tax receivable at the beginning of the year	**117**	77	**—**	—
Current taxation	**(610)**	(443)	**(86)**	(31)
Interest, withholding taxes and other	**20**	—	**—**	—
Cell captive tax	**—**	31	**—**	31
Discontinued operation	**75**	30	**—**	—
Net tax payable/(receivable) at the end of the year	**2**	(117)	**20**	—

[1] *Taxation paid for Telkom Company in the current year is due to the payment of the capital gains tax due to the sale of Swiftnet.*

9. Equity structure

9.1 Share capital

	Group		Company	
Authorised and issued share capital is made up as follows:	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Authorised				
1 000 000 000 ordinary shares of R10 each	**10 000**	10 000	**10 000**	10 000
Issued				
504 975 439 (31 March 2024: 504 975 439) ordinary shares of R10 each (fully paid up)	**5 050**	5 050	**5 050**	5 050
6 164 800 (31 March 2024: 6 164 800) shares of no consideration[1]	**—**	—	**—**	—

[1] *This relates to shares issued in terms of the employee share scheme.*

The following table illustrates the movement within the number of shares issued:	Number of shares		Number of shares	
Shares in issue at the beginning of the year	**511 140 239**	511 140 239	**511 140 239**	511 140 239
Shares repurchased and cancelled during the year	**—**	—	**—**	—
Shares in issue at the end of the year	**511 140 239**	511 140 239	**511 140 239**	511 140 239

There is only one class of shares, namely ordinary shares. Each share has the same right to receive dividends and the repayment of capital and represents one vote at shareholders' meetings of Telkom. Other than voting rights, there are no other preferences attached to the shares.

The unissued shares are under the control of the Directors until the next annual general meeting. The Directors have been given the authority by the shareholders to buy back Telkom's own shares up to a limit of 10% of the current issued share capital.

Capital management
Refer to note 7.1.8 for the detailed capital management disclosure.

Notes to the annual financial statements continued

for the year ended 31 March 2025

9 Equity structure continued

9.2 Share-based compensation reserve

Telkom's shareholders approved the Group share scheme at the September 2013 annual general meeting. The scheme covers certain operational and management employees and is aimed at giving shares to Group employees, at a Rnil exercise price at the end of the vesting period. Although the number of shares awarded to employees was communicated at the grant date, the ultimate number of shares that vest may differ based on certain performance conditions being met (refer to note 10.7).

	Group		Company	
The movement within the share-based compensation reserve is:	**31 March 2025 Rm**	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Balance at the beginning of the year	**1 535**	1 414	**1 321**	1 250
Net increase in equity	**75**	121	**53**	71
Employee expenses (refer to note 3.4.4)	**69**	121	**38**	36
Openserve share-based compensation reserve[1]	**—**	—	**9**	35
Transfer of Gyro share-based compensation reserve	**6**	—	**6**	—
Balance at the end of the year	**1 610**	1 535	**1 374**	1 321

[1] *From 1 September 2022, Openserve is a 100% owned subsidiary of the Group. For shares granted before 1 September 2022, where Openserve does not have an obligation to pay for the shares, it has been assessed that these shares need to be equity-settled in Telkom Company. This is because Telkom has the obligation to settle for the services rendered to Openserve. For services rendered by the Openserve employees after the carve-out date, the share-based compensation reserve was increased in the current financial year by R9 million (31 March 2024: R35 million), with a corresponding entry to the investment in Openserve.*

9.3 Non-distributable reserves

Summary of material accounting policies

Non-distributable reserves
Non-distributable reserves include reserves that have been grouped together as these are accounting reserves, which have arisen as a result of the specific requirements in the accounting standards.

Non-distributable reserves include the following:

- Translation reserve: This reserve comprises foreign currency translation differences arising from the translation of annual financial statements of the Group's foreign entities into South African rand;
- Treasury shares: This reserve also represents the treasury shares as well as the amounts paid by Telkom to its subsidiary, Rossal No 65 (Pty) Ltd, for the acquisition of Telkom's shares to be utilised in terms of the Telkom share scheme; and
- Shares repurchased for the purpose of the Telkom Group employee share scheme.

Treasury shares
Where the Group acquires shares for its employee share scheme, these shares are measured at acquisition cost and disclosed as a reduction of equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Such shares are not remeasured for changes in fair value. Any difference between the historical par value of the shares acquired and the consideration transferred for the acquisition of the shares is accounted for as an adjustment to retained earnings.

Where the Group chooses or is required to buy equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement by delivery of its own shares, the transaction is accounted for as equity-settled. This applies regardless of whether the employees' rights to the equity instruments were granted by the Group itself, or by its shareholders, or were settled by either the Group or its shareholders.

Notes to the annual financial statements continued

for the year ended 31 March 2025

9. Equity structure continued

9.3 Non-distributable reserves continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Non-distributable reserves	**585**	750	**171**	278
Opening balance	**750**	739	**278**	278
Movement during the year	**(165)**	11	**(107)**	—
(Decrease)/increase in foreign currency translation reserve	**(13)**	11	**—**	—
Movement in treasury shares for Telkom and subsidiaries share scheme	**(107)**	—	**(107)**	—
Increase in treasury shares from BCX	**(45)**	—	**—**	—

The reserve also represents amounts paid by Telkom to subsidiary, Rossal No 65 (Pty) Ltd, for the acquisition of Telkom's shares to be utilised in terms of the Telkom Group share scheme.

	2025		2024	
Fair value of ordinary shares in Telkom are held as follows:	Number of shares	Rm	Number of shares	Rm
Treasury shares in Escrow	**12 118 701**	**451**	17 008 725	510
Rossal No 65 (Pty) Ltd	**6 738 959**	**251**	5 166 604	155
Total	**18 857 660**	**702**	22 175 329	665

All shares will be allocated to employees as part of the share scheme.

9.4 Dividend paid

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Dividend paid	**(6)**	(3)	**(5)**	(1)
Dividend payable at the beginning of the year	**(24)**	(25)	**(24)**	(25)
Dividends declared to non-controlling interests	**(1)**	(2)	**—**	—
Dividend payable at the end of the year	**19**	24	**19**	24

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits

10.1 Employee benefits summary

Significant judgements, estimates and assumptions

The Group provides defined benefit plans for certain post-employment benefits. The obligation and assets related to each of the post-retirement benefits are determined through an actuarial valuation. The actuarial valuation relies heavily on assumptions as disclosed in note 10.1. The assumptions determined by management make use of information obtained from the Group's employment agreements with staff and pensioners, market-related returns on similar investments, market-related discount rates and other available information. The assumptions concerning the interest on assets and expected change in liabilities are determined on a uniform basis, considering long-term historical returns and future estimates of returns and medical inflation expectations. In the event that further changes in assumptions are required, the future amounts of post-employment benefits may be affected materially.

The discount rate reflects the average timing of the estimated defined benefit payments. The discount rate is based on long-term South African Government bonds with the longest maturity period as reported by the JSE debt market. The discount rate is expected to follow the trend of inflation.

The interest cost on the defined benefit obligation and the interest on assets are accounted for through the net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

The forfeitable share incentives are allocated to employees based on vesting conditions linked to time and performance measures. The total shareholder return is considered in estimating the fair value of the grant at grant date. The Group allocates the number of shares per employee based on a formula taking into account the annual guaranteed package, percentage of gross profit and share price at grant date. The shares to be allocated are limited to approximately 5% of the issued share capital and vest between three and five years. The additional share scheme award provides for the granting of shares to eligible participating employees, equivalent in value to the increase in share price from the grant date (based on the specific grant price) to the vesting date.

Summary of material accounting policies

Post-employment benefits

The Group provides defined benefit and defined contribution plans for the benefit of the employees. These plans are funded by the employees and the Group, taking into account the recommendations of the independent actuaries. The post-retirement telephone rebate liability is unfunded.

Defined benefit plans

The Group provides defined benefit plans for pension, retirement, post-retirement medical aid benefits and telephone rebates to qualifying employees. The Group's net obligation in respect of defined benefits is calculated separately for each plan by estimating the amount of future benefits earned in return for services rendered.

The amount reported in the statement of financial position represents the present value of the defined benefit obligations, using the projected credit unit method, reduced by the fair value of the related plan assets. To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised. The effects of this asset limitation and actuarial gains and losses are recognised in other comprehensive income. Interest, service cost, settlement gains or losses and curtailment gains or losses related to the defined benefit plan are recognised in the statement of profit or loss and other comprehensive income.

Telkom Retirement Fund reserves

In terms of its rules, the TRF operates a number of reserve accounts, namely a member share account, risk and expense reserve account, processing error account, pension reserves account and solvency reserve account.

The risk and expense reserve account comprises the funds required to support fluctuations in the payment of the in-service death and disability benefits and administration expenses. The processing error reserve account comprises the balance as identified at 31 March 2008 plus all investment returns and appreciation earned by the fund less investment-related expenses, taxation and all amounts allocated to members, pensioners and reserve accounts. The member surplus account comprises the actuarial surplus allocated to members and pensioners. Solvency reserve is held within the pensions account to act as a buffer against worse-than-expected experience and equal to an amount set by the actuary of the fund from time to time to ensure a prudent funding level that is subject to affordability. The pensions account comprises the funds required to pay each pension that has been granted in terms of the rules. All these reserves are taken into account by the actuaries in determining the net value of the fund (fund assets less the fund obligation). In the current year, the TRF has been settled. Refer to notes 2.5.1 and 10.3 for details.

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Employee benefits	Rm	Rm	Rm	Rm
Non-current assets	**993**	1 283	**993**	1 283
Telkom Pension Fund asset	**13**	17	**13**	17
Post-retirement medical aid recognition of net plan asset	**980**	1 266	**980**	1 266

The decrease in employee benefits, specifically the plan assets, is largely due to the withdrawal of R330 million from the post-retirement medical aid plan asset for the settlement of the TRF provision. Refer to notes 2.5.1 and 10.3 for more details.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.1 Employee benefits summary continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Defined benefit plan actuarial (loss)/gains	**(2)**	4	**2**	5
Telkom Pension Fund net actuarial (loss)/gain	**(5)**	1	**(5)**	1
Telkom Retirement Fund net actuarial gain/(loss)[1]	**154**	(18)	**154**	(18)
Medical aid net actuarial loss	**(103)**	(28)	**(102)**	(28)
Telephone rebate net actuarial (loss)/gain	**(44)**	49	**(44)**	49
Long service award net actuarial (loss)/gain	**(4)**	—	**(1)**	1

[1] *The net actuarial loss/gain on the TRF is up until 1 July 2024, the date of the settlement of the TRF. Refer to notes 2.5.1 and 10.3.*

The Group provides benefits for its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership to one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

Actuarial valuations were performed by qualified actuaries to determine the benefit obligation, plan asset and service costs for the pension and retirement funds for each of the financial periods presented.

General information applicable to all funds

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Telkom Pension Fund duration	**4.3 years**	10 years	**4.3 years**	10 years
Telkom Retirement Fund duration[1]	**—**	10 years	**—**	10 years
Medical aid duration	**6.5 years**	10 years	**6.5 years**	10 years
Telephone rebate duration	**7.9 years**	10 years	**7.9 years**	10 years
Long service award duration	**4.1 years**	10 years	**4.1 years**	10 years

[1] *This was the duration applied up until the settlement of the TRF with effect from 1 July 2024. Refer to note 10.3 for further details.*

During the prior year, the weighted average duration across all post-employment benefit plans was used. This estimate has changed during the current year to rather use individual plan-specific durations. The weighted average duration is impacted by the size of each liability. The impact of this change in estimate was not material and was applied prospectively. The next full valuations for all funds will be performed at 31 March 2026.

Principal actuarial assumptions were as follows:
Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Males over 65 (years)	**17.00**	17.00	**17.00**	17.00
Females over 65 (years)	**21.30**	21.30	**21.30**	21.30
Telkom Pension Fund discount rate (%)	**9.20**	12.40	**9.20**	12.40
Telkom Retirement Fund discount rate (%)[1]	**—**	12.40	**—**	12.40
Medical aid discount rate (%)	**10.20**	12.40	**10.20**	12.40
Telephone rebate discount rate (%)	**10.80**	12.40	**10.80**	12.40
Long service award discount rate (%)	**9.10**	12.40	**9.10**	12.40
Telkom Pension Fund interest on plan assets (%)	**9.20**	12.40	**9.20**	12.40
Telkom Retirement Fund interest on plan assets (%)[1]	**—**	12.40	**—**	12.40
Medical aid interest on plan assets (%)	**10.20**	12.40	**10.20**	12.40
Salary inflation rate (%)	**5.00**	6.60	**5.00**	6.60
Telkom Pension Fund pension increase allowance (%)	**6.30**	5.59	**6.30**	5.59
Telkom Retirement Fund pension increase allowance (%)[1]	**—**	5.59	**—**	5.59
Medical inflation rate (%)	**6.70**	8.60	**6.70**	8.60
Contractual retirement age	**65**	65	**65**	65
Average retirement age	**56**	56	**56**	56

[1] *The TRF was derecognised in the current financial year. Refer to notes 2.5.1 and 10.3 for details.*

The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) ultimate table, minus one year age rating, as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.2 The Telkom Pension Fund

The Telkom Pension Fund is a defined benefit fund that was created in terms of the Post Office Amendment Act, 85 of 1991.

The latest actuarial valuation performed at 31 March 2025 indicates that the pension fund is in a surplus position of R32 million (31 March 2024: R30 million). The recognition of the surplus is limited due to the application of the asset limitation criteria in IAS 19 (Employee Benefits). The Telkom Pension Fund is closed to new members. The pension plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The funded status of the Telkom Pension Fund is disclosed below.

	Group		Company	
The Telkom Pension Fund	**31 March 2025 Rm**	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
The net periodic pension costs include the following components:				
Interest cost on projected benefit obligations	**2**	6	**2**	6
Service cost on projected benefit obligations	**1**	1	**1**	1
Interest on plan assets after asset restriction	**(2)**	(10)	**(2)**	(10)
Curtailment	**—**	(8)	**—**	(8)
Net periodic pension expense/(income) recognised in profit or loss	**1**	(11)	**1**	(11)
The net periodic other comprehensive income includes the following components:				
Actuarial (loss)/gain from financial assumption changes	**(2)**	1	**(2)**	1
Actuarial gain/(loss) due to demographic assumption changes	**1**	(1)	**1**	(1)
Asset ceiling in terms of IAS 19.64	**(4)**	1	**(4)**	1
Net periodic pension (expense)/income recognised in other comprehensive income	**(5)**	1	**(5)**	1
Cumulative actuarial gain	**31**	36	**31**	36
The status of the pension plan obligation is as follows:				
At the beginning of the year	**47**	51	**47**	51
Interest cost	**5**	6	**5**	6
Current service cost	**1**	1	**1**	1
Benefits paid	**—**	(1)	**—**	(1)
Actuarial loss/(gain)	**1**	(3)	**1**	(3)
Curtailment	**—**	(7)	**—**	(7)
Benefit obligation at the end of the year	**54**	47	**54**	47

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.2 The Telkom Pension Fund continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Plan assets at fair value:				
At the beginning of the year	**77**	81	**77**	81
Interest on plan assets	**9**	10	**9**	10
Benefits paid	**—**	(1)	**—**	(1)
Actuarial loss	**—**	(3)	**—**	(3)
Curtailment	**—**	(10)	**—**	(10)
Plan assets at the end of the year	**86**	77	**86**	77
Present value of funded obligation	**(54)**	(47)	**(54)**	(47)
Fair value of plan assets	**86**	77	**86**	77
Fund surplus	**32**	30	**32**	30
Asset ceiling in terms of IAS 19.64	**(19)**	(13)	**(19)**	(13)
Recognised net asset	**13**	17	**13**	17
Interest on plan assets after asset restriction	**2**	2	**2**	2
Actuarial loss on plan assets	**—**	(3)	**—**	(3)
Actual return on plan assets	**2**	(1)	**2**	(1)
Plan assets balance comprises:				
Cash and cash equivalents	**3**	2	**3**	2
Equity securities	**31**	30	**31**	30
Property	**2**	2	**2**	2
Bonds	**14**	11	**14**	11
Commodities	**1**	1	**1**	1
Foreign investments	**35**	31	**35**	31
Total	**86**	77	**86**	77

Funding arrangements

The Telkom Pension Fund invests its funds in South Africa and internationally. Two fund managers invest in South Africa and globally through their balanced funds. The Telkom Pension Fund is a closed defined benefit fund that is no longer open to new employees.

There is no material investment in Telkom shares included in the Telkom Pension Fund assets.

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Funding level per statutory actuarial valuation (%)	**100**	100	**100**	100
The number of employees registered under the Telkom Pension Fund	**14**	14	**14**	14
The fund portfolio consists of the following percentages:				
Cash (%)	**4**	3	**4**	3
Equities (%)	**36**	39	**36**	39
Property (%)	**3**	2	**3**	2
Bonds (%)	**16**	15	**16**	15
Commodities (%)	**1**	1	**1**	1
Foreign Investments (%)	**40**	40	**40**	40
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the pension fund by the employer for the year ending 31 March 2026 is R0.4 million.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund

Significant accounting judgement in the settlement of the TRF
During the current financial year, the TRF met the IAS 19 (Employee Benefits) criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules, which was approved by the FSCA with effect from 1 July 2024.

Management considered whether Telkom has eliminated all further obligations for all the benefits provided under the TRF in order to achieve full derecognition of the obligation.

The rules of the TRF were amended to remove the employer's obligation to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account.

The amendment of the TRF rules has resulted in Telkom having no further obligation to fund any deficit unless it freely enters into a future agreement in writing, creating a future obligation. The views stipulated above were supported by both the pension fund specialist legal counsel and actuarial specialists.

Settlement of the TRF
The TRF is a hybrid fund which was established on 1 July 1995. The TRF is a defined contribution plan in respect of in-service members and a defined benefit plan in respect of pensioners, i.e. members' benefits accrue on a defined contribution basis until retirement. At retirement, members have the option to purchase a guaranteed pension from the TRF, at which point they become defined benefit pensioners. Prior to 1 July 2024, the option to purchase a pension from the fund was limited to those who joined employment before 1 September 2009, but a rule amendment in the TRF extended this benefit option to all retiring employees.

A rule amendment was registered by the FSCA with effect from 1 July 2024 to remove the employer's obligations to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account.

As a result of the rule amendment, no obligation exists in any scenario for Telkom to make contributions or any other payments to fund any deficit in the fund as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall. The rule amendment prescribes an investment strategy which mitigates against future deficits. Thus, the amounts available for in-fund pensions will always be equal to the amount available in the pensions account. Due to this matching, Telkom will never have any obligation towards the TRF. Therefore, Telkom settled the TRF liability as it had no further obligation for part or all of the benefits provided under a defined benefit plan.

Linked to the rule amendment is an in-principle decision made by the Telkom Board to pay a once-off amount to strengthen the pensioner reserves following the rule amendment. This resulted in Telkom having to pay the TRF the once-off amount on approval of the rule amendment by the FSCA. In November 2024, the once-off amount of R330 million was paid to the TRF, funded through the post-retirement medical aid (refer to note 10.4) to settle the provision raised in September 2024. Refer to note 2.5.1 for significant transaction disclosure in relation to the settlement of the TRF.

The gain or loss on settlement is the difference between:

- The present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- The settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement. In Telkom's case, the R330 million will form part of the amount that the entity pays in connection with the settlement.

The amendment has changed the nature of the liabilities relating to the fund from a defined benefit to a defined contribution plan (as no further Company obligation remains) according to IAS 19, with effect from 1 July 2024.

	Rm
Derecognition of the TRF plan asset as at 1 July 2024	(42 580)
Derecognition of the TRF obligation as at 1 July 2024	42 292
Settlement of the provision for payment to the TRF	(330)
Loss on settlement (refer to note 3.4.4)	**618**

Included in the loss on settlement of the TRF is the non-cash portion of R288 million resulting from the recognition of the asset ceiling which is appropriately accounted for in the cash generated from operations note in the increase/decrease in provisions line item. Refer to note 3.6.

The loss on settlement after tax is R451 million.

Effective 1 July 2024, Telkom is accounting for the TRF as a defined contribution plan.

Fund rules
The Telkom Retirement Fund was established on 1 July 1995 as a hybrid defined benefit and defined contribution plan. Existing employees were given the option to either remain in the Telkom Pension Fund or to be transferred to the Telkom Retirement Fund. All pensioners of the Telkom Pension Fund and employees who retired after 1 July 1995 were transferred to the Telkom Retirement Fund. Upon transfer, the government ceased to guarantee the deficit in the Telkom Retirement Fund. Subsequent to 1 July 1995, further transfers of existing employees occurred. As from 1 September 2009, all new appointments are on a defined contribution scheme. These members would be required to purchase their pensions from an insurance company.

The pensioner pool of the Telkom Retirement Fund only consists of pensioners and requires that at least 60% of the best-estimate liability in respect of pensioners be invested in a liability matching portfolio.

Pensioner increases are subject to affordability, targeting 0% to 80% of CPI. However, from 1 July 2024 Telkom's obligation to make special contributions to fund any actuarial shortfall was removed. Actuarial shortfall can be funded by reducing the pension increase or allow for a possible reduction in the pensions.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

The funded status of the Telkom Retirement Fund prior to 1 July 2024 is disclosed below:

	Group		Company	
	31 March	31 March	**31 March**	31 March
	2025	2024	**2025**	2024
The Telkom Retirement Fund	**Rm**	Rm	**Rm**	Rm
The net periodic retirement costs include the following components:				
Interest cost on projected benefit obligations	**1 346**	4 905	**1 346**	4 905
Interest on plan assets	**(1 356)**	(4 941)	**(1 356)**	(4 941)
Service cost on projected benefit obligations	**153**	517	**153**	517
Curtailment	**—**	135	**—**	135
Net periodic pension expense recognised in profit or loss	**143**	616	**143**	616
The net periodic other comprehensive income includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(46)**	1 118	**(46)**	1 118
Actuarial gain/(loss) due to experience adjustments	**517**	(1 045)	**517**	(1 045)
Actuarial loss due to demographic assumptions changes	**(29)**	(91)	**(29)**	(91)
Actuarial loss due to the recognition of asset ceiling on derecognition	**(288)**	—	**(288)**	—
Net periodic pension income/(expense) recognised in other comprehensive income	**154**	(18)	**154**	(18)
Cumulative actuarial loss	**(398)**	(552)	**(398)**	(552)
Benefit obligation:				
At the beginning of the year	**41 702**	41 179	**41 702**	41 179
Interest cost	**1 346**	4 905	**1 346**	4 905
Current service cost	**153**	517	**153**	517
Employee contributions	**73**	287	**73**	287
Benefits paid	**(605)**	(3 191)	**(605)**	(3 191)
Transfers in	**44**	105	**44**	105
Actuarial gain	**(421)**	(893)	**(421)**	(893)
Curtailment	**—**	(1 206)	**—**	(1 206)
Transfers out	**—**	(1)	**—**	(1)
Derecognition of the TRF obligation as at 1 July 2024 (refer to note 2.5.1)	**(42 292)**	—	**(42 292)**	—
Benefit obligation at the end of the year	**—**	41 702	**—**	41 702

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Plan assets:				
At the beginning of the year	**41 772**	42 190	**41 772**	42 190
Interest on plan assets	**1 358**	5 017	**1 358**	5 017
Employer contributions[1]	**278**	518	**278**	518
Employee contributions	**71**	287	**71**	287
Benefits paid	**(605)**	(3 191)	**(605)**	(3 191)
Transfers in	**44**	105	**44**	105
Actuarial loss	**(338)**	(1 815)	**(338)**	(1 815)
Actuarial gain on asset ceiling	**71**	—	**71**	—
Curtailment	**—**	(1 340)	**—**	(1 340)
Transfers out	**—**	1	**—**	1
Movement in asset ceiling	**(71)**	—	**(71)**	—
Derecognition of the TRF plan assets as at 1 July 2024 (refer to note 2.5.1)	**(42 580)**	—	**(42 580)**	—
Plan assets at the end of the year	**—**	41 772	**—**	41 772
Present value of funded obligation	**—**	41 702	**—**	41 702
Fair value of plan assets	**—**	41 772	**—**	41 772
Fund surplus	**—**	(70)	**—**	(70)
Asset ceiling in terms of IAS 19.64	**—**	70	**—**	70
Net liability	**—**	—	**—**	—
Interest on plan assets	**1 358**	5 017	**1 358**	5 017
Actuarial loss on plan assets	**(338)**	(1 815)	**(338)**	(1 815)
Actual return on plan assets	**1 020**	3 202	**1 020**	3 202
Plan asset balance comprises:				
Equities	**—**	4 784	**—**	4 784
Property	**—**	2 717	**—**	2 717
Bonds	**—**	17 034	**—**	17 034
Africa	**—**	3 085	**—**	3 085
Cash	**—**	4 073	**—**	4 073
Foreign investments	**—**	10 079	**—**	10 079
Total	**—**	41 772	**—**	41 772

[1] *This relates to contributions made before the derecognition of the TRF.*

The total employer contributions made to the TRF for the 2025 financial year is R474 million for Group and R95 million for Company.

Funding arrangements

The Telkom Retirement Fund pensioner portfolio's strategic asset allocation (SAA) is determined by an asset liability model based on the fund's unique liabilities, as determined by its member data and fund rules. The SAA is a reflection of the fund's targeted post-retirement interest rate, and the investment strategy is built around the target of providing consistent annual pension increases of between 0% to 80% of CPI.

	Group		Company	
Included in the fair value of plan assets are:	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
Telkom shares	**—**	38	**—**	38

The Telkom Retirement Fund investment strategy was implemented through the appointment of several asset managers with local and global segregated mandates. Within these mandates, the managers are responsible for and have sole discretion of determining the asset allocation, i.e. the mix of the various asset classes based on their investment views. In addition, a portion was allocated to Africa Equity and SA cash asset classes were added to further diversify the portfolio and to enhance returns.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

	Group		Company	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Funding level per statutory actuarial valuation (%)	–	100	–	100
The number of pensioners registered under the Telkom Retirement Fund	–	12 912	–	12 912
The number of in-service employees entitled to retire in the Telkom Retirement Fund	–	9 773	–	9 773
The fund portfolio consists of the following percentages:				
Equities (%)	–	11	–	11
Property (%)	–	7	–	7
Bonds (%)	–	41	–	41
Africa (%)	–	7	–	7
Cash (%)	–	10	–	10
Foreign investments (%)	–	24	–	24
Total	–	100	–	100

10.4 Medical benefits

Telkom makes certain contributions to medical aid funds in respect of current and retired employees. The scheme is a defined benefit plan. The expense in respect of current employees' medical aid is disclosed in note 3.4.4. The amounts due in respect of post-retirement medical benefits to current and retired employees have been actuarially determined and provided for as set out in note 6.5. Telkom has terminated future post-retirement medical benefits in respect of employees joining after 1 July 2000.

There are three major categories of members entitled to the post-retirement medical aid: pensioners who retired before 1994 (Pre-94); those who retired after 2013; and the in-service members. The pensioners retiring post 2013 and the in-service members' liabilities are subject to a rand cap, which increases as per the Board's approval.

Eligible employees must be employed by Telkom until retirement age to qualify for the post-retirement medical aid benefit. The most recent actuarial valuation of the benefit was performed as at 31 March 2025.

The medical aid plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.4 Medical benefits continued

Medical aid	Group 31 March 2025 Rm	Group 31 March 2024 Rm	Company 31 March 2025 Rm	Company 31 March 2024 Rm
Benefit obligation:				
At the beginning of the year	**1 262**	1 386	**1 240**	1 364
Interest cost	**136**	154	**136**	154
Service cost	**1**	1	**1**	1
Actuarial loss/(gain)	**84**	(99)	**84**	(99)
Curtailment	**—**	(1)	**—**	(1)
Benefits paid from plan assets	**(177)**	(179)	**(177)**	(179)
Benefit obligation at the end of the year	**1 306**	1 262	**1 284**	1 240
Plan assets at fair value:				
At the beginning of the year	**2 528**	2 516	**2 528**	2 516
Interest on plan assets	**283**	299	**283**	299
Benefits paid from plan assets	**(178)**	(179)	**(178)**	(179)
Employer withdrawal	**(332)**	—	**(332)**	—
Actuarial loss	**(15)**	(108)	**(15)**	(108)
Plan assets at the end of the year	**2 286**	2 528	**2 286**	2 528
Present value of funded obligation	**(1 306)**	(1 262)	**(1 284)**	(1 240)
Fair value of plan assets	**2 286**	2 528	**2 286**	2 528
Fund surplus	**980**	1 266	**1 002**	1 288
Liability as disclosed in the statement of financial position (refer to note 6.5)	**(7)**	(7)	**—**	—
Asset as disclosed in the statement of financial position	**973**	1 273	**1 002**	1 288
The net periodic other comprehensive expense includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(74)**	57	**(74)**	57
Actuarial loss due to experience adjustments	**(17)**	(37)	**(17)**	(37)
Actuarial loss due to demographic assumptions changes	**(12)**	(48)	**(12)**	(48)
Net periodic pension expense recognised in other comprehensive income	**(103)**	(28)	**(103)**	(28)
Cumulative actuarial loss	**(1 679)**	(1 576)	**(1 685)**	(1 582)
Plan assets at fair value:				
Interest on plan assets	**283**	299	**283**	299
Actuarial loss on plan assets	**(15)**	(108)	**(15)**	(108)
Actual return on plan assets	**268**	191	**268**	191
Plan asset balance comprises:				
Cash and cash equivalents	**57**	55	**57**	55
Equity securities	**1 081**	1 203	**1 081**	1 203
Bonds	**1 111**	1 217	**1 111**	1 217
Foreign investments	**37**	53	**37**	53
Total	**2 286**	2 528	**2 286**	2 528

All equity securities and government bonds have quoted prices in active markets.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.4 Medical benefits continued

Funding arrangements

The general funding arrangements from the plan assets is to maximise long-term capital growth and long-term total return on Telkom's portfolio. The portfolios are managed as a segregated portfolio, including international investments. The investment objective is to provide an absolute return, measured over a 36-month period, in excess of CPI-X plus 5% per annum. The funding arrangements of the plan assets are driven by designated asset managers to manage Telkom's portfolios by applying a flexible approach, which includes holding equities, property, fixed income or money market assets as part of the investment strategy, in variable weightings, at any point in time.

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Included in the fair value of plan assets is:				
Telkom shares	**—**	0.5	**—**	0.5
The fund portfolio consists of the following percentages:				
Cash and money market investments (%)	**2**	2	**2**	2
Equities (%)	**47**	47	**47**	47
Bonds (%)	**49**	49	**49**	49
Foreign investments (%)	**2**	2	**2**	2
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the post-retirement medical aid by the employer for the year ending 31 March 2026 is Rnil as the liability is currently significantly over funded.

10.5 Telephone rebates

Telkom provides telephone rebates to its pensioners who joined prior to 1 August 2009. The most recent actuarial valuation was performed as at 31 March 2025. Eligible employees must be employed by Telkom until retirement age to qualify for the telephone rebates. The scheme is a defined benefit plan.

The telephone rebate benefit exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The status of the telephone rebate liability is disclosed below:

	Group		Company	
Telephone rebates	**31 March 2025 Rm**	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Benefit obligation:				
At the beginning of the year	**316**	356	**316**	356
Current service cost	**1**	1	**1**	1
Interest cost	**39**	39	**39**	39
Actuarial loss/(gain)	**44**	(49)	**44**	(49)
Curtailment loss	**—**	(1)	**—**	(1)
Benefits paid	**(30)**	(30)	**(30)**	(30)
Liability as disclosed in the statement of financial position (refer to note 6.5)	**370**	**316**	**370**	**316**
The net periodic other comprehensive (expense)/income includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(54)**	38	**(54)**	38
Actuarial gain due to experience adjustments	**10**	12	**10**	12
Actuarial loss due to demographic assumptions changes	**—**	(1)	**—**	(1)
Net periodic pension (expense)/income recognised in other comprehensive income	**(44)**	49	**(44)**	49
Cumulative actuarial loss	**141**	185	**141**	185
Number of members	**3 645**	3 664	**3 645**	3 664
Number of pensioners	**13 726**	13 746	**13 726**	13 746

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.6 Sensitivity analysis

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
	Increase/(decrease) in the post-employment liability			
The Telkom Pension Fund				
Increase in discount rate by 0.5%	**(1)**	(1)	**(1)**	(1)
Decrease in discount rate by 0.5%	**1**	1	**1**	1
Increase in inflation rate by 1%	**2**	2	**2**	2
Decrease in inflation rate by 1%	**(2)**	(2)	**(2)**	(2)
Increase in salary inflation by 1%	**2**	2	**2**	2
Decrease in salary inflation by 1%	**(2)**	(2)	**(2)**	(2)
Change in post-retirement mortality rating from -1 to -3 years	**1**	—	**1**	—
Change in post-retirement mortality rating from -1 to 0 years	**(1)**	(1)	**(1)**	(1)
The Telkom Retirement Fund[1]				
Increase in discount rate by 0.5%	**—**	(1 213)	**—**	(1 213)
Decrease in discount rate by 0.5%	**—**	1 313	**—**	1 313
Increase in inflation rate by 1%	**—**	2 874	**—**	2 874
Decrease in inflation rate by 1%	**—**	(2 395)	**—**	(2 395)
Increase in net TRF fund rate by 0.5%	**—**	368	**—**	368
Decrease in net TRF fund rate by 0.5%	**—**	(364)	**—**	(364)
Increase in TRF take-up ratio from 55.6% to 100%	**—**	387	**—**	387
Medical benefits				
Increase in discount rate by 0.5%	**(36)**	(33)	**(36)**	(33)
Decrease in discount rate by 0.5%	**38**	35	**38**	35
Increase in inflation rate by 1%	**59**	56	**59**	56
Decrease in inflation rate by 1%	**(53)**	(51)	**(53)**	(51)
Change in post-retirement mortality rating from -1 to -3 years	**56**	52	**56**	52
Change in post-retirement mortality rating from -1 to 0 years	**(55)**	(51)	**(55)**	(51)
Telephone rebates				
Increase in discount rate by 0.5%	**(12)**	(9)	**(12)**	(9)
Decrease in discount rate by 0.5%	**13**	9	**13**	9
Increase in inflation rate by 5%	**192**	139	**192**	139
Change in post-retirement mortality rating from -1 to -3 years	**6**	4	**6**	4
Change in post-retirement mortality rating from -1 to 0 years	**(6)**	(4)	**(6)**	(4)
Increase in normal retirement age from 56 years to 60 years	**(22)**	(19)	**(22)**	(19)
Decrease in normal retirement age from 56 years to 50 years	**16**	16	**16**	16

[1] *The TRF was derecognised in the current financial year. Refer to notes 2.5.1 and 10.3 for details.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme

Summary of material accounting policies
The Group has a share-based payment compensation plan. The plan is an equity-settled plan, consisting of the long-term incentive plan (LTIP), the employee share ownership plan (ESOP) and an additional share award (ASA).

The expense relating to the services rendered by the employees, and the corresponding increase in equity, is measured at the fair value of the equity instruments at their grant date based on the market price at that date. This compensation cost is recognised over the vesting period, based on the best available estimate at each reporting date of the number of equity instruments that are expected to vest.

During the vesting period, participants have all the shareholders' rights, including the right to vote and share in any dividend distribution.

Telkom's shareholders approved the Telkom forfeitable share plan (FSP) and the ASA at the September 2013 AGM.

In the FSP, employees acquire shareholder rights on the grant date on the forfeitable shares (these include dividends and voting rights).

An employee turnover assumption of 2.6% to 7.9% has been used in calculating the expected number of shares that will vest. The turnover relates to the various entities within the Group.

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Telkom share scheme are as follows:

	Vesting financial year			
Telkom LTIP grants	**2025**	**2026**	**2027**	**2028**
Telkom LTIP - 2020 financial year				
Vesting timelines	**20%**	**–**	**–**	**–**
Probability of meeting non-market-related criteria	**92%**	**–**	**–**	**–**
Telkom LTIP - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**–**
Probability of meeting non-market-related criteria	**92%**	**92%**	**92%**	**–**
Telkom LTIP 2 - 2022 financial year				
Vesting timelines	**50%**	**30%**	**20%**	**–**
Probability of meeting non-market-related criteria	**93%**	**93%**	**93%**	**–**
Telkom LTIP - 2023 financial year				
Vesting timelines	**–**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**–**	**94%**	**94%**	**94%**
Telkom LTIP 2 - 2023 financial year				
Vesting timelines	**–**	**50%**	**30%**	**20%**
Probability of meeting non-market-related criteria	**–**	**94%**	**94%**	**94%**
Telkom LTIP - 2025 financial year				
Vesting timelines	**–**	**–**	**–**	**100%**
Probability of meeting non-market-related criteria	**–**	**–**	**–**	**40%**

Telkom ESOP grants				
Telkom ESOP - 2022 financial year				
Vesting timelines	**100%**	**–**	**–**	**–**
Probability of meeting non-market-related criteria	**92%**	**–**	**–**	**–**
Telkom ESOP - 2023 financial year				
Vesting timelines	**–**	**100%**	**–**	**–**
Probability of meeting non-market-related criteria	**–**	**94%**	**–**	**–**

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the BCX share scheme are as follows:

	Vesting financial year			
BCX LTIP grants	**2025**	**2026**	**2027**	**2028**
BCX grant - 2020 financial year				
Vesting timelines	20%	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–
BCX grant - 2022 financial year				
Vesting timelines	50%	30%	20%	–
Probability of meeting non-market-related criteria	92%	92%	92%	–
BCX grant - 2023 financial year				
Vesting timelines	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	94%	94%	94%
BCX grant 2 - 2023 financial year				
Vesting timelines	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	94%	94%	94%
BCX grant - 2025 financial year				
Vesting timelines	–	–	–	100%
Probability of meeting non-market-related criteria	–	–	–	40%

BCX ESOP grants				
BCX grant - 2022 financial year				
Vesting timelines	100%	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–
BCX grant - 2023 financial year				
Vesting timelines	–	100%	–	–
Probability of meeting non-market-related criteria	–	94%	–	–

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Trudon share scheme are as follows:

	Vesting financial year			
Trudon grants	**2025**	**2026**	**2027**	**2028**
Trudon grant - 2023 financial year				
Vesting timelines	–	100%	–	–
Probability of meeting non-market-related criteria	–	94%	–	–

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Gyro share scheme are as follows:

	Vesting financial year			
Gyro LTIP grants	**2025**	**2026**	**2027**	**2028**
Gyro grant - 2020 financial year				
Vesting timelines	20%	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–
Gyro grant - 2022 financial year				
Vesting timelines	50%	30%	20%	–
Probability of meeting non-market-related criteria	92%	92%	92%	–
Gyro grant 2 - 2022 financial year				
Vesting timelines	50%	30%	20%	–
Probability of meeting non-market-related criteria	93%	93%	93%	–
Gyro grant - 2023 financial year				
Vesting timelines	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	94%	94%	94%
Gyro ESOP grants				
Gyro grant - 2022 financial year				
Vesting timelines	100%	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–
Gyro grant - 2023 financial year				
Vesting timelines	–	100%	–	–
Probability of meeting non-market-related criteria	–	94%	–	–

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Openserve share scheme are as follows:

	Vesting financial year			
Openserve LTIP grants	**2025**	**2026**	**2027**	**2028**
Openserve grant - 2023 financial year				
Vesting timelines	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	94%	94%	94%
Openserve grant - 2025 financial year				
Vesting timelines	–	–	–	100%
Probability of meeting non-market-related criteria	–	–	–	40%
Openserve ESOP grants				
Openserve grant - 2023 financial year				
Vesting timelines	–	100%	–	–
Probability of meeting non-market-related criteria	–	94%	–	–

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The probabilities were independently verified by the actuaries.

Certain BCX employees were granted shares in terms of a BCX share scheme. Based on the BCX Group achieving the performance conditions, the shares will vest between the 2025 and 2028 financial years.

Certain Trudon employees were granted shares in terms of a Trudon share scheme. Based on Trudon achieving the performance conditions, the shares will vest in the 2026 financial year. The Trudon shares will be included as part of the Telkom shares.

Certain Gyro employees were granted shares in terms of a Gyro share scheme. Based on Gyro achieving the performance conditions, the shares will vest between the 2025 and 2028 financial years.

Certain Openserve employees were granted shares in terms of an Openserve share scheme. Based on Openserve achieving the performance conditions, the shares will vest between the 2025 and 2028 financial years.

For the vesting to occur, the targets (including performance conditions) must be met. The targets are measured in each financial year after the grant date.

The weighted average remaining vesting period for all the shares outstanding as at 31 March 2025 is 0.54 years (31 March 2024: 0.89 years).

The following table illustrates the movement in the maximum number of shares that were granted to employees:

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
Beginning of the year	**17 008 725**	24 025 672	**10 736 908**	16 550 047
Vested shares during the year	**(5 538 227)**	(2 629 020)	**(4 048 687)**	(2 420 247)
Forfeited shares and other movements during the year	**(5 034 117)**	(4 387 927)	**(3 146 632)**	(3 392 892)
Granted during the year	**5 682 320**	—	**4 020 506**	—
Outstanding at the end of the year	**12 118 701**	17 008 725	**7 562 095**	10 736 908

In relation to market-related performance criteria, IFRS 2 requires a fair value to be placed on employee share grants/options. Fair value is measured as the market price of the entity's share grants/options adjusted for the terms and conditions applicable to the grant/option. Since employee share grants/options are not traded, there is no market price available. For this reason, the fair value of the grants/options must be determined by using an option pricing model.

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The following tables represent the assumptions used in the valuation of the share scheme:

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Telkom			
Grant 9 (2022 financial year)			
- Vesting 30 June 2024	48.11	40%	4.98%
- Vesting 30 June 2025	48.11	40%	5.51%
- Vesting 30 June 2026	48.11	40%	6.01%
Grant 10 (2022 financial year)			
- Vesting 30 June 2024	47.12	45%	5.99%
- Vesting 30 June 2025	47.12	45%	6.53%
- Vesting 30 June 2026	47.12	45%	6.94%
Grant 11 (2023 financial year)			
- Vesting 30 June 2025	36.20	50%	7.09%
- Vesting 30 June 2026	36.20	50%	7.40%
- Vesting 30 June 2027	36.20	50%	7.69%
Grant 11 (2) (2023 financial year)			
- Vesting 30 June 2025	33.79	52%	7.82%
- Vesting 30 June 2026	33.79	52%	7.90%
- Vesting 30 June 2027	33.79	52%	8.04%
Grant 12 (2025 financial year)[1]			
- Vesting 30 June 2027	36.30	53%	7.14%
BCX			
Grant 3 (2020 financial year)			
- Vesting 30 June 2024	83.70	35%	7.26%
Grant 4 (2022 financial year)			
- Vesting 30 June 2024	48.11	40%	4.98%
- Vesting 30 June 2025	48.11	40%	5.51%
- Vesting 30 June 2026	48.11	40%	6.01%
Grant 5 (2023 financial year)			
- Vesting 30 June 2025	36.20	50%	7.09%
- Vesting 30 June 2026	36.20	50%	7.40%
- Vesting 30 June 2027	36.20	50%	7.69%
Grant 5 (2) (2023 financial year)			
- Vesting 30 June 2025	32.80	52%	7.96%
- Vesting 30 June 2026	32.80	52%	8.10%
- Vesting 30 June 2027	32.80	52%	8.25%
Grant 6 (2025 financial year)[1]			
- Vesting 30 June 2027	36.30	53%	7.14%

[1] *On 10 December 2024, Telkom granted 5 682 320 shares to a certain group of employees in terms of the LTIP. The LTIP scheme provides for the granting of a fixed number of shares to eligible participating employees at the vesting date. The vesting date is 30 June 2027, at which point the award vests 100% if the performance conditions have been met and if the employee is still in the employment of the Telkom Group.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

10. Employee benefits continued

10.7 Telkom Group share scheme continued

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Trudon			
Grant 5 (2023 financial year)	**36.20**	**50%**	**7.09%**
Gyro			
Grant 3 (2020 financial year)			
- Vesting 30 June 2024	**93.82**	**35%**	**7.53%**
Grant 4 (2022 financial year)			
- Vesting 30 June 2024	**48.11**	**40%**	**4.98%**
- Vesting 30 June 2025	**48.11**	**40%**	**5.51%**
- Vesting 30 June 2026	**48.11**	**40%**	**6.01%**
Grant 5 (2022 financial year)			
- Vesting 30 June 2024	**47.12**	**45%**	**5.99%**
- Vesting 30 June 2025	**47.12**	**45%**	**6.53%**
- Vesting 30 June 2026	**47.12**	**45%**	**6.94%**
Grant 6 (2023 financial year)			
- Vesting 30 June 2025	**36.20**	**50%**	**7.09%**
- Vesting 30 June 2026	**36.20**	**50%**	**7.40%**
- Vesting 30 June 2027	**36.20**	**50%**	**7.69%**
Openserve			
Grant 1 (2023 financial year)			
- Vesting 30 June 2025	**36.20**	**50%**	**7.09%**
- Vesting 30 June 2026	**36.20**	**50%**	**7.40%**
- Vesting 30 June 2027	**36.20**	**50%**	**7.69%**
Grant 2 (2025 financial year)[1]			
- Vesting 30 June 2027	**36.30**	**53%**	**7.14%**

[1] *On 10 December 2024, Telkom granted 5 682 320 shares to a certain group of employees in terms of the LTIP. This LTIP scheme provides for the granting of a fixed number of shares to eligible participating employees at the vesting date. The vesting date is 30 June 2027, at which point the award vests 100% if the performance conditions have been met and if the employee is still in the employment of the Telkom Group.*

The key performance indicators related to all the share scheme grants are headline earnings per share, free cash flow, return on invested capital, social impact, emissions and total shareholder return.

The share price volatility is based on the five-year average volatility observed for the Telkom share price.

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties

11.1 Directors' interest and Prescribed Officers

	Group and Company			
	Beneficial		Non-Beneficial	
Directors' shareholding	Direct	Indirect	Direct	Indirect
Number of shares				
2025				
Executive				
S Taukobong (Group Chief Executive Officer)	**265 689**	**—**	**—**	**—**
N Dlamini (Group Chief Financial Officer)	**—**	**—**	**—**	**—**
	265 689	**—**	**—**	**—**
Non-executive				
B Kennedy	**200**	**—**	**—**	**—**
K Rayner	**2 500**	**—**	**—**	**—**
	2 700	**—**	**—**	**—**

There has been no change in the above since 31 March 2025 to the date of approval of the annual financial statements.

2024				
Executive				
S Taukobong (Group Chief Executive Officer)	47 857	—	—	—
DJ Reyneke (Group Chief Financial Officer)	9 377	—	—	—
N Dlamini (Group Chief Financial Officer)	—	—	—	—
	57 234	—	—	—
Non-executive				
B Kennedy	200	—	—	—
	200	—	—	—

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

	Group and Company				
Emoluments per director:	**Retainer fees** R	**Committee fees** R	**Performance bonus** R	**Fringe and other benefits** R	**Total** R
2025					
Non-executive	**8 261 582**	**5 657 538**	**—**	**—**	**13 919 120**
MG Qhena	2 120 083	—	—	—	2 120 083
PCS Luthuli	493 500	565 838	—	—	1 059 338
LL Von Zeuner[1]	195 833	256 250	—	—	452 083
S Sibisi	493 500	396 026	—	—	889 526
KA Rayner	493 500	817 984	—	—	1 311 484
H Singh	493 500	527 633	—	—	1 021 133
O Ighodaro	493 500	603 863	—	—	1 097 363
E Matenge-Sebesho	493 500	515 083	—	—	1 008 583
IO Selele	493 500	354 909	—	—	848 409
B Kennedy	493 500	669 458	—	—	1 162 958
KP Lebina	493 500	462 922	—	—	956 422
SH Yoon	771 750	293 438	—	—	1 065 188
M Msimang[2]	366 208	97 067	—	—	463 275
M Booi[2]	366 208	97 067	—	—	463 275

	Remuneration[3] R	**Performance bonus** R	**Fringe and other benefits** R	**Total** R
Executives who held office during 31 March 2025	**16 747 500**	**16 142 461**	**12 589**	**32 902 550**
S Taukobong (Group Chief Executive Officer)	9 922 500	10 000 000	12 293	19 934 793
N Dlamini (Group Chief Financial Officer)	6 825 000	6 142 461	296	12 967 757
Total emoluments - paid by Telkom				**46 821 670**

[1] *Retired with effect from 20 August 2024.*

[2] *Appointed with effect from 1 July 2024.*

[3] *Remuneration includes basic salary, company contribution to the TRF and flexible benefits.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

	Group and Company				
Emoluments per Director	Retainer fees R	Attendance fees R	Performance bonus R	Fringe and other benefits R	Total R
2024					
Non-executive	7 949 334	5 033 314	—	—	12 982 648
MG Qhena	2 069 039	—	—	—	2 069 039
PCS Luthuli	470 000	465 000	—	—	935 000
LL Von Zeuner	470 000	615 000	—	—	1 085 000
S Sibisi	470 000	300 000	—	—	770 000
KA Rayner	470 000	710 000	—	—	1 180 000
H Singh	470 000	365 000	—	—	835 000
O Ighodaro	470 000	300 000	—	—	770 000
E Matenge-Sebesho	470 000	510 000	—	—	980 000
IO Selele	470 000	260 000	—	—	730 000
B Kennedy	470 000	550 000	—	—	1 020 000
KP Lebina	470 000	365 000	—	—	835 000
SH Yoon	735 000	300 000	—	—	1 035 000
N Ford-Hoon	210 295	163 314	—	—	373 609
M Nyati	235 000	130 000	—	—	365 000

	Remuneration[1] R	Performance bonus R	Fringe and other benefits R	Total R
Executives who held office during 31 March 2024	15 693 467	3 517 809	20 587	19 231 863
S Taukobong (Group Chief Executive Officer)	9 450 000	2 972 575	12 293	12 434 868
DJ Reyneke (Group Chief Financial Officer)	4 076 800	—	8 195	4 084 995
N Dlamini (Group Chief Financial Officer)	2 166 667	545 234	99	2 712 000
Total emoluments - paid by Telkom				32 214 511

[1] *Remuneration includes basic salary, company contribution to the TRF and flexible benefits.*

Refer to the remuneration report for appointments and resignations.

Included in fringe and other benefits is motor car insurance for S Taukobong of R11 997.

S Taukobong was granted 418 002 shares (31 March 2024: nil shares) and the total IFRS 2 expense was R7 296 183 (31 March 2024: R5 750 929). N Dlamini was granted 311 036 shares and the total IFRS 2 expense was R1 608 056. The IFRS 2 expense includes previously granted shares. The Group reassessed the estimated number of shares that will vest for executives based on the current performance against vesting targets.

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

	Group and Company				
Emoluments per Prescribed Officer:	**Remuneration[1]** **R**	**Incentive bonus** **R**	**Fringe and other benefits[2]** **R**	**Total** **R**	**Pension - TRF 13%[3]** **R**
2025					
AC Beukes[4]	**5 985 000**	**—**	**7 466 350**	**13 451 350**	**544 635**
PJ Bogoshi	**5 956 856**	**2 251 937**	**296**	**8 209 089**	**580 794**
NM Lekota	**4 656 161**	**4 190 767**	**296**	**8 847 224**	**488 897**
L Siyo	**6 001 338**	**5 679 695**	**12 293**	**11 693 326**	**348 078**
DJ Reyneke	**6 420 960**	**4 367 627**	**12 293**	**10 800 880**	**726 211**
S Mmakau[5]	**4 250 000**	**3 940 910**	**908 629**	**9 099 539**	**331 500**
M McNamee[6]	**2 855 244**	**2 740 642**	**2 999**	**5 598 885**	**225 165**
Total emoluments - granted by Telkom	**36 125 559**	**23 171 578**	**8 403 156**	**67 700 293**	**3 245 280**

	Group and Company				
Emoluments per Prescribed Officer:	Remuneration[1] R	Incentive bonus R	Fringe and other benefits[2] R	Total R	Pension - TRF 13%[3] R
2024					
AC Beukes	5 700 000	1 448 296	12 292	7 160 588	518 700
PJ Bogoshi	5 783 355	967 553	296	6 751 204	563 877
NM Lekota	4 351 552	1 269 718	296	5 621 566	456 913
LTS Maloba	4 119 500	—	2 337 481	6 456 981	348 098
L Siyo	5 608 727	1 760 996	12 292	7 382 015	325 306
DJ Reyneke	4 076 800	1 643 795	8 195	5 728 790	461 086
Total emoluments - granted by Telkom	29 639 934	7 090 358	2 370 852	39 101 144	2 673 980

1 *Remuneration includes basic salary and has been apportioned based on the period served by prescribed officers. Comparative information has been provided for members identified as prescribed officers.*

2 *Fringe and other benefits include motor car insurance, relocation benefits, separation packages, notional completion bonuses and leave payments.*

3 *The pension contribution is a company contribution.*

4 *Resigned effective 13 December 2024.*

5 *Appointed as the Chief Digital Officer effective 1 April 2024.*

6 *Appointed as the Chief of Corporate Affairs effective 15 July 2024.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

Share allocation per Prescribed Officer:	Total vested shares year to date	Number of shares FY2019/20	Number of shares FY2020/21	Number of shares FY2021/22	Number of shares FY2022/23	Number of shares FY2024/25	IFRS 2 expense R
2025							
AC Beukes	365 884	36 275	505 561	99 344	99 419	—	1 937 277
PJ Bogoshi	425 139	63 364	517 998	291 284	100 872	83 648	3 267 580
NM Lekota	278 070	46 583	380 816	76 230	75 899	130 766	2 234 598
L Siyo	316 489	37 106	404 449	171 051	97 827	168 544	2 908 063
DJ Reyneke	259 282	14 900	345 893	108 146	106 660	108 198	2 194 743
S Mmakau	—	—	—	—	—	119 359	617 086
M McNamee	—	—	—	—	—	112 338	580 787
	1 644 864	198 228	2 154 717	746 055	480 677	722 853	13 740 134

Share allocation per Prescribed Officer:	Total vested shares year to date	Number of shares FY2017/18	Number of shares FY2018/19	Number of shares FY2019/20	Number of shares FY2020/21	Number of shares FY2021/22	Number of shares FY2022/23	IFRS 2 expense R
2024								
AC Beukes	413 257	—	45 455	36 275	505 561	99 344	99 419	2 158 495
PJ Bogoshi	422 368	—	62 611	63 364	517 998	291 284	100 872	3 553 676
NM Lekota	394 544	67 994	46 542	46 583	380 816	76 230	75 899	1 734 221
LTS Maloba	407 859	—	22 085	46 356	404 449	79 475	78 384	1 290 533
L Siyo	285 416	—	—	37 106	404 449	171 051	97 827	2 460 848
DJ Reyneke	331 089	17 693	24 221	14 900	345 893	108 146	106 660	1 658 395
	2 254 533	85 687	200 914	244 584	2 559 166	825 530	559 061	12 856 168

11.2 Related party transactions and balances

The South African Government, represented by the Department of Communication and Digital Technologies, exercises significant influence over the Group. Telkom is classified as a schedule 2 major public entity in terms of the Public Finance Management Act. Telkom is part of the national sphere of government, and its related parties in that sphere include national departments, constitutional institutions and public entities (schedule 1, 2 and 3). Telkom is therefore related to major public entities, national government departments and all other entities within the national sphere of government. A list of related parties is provided by National Treasury on its website (www.treasury.gov.za).

Related parties include subsidiaries and associates of the Group. It also includes Directors and key management personnel of Telkom and close family members of these related parties. Key management personnel and Directors for Telkom include the Group's Board of Directors and Exco.

The Group has applied the exemption in IAS 24 paragraph 25 in respect of related party transactions and outstanding balances with government-related entities. The nature of the Group's transactions with these entities are within the ordinary course of operations.

	Group		Company	
Details of material transactions and balances with related parties not disclosed separately in the financial statements were as follows:	31 March 2025 Rm	31 March 2024 Rm	31 March 2025 Rm	31 March 2024 Rm
With national entities:				
Related party transactions				
Spectrum	—	972	—	972

At 31 March 2025, the Government of South Africa held 40.5% (31 March 2024: 40.5%) of Telkom's shares and had the ability to exercise significant influence, and the Public Investment Corporation held 8.44% (31 March 2024: 15.89%) of Telkom's shares.

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.2 Related party transactions and balances continued

	Company	
	31 March 2025 Rm	31 March 2024 Rm
With subsidiaries:		
Business Connexion Group Ltd		
Related party balances		
Trade receivables	**206**	184
Other receivables	**45**	325
Trade and other payables	**(1 487)**	(1 306)
Related party transactions		
Revenue and other income	**(640)**	(498)
Expenses	**620**	643
Interest expense	**—**	62
Dividend received	**(279)**	(2 436)
Openserve (Pty) Ltd		
Related party balances		
Other receivables	**639**	1 097
Loans, preference shares and other facilities	**8 743**	8 719
Trade and other payables	**(625)**	(631)
Related party transactions		
Revenue and other income	**(800)**	(747)
Expenses	**5 286**	5 716
Interest received	**(903)**	(932)
Trudon (Pty) Ltd		
Related party balances		
Trade and other payables	**(7)**	(12)
Swiftnet SOC Ltd[1]		
Related party balances		
Other receivables	**—**	39
Loans, preference shares and other facilities	**—**	356
Trade and other payables	**—**	(106)
Related party transactions		
Expenses	**339**	260
Dividend received	**(365)**	(483)
Interest received	**(35)**	(37)
Interest expense	**1**	3
Acajou Investments (Pty) Ltd t/a VS Gaming		
Related party balances		
Other receivables	**(92)**	(92)
Trade and other payables	**92**	92
Telkom Foundation		
Related party balances		
Trade and other payables	**(12)**	(11)
Related party transactions		
Expenses	**55**	64
Interest expense	**2**	2

Notes to the annual financial statements continued

for the year ended 31 March 2025

11. Related parties continued

11.2 Related party transactions and balances continued

	Company	
	31 March 2025 Rm	31 March 2024 Rm
Gyro Group (Pty) Ltd		
Related party balances		
Trade receivables	**8**	(16)
Other receivables	**38**	8
Trade and other payables	**(116)**	(143)
Related party transactions		
Expenses	**—**	2
Other income	**(92)**	—
Interest expense	**5**	5
Dividend received	**—**	(240)
Gyro Properties (Pty) Ltd		
Related party balances		
Other receivables	**13**	4
Trade and other payables	**(20)**	(21)
Related party transactions		
Expenses	**—**	8
Interest expense	**2**	3
Dividend received	**(586)**	(107)

[1] *Swiftnet was sold effective 31 January 2025. Refer to notes 2.5.3 and 12.2 for details.*

	Group		Company	
	31 March 2025 Rm	31 March 2024 Rm	**31 March 2025 Rm**	31 March 2024 Rm
Key management personnel compensation (including Directors and Prescribed Officers' remuneration):				
Related party transactions				
Short-term employee benefits	**270**	198	**208**	162
Post-employment benefits	**15**	11	**11**	10
Termination benefits	**9**	6	**7**	6
Equity compensation benefits	**21**	35	**24**	32

Terms and conditions of transactions and balances with related parties

Except as indicated above, outstanding balances at 31 March 2025 are unsecured, include interest and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Except as indicated above, for the year ended 31 March 2025, the Group has not impaired any of the amounts owed by the related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition

12.1 Group interest in subsidiaries and associates

Set out below is a list of the significant subsidiaries and associates of the Group at 31 March 2025, held directly by Telkom SA SOC Ltd. Unless otherwise stated, the entities as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interest held equals to the voting rights held by the Group.

	Country of incorporation	Issued share capital 2025 R	Interest in issued ordinary share capital 2025 %	Ownership interest held by non-controlling interest 2025 %	Issued share capital 2024 R	Interest in issued ordinary share capital 2024 %	Ownership interest held by non-controlling interest 2024 %
Business Connexion Group Ltd	RSA	**2 280 500**	**100**	**—**	2 280 500	100	—
Openserve (Pty) Ltd	RSA	**11 212 194 372**	**100**	**—**	11 212 194 372	100	—
Trudon (Pty) Ltd	RSA	**100 000**	**100**	**—**	100 000	100	—
Rossal No 65 (Pty) Ltd	RSA	**100**	**100**	**—**	100	100	—
Acajou Investments (Pty) Ltd t/a VS Gaming	RSA	**100**	**100**	**—**	100	100	—
Swiftnet SOC Ltd[1]	RSA	**—**	**—**	**—**	5 000 000	100	—
Number Portability Company[2]	RSA	**100**	**20**	**—**	100	20	—
Gyro Properties (Pty) Ltd	RSA	**100**	**100**	**—**	100	100	—
Gyro Group (Pty) Ltd	RSA	**100**	**100**	**—**	100	100	—

[1] *Telkom sold its 100% shareholding in Swiftnet. Refer to note 12.2 for details.*
[2] *There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.*

The disclosure of the interest in Number Portability Company is as follows:	31 March 2025 Rm	31 March 2024 Rm
Closing carrying value	**12**	12

The total non-controlling interest for the year is R16 million (31 March 2024: R21 million) and relates to Business Connexion and Trudon and is not considered material to the Group.

Interest in operating profits, before eliminations, from subsidiaries	Revenue Rm	EBITDA Rm	EBIT Rm	Net profit/ (loss) Rm
2025				
Business Connexion Group Ltd	**12 345**	**1 189**	**599**	**406**
Openserve (Pty) Ltd	**12 349**	**4 005**	**1 525**	**363**
Swiftnet SOC Ltd[1]	**1 221**	**912**	**819**	**576**
Telkom Foundation[2]	**74**	**5**	**5**	**7**
Gyro Properties (Pty) Ltd	**8**	**544**	**534**	**453**
Gyro Group (Pty) Ltd	**161**	**(12)**	**(24)**	**(19)**
2024				
Business Connexion Group Ltd	12 915	1 348	849	532
Openserve (Pty) Ltd	12 511	3 952	1 428	160
Swiftnet SOC Ltd[1]	1 321	990	919	659
Telkom Foundation[2]	64	(9)	(9)	(7)
Gyro Properties (Pty) Ltd	59	8	—	3
Gyro Group (Pty) Ltd	274	76	66	54

[1] *Telkom sold its 100% shareholding in Swiftnet effective 31 January 2025. The above interest in operating profits, before eliminations, is for a period of 10 months up until 31 January 2025. Refer to note 12.2.*
[2] *Non-profit making trust.*

None of the Group's equity-accounted investees are publicly listed entities and consequently do not have published price quotations.

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition continued

12.2 Changes in shareholding

Disposal of Swiftnet

In March 2024, Telkom SA SOC Ltd entered into a sale agreement to dispose of its entire equity shares in Swiftnet to TowerCo BidCo. Prior to the disposal, Telkom held 100% of the shares in Swiftnet. Telkom lost its control of Swiftnet through the sale of its 100% equity shareholding to TowerCo BidCo on 31 January 2025. The gain on disposal of Swiftnet is recognised in profit from discontinued operation for Group and other income for Company in the statement of profit or loss and other comprehensive income. The Group and Company recognised a gain on disposal of R4 408 million and R4 998 million, respectively. Refer to notes 3.3 and 12.3.

TowerCo BidCo paid R6 618 million as the cash consideration and R21 million as the non-cash consideration for the purchase of the shares and loan claims of the Swiftnet loan from Telkom Company. Of the R6 618 million, R6 259 million related to the purchase of the shares while the balance related to the settlement of the loan. The consideration received is applied firstly against the loan claims and the balance to the equity interest sold in Swiftnet. Refer to note 7.2.2.

The carrying amounts of major classes of assets and liabilities disposed as at 31 January 2025 are as follows:

	31 January 2025 Rm
Assets	**2 284**
Property, plant and equipment	1 563
Right-of-use assets	250
Intangible assets	11
Trade and other receivables	283
Cash and cash equivalents	177
Liabilities	**649**
Lease liabilities	243
Deferred taxation	61
Trade and other payables	230
Provisions	2
Deferred revenue	41
Current tax liability	72

The gain on disposal of Swiftnet is calculated as follows for the Telkom Group and Company:

	Group 31 March 2025 Rm	Company 31 March 2025 Rm
Cash consideration received	6 618	6 618
Non-cash consideration received	21	21
Final consideration adjustment	(19)	(19)
Investment in Swiftnet (refer to note 7.2.1)	—	(1 239)
Settlement of loan to Swiftnet (refer to note 7.2.2)	—	(359)
Telkom assets derecognised	(24)	(24)
Swiftnet assets derecognised	(2 284)	—
Swiftnet liabilities derecognised	649	—
Group consolidation adjustments	(553)	—
Total gain on disposal of Swiftnet before taxation	4 408	4 998
Taxation on gain on disposal of Swiftnet	(61)	(203)
Total gain on disposal of Swiftnet after taxation (refer to note 3.3 for Company)	**4 347**	**4 795**

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition continued

12.3 Discontinued operation

Non-current assets held for sale

During the 2023 financial year, the Telkom Board approved the disposal of Swiftnet SOC Ltd (Swiftnet), a 100% owned subsidiary. The disposal is part of the Group's Value Unlock Strategy, which aims at realising the intrinsic value of the underlying business.

Swiftnet was classified as held for sale and a discontinued operation in the 2024 financial year and has successfully been sold in the current financial year, effective 31 January 2025. Refer to note 12.2 for further details. Therefore, as at 31 March 2025, Swiftnet is no longer a disposal group classified as held for sale.

Discontinued operation assessment

In addition to being classified as held for sale in 2024, it was confirmed that Swiftnet is a separate component of Telkom and represents a separate major line of business and therefore met the discontinued operation classification until 31 January 2025 prior to its disposal.

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

Statement of profit or loss and other comprehensive income	**31 January 2025 Rm**	31 March 2024 Rm
Operating revenue	**692**	767
Gain on disposal of Swiftnet (refer to notes 3.3 and 12.2)	**4 408**	—
Other expenses	**1**	—
Maintenance	**(1)**	(2)
Employee expenses	**(23)**	—
Impairment of receivables	**—**	4
Service fees	**(150)**	(152)
Lease-related expenses	**(2)**	(4)
EBITDA	**4 925**	613
Depreciation of property, plant and equipment	**—**	(20)
Depreciation of right-of-use assets	**—**	(12)
Amortisation of intangible assets	**—**	(3)
Write-offs and impairments of property, plant and equipment and intangible assets	**(5)**	(1)
Operating profit	**4 920**	577
Investment income	**13**	24
Net finance charges and fair value movements	**(14)**	(16)
Profit from discontinued operation before taxation	**4 919**	585
Taxation	**(199)**	(158)
Profit from discontinued operation[1]	**4 720**	427

[1] *Presented net of intercompany transactions between Swiftnet and other Telkom Group entities.*

Notes to the annual financial statements continued

for the year ended 31 March 2025

12. Group composition continued

12.3 Discontinued operation continued

Statement of financial position	31 March 2024 Rm
The carrying amount of assets and liabilities in this disposal group for the prior year is as follows:	
Assets	
Non-current assets	1 551
Property, plant and equipment	1 360
Right-of-use assets	179
Intangible assets	12
Current assets	418
Trade and other receivables	224
Cash and cash equivalents	192
Income tax receivable	2
Assets included in disposal group classified as held for sale	1 969
Liabilities	
Non-current liabilities	189
Lease liabilities	141
Deferred taxation	48
Current liabilities	292
Trade and other payables	219
Lease liabilities	39
Deferred revenue	34
Liabilities included in disposal group classified as held for sale	481

Statement of cash flows	31 January 2025 Rm	31 March 2024 Rm
Cash flows generated by Swiftnet for the reporting period under review are as follows:		
Cash flows from operating activities	**405**	14
Cash flows utilised for investing activities	**(398)**	(210)
Cash flows from financing activities	**(22)**	(20)
Net decrease in cash and cash equivalents from discontinued operation	**(15)**	(216)
Cash and cash equivalents at 1 April	**192**	408
Net cash and cash equivalents at the end of the year of the discontinued operation	**177**	192

	31 March 2024 Rm
Investment in Swiftnet SOC Ltd disclosed as an asset held for sale	1 239

Notes to the annual financial statements continued

for the year ended 31 March 2025

13. Significant events

Results of the Telkom AGM regarding Directors' reappointments

On 20 August 2024, the following Board members were elected or re-elected as per the AGM ordinary resolutions:

- M Booi
- B Kennedy
- KP Lebina
- EG Matenge-Sebesho
- M Msimang
- H Singh

Vesting of shares

In terms of the Telkom share scheme rules and IFRS 2 (Share-based Payments), 531 699 shares vested to Mr S Taukobong and will be exercised after the closed period and no shares vested to Ms N Dlamini in June 2024.

Retirement of Non-executive Director

Telkom announced on 14 June 2024 that Mr LL Von Zeuner, an independent Non-executive Director, had retired from the Board with effect from 20 August 2024.

Appointment of Non-executive Directors

Telkom announced on 14 June 2024 that Mr M Booi and Ms M Msimang had been appointed to the Board of Directors as independent Non-executive Directors with effect from 1 July 2024.

14. Events after the reporting date

Interest-bearing debt repayment

During the period between 25 April 2025 and 16 May 2025, Telkom repaid a sum of R4.75 billion of different interest-bearing debt using the Swiftnet proceeds. The debt repaid was a combination of maturing debt and prepayment of other bi-lateral term facilities.

Dividend declaration

On 6 June 2025, the Board approved an ordinary dividend of R833 million (R1.63 per share) and a special dividend of R500 million (R0.98 per share) for FY2025.

Other matters

The Directors are not aware of any other matter or circumstance since the financial year ended 31 March 2025 and the date of this report, or otherwise dealt with in the annual financial statements, which significantly affects the financial position of the Group and the results of its operations.

Annexures to the financial statements 3

Annexure A – Shareholder analysis

	Number of shareholders	Percentage	Holdings	Percentage
Range of shareholders				
1 - 100 shares	59 823	71.33	1 902 242	0.37
101 - 1 000 shares	21 168	25.24	5 621 365	1.10
1 001 - 10 000 shares	2 241	2.67	6 037 076	1.18
10 001 - 50 000 shares	327	0.39	7 446 029	1.46
50 001 - 100 000 shares	92	0.11	6 669 220	1.30
100 001 - 1 000 000 shares	159	0.19	49 311 925	9.65
1 000 001 shares and over	55	0.07	434 152 382	84.94
	83 865	**100**	**511 140 239**	**100**
Type of shareholder				
Banks/brokers	78	0.09	86 135 672	16.85
Close corporations	31	0.04	48 723	0.01
Endowment funds	90	0.11	288 368	0.06
Individuals	80 707	96.23	16 389 377	3.21
Insurance companies	36	0.04	9 490 573	1.86
Investment companies	3	—	1 227 557	0.24
Medical schemes	20	0.02	1 030 741	0.20
Mutual funds	239	0.28	87 326 390	17.08
Other corporations	119	0.14	207 098 437	40.52
Private companies	139	0.17	1 017 932	0.20
Sovereign Wealth Funds	4	—	1 007 944	0.20
Retirement funds	299	0.36	74 847 956	14.64
Telkom treasury stock	4	—	22 652 020	4.43
Trusts	2 096	2.50	2 578 549	0.50
	83 865	**100**	**511 140 239**	**100**
Geographical holdings by owner				
South Africa	83 650	99.74	440 170 953	86.12
United States	42	0.05	49 493 994	9.68
United Kingdom	25	0.03	9 599 474	1.88
Europe	32	0.04	6 988 202	1.37
Other	116	0.14	4 887 616	0.96
	83 865	**100**	**511 140 239**	**100**

	Holdings	%
Beneficial shareholders of more than 2%		
Government of the Republic of South Africa	207 038 059	40.51
Government Employees Pension Fund	43 136 835	8.44
PSG Financial Services	23 401 061	4.58
Telkom SA Soc Ltd	22 652 020	4.43
M&G Investments	13 385 561	2.62
Old Mutual	16 318 291	3.19
	325 931 827	**63.77**
Foreign custodians holding 2% or more		
Citibank (Custodian)	17 716 154	3.47
State Street Bank & Trust Co (Custodian)	12 819 603	2.51
	30 535 757	**5.98**

Annexure A – Shareholder analysis continued

Public and non-public shareholders	Number of shareholders	Percentage	Holdings	Percentage
Non-public shareholders	17	0.01	229 917 152	44.98
Government of the Republic of South Africa	1	0.00	207 038 058	40.51
Government buffer account	1	0.00	9 461	0.00
Telkom Treasury Stock	4	0.00	22 652 020	4.43
Executive and Non-executive Directors and Prescribed Officers[1]	4	0.00	57 434	0.01
Subsidiaries' Directors[1]	7	0.01	160 179	0.03
Public shareholders				
Institutional and retail investors	83 848	99.98	281 223 087	55.02
	83 865	**100**	**511 140 239**	**100**

[1] *Directors' holdings comprise direct and indirect beneficial holdings.*

The information above is based on registered shareholders, except where only beneficial shareholders' information was available as at 31 March 2025.

Abbreviations

AGM	Annual General Meeting
ASA	Additional share award
BCX	Business Connexion (Pty) Ltd
B-BBEE	Broad-Based Black Economic Empowerment
CAE	Chief Internal Audit Executive
Capex	Capital expenditure
CGU	Cash-generating unit
CODM	Chief operating decision maker
CPI	Consumer price index
CPE	Customer premises equipment
CWIP	Capital work in progress
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation, write-offs, impairments and losses
ECA	Export Credit Agency
ESD	Enterprise and supplier development
ESOP	Employee share ownership plan
Exco	Group Executive Committee
FCF	Free cash flow
FEC	Foreign exchange contract
FSCA	Financial Sector Conduct Authority
FSP	Forfeitable share plan
FVTPL	Fair value through profit or loss
GCFO	Group Chief Financial Officer
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board of Auditors
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
LTIP	Long-term incentive plan
MFRF	Mutual and Federal Risk Finance
Opex	Operating expenses
PABX	Private automatic branch exchange
POTN	Packet Optical Transport Network
ROU	Right-of-use
SAA	Strategic asset allocation
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SIU	Special Investigating Unit
SMB	Small and Medium Business
SMME	Small, medium and micro enterprise
SMS	Short Message Service
TKG	The Telkom Group's JSE share code
TRF	Telkom Retirement Fund
USD	United States dollar
VAT	Value-Added Tax
ZARONIA	South African Rand Overnight Index Average

Administration

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