Telkom

Seamlessly connecting our customers to a better life

Telkom SA SOC Ltd

Group Annual Results

For the year ended 31 March 2025

Telkom SA SOC Ltd
(Incorporated in the Republic of South Africa)

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(Telkom, the Company, or the Group)

Telkom SA SOC Ltd is listed on the JSE Ltd. Information can be accessed on LSEG Data & Analytics (Refinitiv) under the symbol TKGJ.J and on Bloomberg under the symbol TKG.SJ. Information on LSEG and Bloomberg is provided by a third party and is not incorporated by reference herein. Telkom has not approved or verified such information and does not accept any liability for the accuracy of such information.

www.telkom.co.za

Telkom operating structure

Telkom SA SOC Ltd represents Telkom Group (Telkom or the Group), which comprises Telkom Company and its subsidiaries. Telkom Company comprises divisions, namely Telkom Consumer and Corporate Centre. Telkom Group's operating subsidiaries are Openserve and BCX.

Telkom

- **Telkom Consumer** Division
- **Openserve** 100% owned subsidiary
- **BCX** 100% owned subsidiary
- **Gyro** Division

Telkom Consumer is South Africa's fastest-growing mobile and fixed broadband provider, focusing on holistic connectivity solutions and enriched value-added services for the consumer, home and small and medium business segments.

Openserve is South Africa's leading wholesale infrastructure connectivity provider with the largest open-access network across South Africa.

BCX is a state-of-the-art technology company that provides information and communications technology (ICT) solutions and an integrated portfolio of technology solutions in South Africa.

Gyro manages Telkom's property portfolio for core operational purposes and is in the process of being fully divisionalised into the Corporate Centre, following the disposal of Swiftnet, the masts and towers business.

The United Nations Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

The following four SDGs were identified as presenting the most material opportunities for Telkom to enhance its positive impact and minimise its negative impact:

SDG 4 Quality education

SDG 8 Decent work and economic growth

SDG 9 Industry, innovation and infrastructure

SDG 12 Responsible consumption and production

Telkom can further support and influence the following SDGs:

SDG 1 No poverty

SDG 6 Clean water and sanitation

SDG 10 Reduced inequalities

SDG 16 Peace, justice and strong institutions

The relevant SDG icon indicates where related information is discussed throughout this report.

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Telkom returns R1.3 billion to shareholders on the back of successful strategy execution in FY2025 and sets a new roadmap for continued profitable growth

Group highlights for continuing operations

Strong Group performance	Enhanced profitability	Margin expansion	Sustained cash generation	Balance sheet strength restored	Dividend resumption	Masts and towers disposal concluded
Group revenue up 3.3% to R43 880 million, driven by strong growth in mobile service revenue (+10.2%) and fibre-related data revenue (+10.0%)	**Group adjusted EBITDA[2,3,4] increased** significantly by **25.1%** to **R11 792 million,** outpacing revenue growth	**Group adjusted EBITDA[2,3,4] margin expanded** by 4.7 percentage points (ppts) to **26.9%**, a direct result of ongoing, broad-based cost-optimisation initiatives	**Strong operating cash generation** resulted in positive free cash flow[2] from operations of **R2 778 million,** a **R2 354 million** improvement from the prior year	**Improved leverage,** with net debt[2] to adjusted EBITDA[2,3,4] down from **1.8x** to **0.6x** and interest-bearing debt reduced by **R2 600 million** before a further **R4 750 million** debt settled post year-end	**163 cents per share (cps) ordinary dividend declared** off strong operational performance, with shareholders sharing in the Swiftnet disposal via a special dividend of **98 cps**	**R6 618 million cash proceeds** allocated to shareholder returns, debt reduction and growth investments

Earnings from total operations

Financial indicators	Reported FY2025	Reported FY2024	Reported % change
Basic earnings per share (cents)	**1 528.0**	385.5	**+296.4**
Continuing	**566.0**	297.8	**+90.1**
Discontinued[1]	**962.0**	87.7	**+996.9**
Headline earnings per share (cents)[2]	**544.5**	376.0	**+44.8**
Continuing	**467.5**	288.1	**+62.3**
Discontinued[1]	**77.0**	87.9	**(12.4)**

Summary of financial results for continuing operations

Financial indicators Rm	Reported FY2025	Reported FY2024	Reported % change	Adjusted[4] FY2025	Adjusted[4] % change
Revenue	**43 880**	42 463	**+3.3**		
Mobile service revenue	**20 965**	19 026	**+10.2**		
Fibre-related service revenue	**7 760**	7 055	**+10.0**		
EBITDA[2,3]	**11 014**	9 428	**+16.8**	11 792	**+25.1**
EBITDA margin (%)[2]	**25.1%**	22.2%	**+2.9 ppts**	26.9%	**+4.7 ppts**
Profit for the year	**2 783**	1 454	**+91.4**	3 351	**+130.5**
Earnings per share (cents)	**566.0**	297.8	**+90.1**	681.7	**+128.9**
Headline earnings per share (cents)[2]	**467.5**	288.1	**+62.3**	583.2	**+102.4**
Free cash flow[2]	**2 778**	424	**+555.2**		
Dividend (cents per share)	**261**	—	**+100.0**		
Net debt to EBITDA (times)[2]	**0.7**	1.8	**(1.1)**	0.6	**(1.2)**
Capital expenditure	**5 827**	5 825	**—**		
Capital intensity (%)	**13.3%**	13.7%	**(0.4) ppts**		

1 *Swiftnet continued to meet the IFRS 5 requirements and was classified as held for sale and was therefore excluded from the results for continuing operations. Telkom disposed of its 100% equity shareholding in Swiftnet effective 31 January 2025, and therefore the results of Swiftnet have been consolidated for the 10 months up until 31 January 2025.*

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

3 *Earnings before interest, tax, depreciation and amortisation. In this booklet, EBITDA from continuing operations is also referred to as Group adjusted EBITDA.*

4 *This financial measure is presented to show the adjusted performance of the Group's operations and is internally used by management to assess the performance of the business. Refer to page 11. for the reconciliation of the reported figures to the pro forma adjusted figures.*

Overview of our business

Telkom announced its Group annual results for the year ended 31 March 2025 on 10 June 2025 in Centurion, South Africa.

Message from Serame Taukobong, Group CEO

Strategic vision realised – Exceptional results and a focused future

Telkom's strategic vision is translating into exceptional results, demonstrating our unwavering commitment to strengthening our position as the digital backbone of South Africa. Our data-centric strategy continues to be the key driver, enabling us to deliver sustained, impressive performance.

The Group's differentiated strategy over the past year centred on three key pillars. The first pillar was sales engine optimisation. We engineered our sales engine to prioritise efficiency, streamlining regional teams into agile, data-driven units and investing in digital tools to empower frontline teams. The second pillar was network excellence. We prioritised strategic investments in our infrastructure, expanding fibre and 4G/5G coverage to underserved areas while enhancing urban network performance. The final pillar was customer-centric value. We continued disrupting the market by expanding our flexible, affordable plans tailored to diverse segments, from data-centric bundles for cost-conscious users to seamless connectivity solutions for small, medium and large enterprises. We supported these with transparent pricing and proactive service.

While Group data revenue performance remained strong, Group adjusted EBITDA[1,2] increased by 25.1%, surpassing our low- to mid-single-digit growth guidance. This strong performance was driven by consistent momentum across all business units.

Mobile service revenue continued to outpace reported South African mobile market growth rates and subscriber numbers demonstrated strong growth.

Across the board, impressive double-digit growth in mobile and fixed data traffic underscored the strength of Telkom's core offerings. Openserve delivered improved results, driven by strong fibre-related revenue and an enhanced connection rate for fibre to the home.

BCX's full-year revenue reflects our strategic focus on higher-margin information technology (IT) services, with sustained growth in IT service revenue and fibre data. After the internal reorganisation in the first half, BCX posted improved EBITDA[1] performance in the second half, focusing on IT solutions and transitioning away from lower-margin hard and software. The focus on IT solutions, combined with the strong support from Openserve and Telkom Consumer, provides a unique differentiator in connectivity and services. Going forward, we anticipate substantial upsell and platform-driven growth opportunities. Using Telkom's integrated infrastructure (4G/5G, fibre and data centres), BCX is ideally positioned to deliver sector-specific solutions, such as AI-driven retail customer analytics and e-government platforms that substantially improve service delivery times, thereby creating a valuable competitive advantage.

Gyro successfully concluded the sale of high-value properties. Future property sales will only add incremental profit and depend on the optimisation of the Group's property portfolio.

Cost optimisation remains a key focus, with ongoing initiatives yielding expected savings across the Group. It is important to note that cost savings were largely structural and long term, focusing on sustainable costs and optimising operational structures. Roaming costs for the mobile business remain well managed. Openserve continues to realise savings through network simplification and energy transformation, while BCX is on track with its cost savings plan, having implemented decisive management actions and rationalised its operating structure.

The Group's strong EBITDA[1] and cash flow growth were fuelled by a combination of successful strategies. Mobile and fibre data revenue growth across the Group, along with effective cost efficiency programmes, improved Group adjusted EBITDA[1,2] and drove a 19.3% year-on-year increase in cash flow from underlying operations[3].

Disciplined capital expenditure (capex), keeping capital intensity within the targeted 12% to 15% range, supported the maintenance of a positive free cash flow (FCF) position - demonstrating enhanced business sustainability. In addition, FCF was boosted by the completion of the massive disposal programme for non-core property assets. This stronger, more predictable FCF empowers us to optimise capital allocation and strategically reinvest in the business. It also supports the reinstated dividend policy, delivering increased value to our shareholders.

Committed to strategic execution – Swiftnet disposal concluded

In a significant milestone, we successfully concluded the disposal of Swiftnet, the masts and towers business, by the 31 March 2025 deadline. The sale to the consortium led by Actis LLP and Royal Bafokeng Holdings was finalised, with a total cash consideration of R6 618 million received on 27 March 2025.

We are strategically dedicating R4 750 million of the proceeds post year-end to strengthen our balance sheet. This deliberate move is aimed at fortifying the balance sheet for future growth, fuelling innovation, and ensuring we maintain a competitive edge in a dynamic market. The remaining proceeds are earmarked for profit-enhancing capital investments as well as a special distribution to shareholders.

[1] *This is a non-IFRS financial measure.*
[2] *Refer to page 10 for the reconciliation of the reported figures to the pro forma adjusted figures.*
[3] *FCF has been adjusted to exclude the restructuring cost paid. Refer to the FCF note on page 9 for the reconciliation.*

The Swiftnet sale is not just another transaction; it is a powerful demonstration of Telkom's commitment to strategic execution, immediately freeing us to focus intently on our core business and strategic ambitions. It boosts our market credibility and frees up capital to reduce debt and improve profitability. We are streamlining operations to build the Telkom of the future, strengthening our position as South Africa's digital backbone. The Mobile and Openserve operations are unaffected by this disposal.

Growth powered by connectivity and digital transformation

In line with our data-led strategy, Telkom is actively transitioning away from traditional voice services to capitalise on the growing demand for data connectivity, thereby ensuring future-readiness and sustained growth.

Our Mobile business achieved significant milestones this year. Its robust performance translated into a 10.2% increase in mobile service revenue, fuelled by a surge in data revenue of 12.3%. This is the second consecutive year of double-digit growth for mobile data revenue. The growth was underpinned by a 13.4% expansion of our mobile subscriber base, now at 23.2 million users, primarily driven by strong growth in pre-paid subscriptions. Post-paid subscriptions also showed resilience, growing average revenue per user (ARPU) by 3.1%, with a stable base of 3.0 million subscribers.

Our fibre business, Openserve, also experienced solid growth, with fibre-related data revenue increasing by 5.9%. This was driven by a 13.3% increase in homes passed and a 17.6% increase in homes connected. Data traffic on our mobile and fixed networks surged by 24.1% and 26.4%, respectively, highlighting the strong and growing demand for reliable and seamless connectivity across South Africa.

Telkom's network architecture and capacity, combined with our diverse infrastructure assets and data-centric offerings, enable us to deliver high-speed connectivity with low latency to a wide range of customers, including retail consumers, carriers and enterprises. Our external IT service revenue saw growth of 1.4% as we enhanced our solutions to support our customers' digital transformation and cloud adoption journeys.

We continued to prioritise active management of the Group's property portfolio, generating R730 million in proceeds from the sale of non-core properties. These strategic asset disposals contributed to increased earnings, enabling us to optimise the Group's operating footprint.

Building a future-ready network: Investments in connectivity and customer experience

We are steadily shaping our network for the future by optimising our fibre and mobile infrastructure, expanding coverage, and decommissioning outdated voice and legacy equipment. This ensures we are well-positioned to meet our customers' evolving demands.

We invested a significant R5 827 million in expanding and upgrading our network architecture and reinforcing its capabilities while maintaining capital intensity at a responsible 13.3% – within our target range of 12% to 15%.

This strategic capex, combined with the extensive fibre backbone supporting our mobile network, is yielding tangible improvements in customer experience across our networks. An exceptional interaction net promoter score of 72.3 and outstanding core network availability of 99.99% demonstrate our commitment to delivering reliable, high-quality connectivity. Thriving in an increasingly AI-driven ecosystem requires continuous innovation. We are centralising our innovation efforts and forging partnerships to accelerate development, enabling us to bring new solutions to market faster than ever. We are strategically deploying AI both internally for enhanced efficiency and externally to strengthen our client service offerings. As part of our commitment to our clients, we use AI responsibly and ethically and provide comprehensive end-to-end cybersecurity.

Dividend reinstatement: Sharing success with shareholders

We are pleased to confirm the reinstatement of a dividend, signalling a renewed focus on delivering value to shareholders after a four-year suspension. Our revised and Board-approved dividend policy aims to maintain a strong balance sheet, provide a buffer for potential economic downturns, and fund future capital investments. In line with the policy, this year's robust performance and strategic execution allow us to share the fruits of our success with shareholders by distributing both an ordinary and a special dividend.

The ordinary cash dividend of R833 million, or 163 cps, represents 30% of the R2 778 million FCF generated this year, in line with the stated dividend policy, and approximately 27% of the remaining proceeds from the Swiftnet disposal after the settlement of R4 750 million interest-bearing debt.

In addition, and to enable our shareholders to directly gain from the recent masts and towers business disposal, the Group is declaring a special dividend of R500 million, or 98 cps.

In total, the Group will return R1333 million or 261 cps to its shareholders.

The remaining funds from FCF and asset disposals will be prudently allocated to cash reserves, while evaluating optimal use opportunities.

OneTelkom: Aligning ESG and values to deliver results in a digital age

The year was marked by a strengthened OneTelkom culture, resulting in demonstrable improvements across the organisation.

Environmental stewardship: Telkom remains steadfast in its environmental responsibility. While initiatives are underway to reduce carbon emissions, invest in cleaner energy and phase out copper infrastructure, we recognise the importance of continuously innovating and integrating sustainable practices across our value chain.

Our efforts led to a 46.9% reduction in Scope 1 emissions while Scope 2 emissions decreased by 6.6%, in line with our net zero science-based targets.

Social responsibility: As part of our commitment to increasing our socio-economic impact, we promoted digital inclusion through government partnerships and the expansion of fibre connectivity to government premises, coupled with robust training and development programmes for our people. We continued to invest in our employees and communities by supporting the development and sustainability of ICT skills in South Africa.

Our procurement spend on small, medium and micro enterprises (SMMEs) reached R25 million, reflecting our commitment to integrating these businesses into our supply chain. The Telkom Foundation invested R68 million in digital literacy projects, positively impacting 58 400 individuals, paving the way for a more inclusive digital future for all. In its 10th year, our FutureMakers programme supported 459 enterprises through procurement opportunities worth R859 million and innovation programmes. These enterprises collectively created and sustained 73 890 jobs.

Governance and ethical conduct: Telkom emphasises sound and consistent governance practices across the organisation. Ethical leadership is fostered at Executive Committee and Board levels, and throughout the organisation. This is reinforced by our ethics framework, which is defined by the OneTelkom shared Group values that, in turn, shape our Code of Conduct. Telkom is also proactive in managing cybersecurity risks.

We use AI and data responsibly, managing customers while adhering to established ethical and governance standards.

Core values: Telkom's corporate culture is driven by its shared values, which have been redefined to emphasise collaboration, customer centricity, accountability, agility, and simplicity. These values were co-created across business unit teams to foster a unified OneTelkom culture that consistently creates value.

The move towards a unified OneTelkom is delivering tangible results, as demonstrated by Telkom Mobile's recognition as the Best Mobile Provider in South Africa by the prestigious 2024/25 Ask Afrika Orange Index. Additionally, Openserve was named as Analytico's Preferred Business Fibre Provider for 2025, among other notable service-linked recognitions. These testify to our commitment to improving customer experience and driving overall performance. Going forward, Telkom will leverage its strong relationships with customers, proactive approach to ethical AI adoption, and continued focus on sustainable practices to deliver even greater value to stakeholders.

Update on regulatory and legal matters

Process for licensing of radio frequency spectrum

The Independent Communications Authority of South Africa (ICASA) appointed a consortium of experts to assist with the next high-demand spectrum licensing process. The first step will be to consider the competition issues relevant to the licensing of additional high-demand spectrum, including the impact of direct and indirect access to spectrum. It is anticipated that around 280 MHz of additional spectrum, including spectrum in the sub 1 GHz and mid-range bands, will be made available for licensing.

Special Investigating Unit – Appeal against High Court judgment setting aside Proclamation

On 19 July 2023, the Pretoria High Court set aside Presidential Proclamation 49 of 2022. The Proclamation gave the Special Investigating Unit (SIU) the 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 declared the Proclamation unconstitutional, invalid and of no force or effect and awarded costs to Telkom.

On 11 December 2023, the High Court granted the President and the SIU leave to appeal to the Supreme Court of Appeal. The appeal is pending, and Telkom will take steps to have the High Court order in its favour upheld. We currently expect the matter to be heard by the Supreme Court of Appeal in the latter part of 2025 or early 2026.

Outlook: Our medium-term roadmap

Leveraging our current momentum, we are setting ambitious yet achievable objectives for the next three years. We will continue to navigate global macro-economic uncertainties and domestic challenges like high unemployment and the need for sustained economic growth to support our connectivity businesses. At the same time, we are encouraged by positive signals in South Africa, including moderating inflation and marginally lower interest rates.

Maintaining a strong balance sheet remains a top priority, enabling us to invest in profitable growth without compromising our resilience. We aim to sustain the positive FCF momentum established to date. Our focus on efficiency is about holistic performance optimisation. We apply a comprehensive approach that considers every element of our business, from technology and processes to people and partnerships.

We are actively reshaping the business structure to improve returns while preserving our core strengths.

Our strategy further emphasises monetising infrastructure assets and improving medium- to long-term returns. We will invest in our Telkom Consumer business unit through targeted campaigns, competitive value propositions and strategic network expansion in support of regional expansion. Openserve will continue its connect-led strategy, accelerating fibre-based service adoption while pursuing operational efficiencies and driving sustainability through ongoing network simplification and energy transformation programmes. The strategic shifts at BCX are strengthening its business fundamentals. BCX will continue to focus on the high-margin services portfolio while streamlining its structure to enhance profitability in a competitive market. Gyro will continue to seek property rationalisation opportunities and diversifying energy sources for the Group.

We are confident in our strategies and our agility to adapt to changing macro-economic conditions. Our **medium-term objectives**[1] are focused on driving sustainable growth and enhanced value creation across our diverse portfolio. These objectives include:

- **Margin optimisation:** We anticipate improving EBITDA margins for ongoing operations, ranging between 25% and 27%. This should result from achieving a 25% cost to 75% income ratio for continuing operations (excluding property sales) in FY2025, while building on this base and continuing our cost-optimisation programmes
- **Revenue acceleration:** We aim to drive top-line revenue growth across all businesses to exceed inflation. We project annual revenue growth in the mid-single digits
- **Strategic capital allocation:** We plan to maintain capex for future growth within a range of 12% to 15% of revenue
- **Balance sheet strength:** We are committed to a robust balance sheet with a net debt to EBITDA ratio between 0.5x and 1.5x

Essential to achieving these financial targets is continued stability in South Africa, a growing economy supported by a macro-economic environment that does not deteriorate from current levels, and a stabilised energy supply. While their impact is not yet visible, recently escalated global tensions and emerging trade wars could limit South Africa's economic growth.

Telkom recognises its profound societal responsibilities as a provider of a vital service and a national enterprise. As the backbone of the country's digital infrastructure, we are deeply committed to driving national digital transformation and leveraging our extensive network resources to contribute significantly to South Africa's future.

Building on momentum: Future ambitions

FY2025 represents a strategic inflection point for Telkom, marking the successful completion of a multi-year transformation and the beginning of a new growth trajectory. The Company has largely modernised its technology infrastructure and executed on a robust, data-led strategy across its operations. The financial results for FY2025 confirm that the business has not only stabilised, but has built a platform for accelerated growth.

The leadership team has taken a forward-looking approach, recognising that the telecoms industry is evolving rapidly and that Telkom's future lies beyond traditional sector boundaries. By leveraging our extensive infrastructure, distribution networks, operational capabilities, and financial strength, we are exploring bold, future-focused investments. Our long-term ambition is to achieve accelerated revenue growth by 2030 through strategic investments in high-potential opportunities, including expanding into promising new markets and segments within our capital allocation framework. This vision reflects our commitment to innovation, diversification and delivering long-term value to our shareholders.

[1] *The outlook statement has not been reviewed or reported on by Telkom's external auditor.*

Financial capital

FCF[1] up 555.2% to R2 778 million

Group adjusted EBITDA[1,2] up 25.1% to R11 792 million, with a Group adjusted EBITDA margin[1,2] of 26.9%

Adjusted BEPS[2] and HEPS[1,2] up by 128.9% and 102.4%, respectively

Balance sheet strengthened, with net debt[1] to Group adjusted EBITDA[1,2] **down to 0.6x**

Financial performance

Continuing operations	Pro forma March 2025 Rm	Reported March 2024 Rm	Variance %
Group revenue	**43 880**	42 463	3.3
Group adjusted EBITDA[1,2]	**11 792**	9 428	25.1
Group adjusted EBITDA margin (%)[1,2]	**26.9**	22.2	4.7
Group capex	**5 827**	5 825	—
FCF[1]	**2 778**	424	555.2
Adjusted BEPS (cents)[2]	**681.7**	297.8	128.9
Adjusted HEPS (cents)[1,2]	**583.2**	288.1	102.4
Net debt[1] to Group adjusted EBITDA[1,2] (times)	**0.6**	1.8	(1.2)

Group revenue

Group revenue increased by 3.3% to R43 880 million, mainly due to the continued focus on our data-led strategy, which resulted in mobile and fibre-related data revenue growth of 12.3% or R1 765 million and 10.0% or R705 million, respectively. This was partially offset by a 20.4% or R627 million decrease in fixed-voice revenue, 26.9% or R332 million decrease in non-fibre-related data revenue and 21.4% or R480 million decrease in IT hardware and software revenue.

Data revenue now represents 56.4% (FY2024: 53.2%) of Group revenue, of which 54.3% (FY2024: 50.3%) of the Group contribution relates to mobile and fibre-related data.

1 This is a non-IFRS financial measure.
2 Refer to page 10 for the reconciliation of the reported figures to the pro forma adjusted figures.

Group adjusted EBITDA

Group adjusted EBITDA[1,2] increased by 25.1% to R11 792 million, with the EBITDA margin[1,2] expanding by 4.7 ppts to 26.9%.

The Group revenue increase of 3.3% benefited Group EBITDA. This was further enhanced by a decrease in the costs of handsets, equipment, software and directories of 15.3% and lower payments to other operators of 19.1%. This decrease was mainly due to lower IT hardware and software sales as well as the mobile business implementing stringent credit vetting and re-vetting of existing customers to enhance long-term revenue visibility. Roaming costs were positively impacted by reduced loadshedding, the rollout of our own mobile sites, and cost optimisation.

Other income grew by 73.4%, driven by higher profits from the sale of properties in Gyro. These increases were partly offset by a 3.8% increase in operating expenditure and a 17.0% increase in sales commissions and incentives from mobile.

Aligned with our strategy to enhance operational efficiency while optimising cost structures, we limited the increase in total expenses to 0.9%. This operational efficiency was evidenced by the 3.9 ppts decrease in the Mobile direct cost-to-revenue ratio of 35.9% (FY2024: 39.8%). This improvement was driven by optimised roaming costs as we maintained stringent roaming traffic thresholds, focused on migrating traffic to our network, realised continuous efficiencies within our network, and lowered the cost of handsets.

Adjusted BEPS and adjusted HEPS growth

Adjusted HEPS[1,2] increased by 102.4% year on year to 583.2 cents while adjusted BEPS[2] increased by 128.9% to 681.7 cents. The improvement was mainly due to a 49.5% increase in adjusted operating profit[2], driven by a 25.1% increase in Group adjusted EBITDA[1,2]. Profits were further enhanced by an increase in investment income and a decrease in finance charges and fair value movements of 61.1% and 9.0%, respectively. The improvements were partly offset by higher depreciation, amortisation, impairment and write-off expenses, as well as a higher taxation expense[2] driven by a 116.3% increase in adjusted profit before taxation[2].

The weighted average number of ordinary shares increased by 0.8% to 490 660 883.

Capital allocation

Our funding framework supports growth areas and aims to improve our return on invested capital while maintaining a healthy balance sheet. Capex from total operations decreased by 0.8% to R6 086 million with a capex-to-revenue ratio of 13.9%. Capex from continuing operations are in line with FY2024 with a capex-to-revenue ratio of 13.3%.

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

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

Capex	March 2025 Rm	March 2024 Rm	Variance %
Fibre	**1 391**	1 594	(12.7)
Mobile	**2 792**	2 598	7.5
IT solutions	**298**	410	(27.3)
Network rehabilitation/sustainment	**335**	278	20.5
Core network	**708**	548	29.2
Digital platforms and innovation	**49**	75	(34.7)
Property development and optimisation	**—**	84	(100.0)
Shared services and other	**254**	238	6.7
Continuing operations	**5 827**	5 825	—
Capex-to-revenue ratio on continuing operations	**13.3%**	13.7%	(0.4)
Masts and towers	**259**	309	(16.2)
Total operations	**6 086**	6 134	(0.8)
Capex-to-revenue ratio on total operations	**13.9%**	14.2%	(0.3)

Statement of financial position

Bank and cash balances for continued operations increased by 195.0% to R11 054 million from 31 March 2024, primarily attributable to the R6 618 million in proceeds received from the sale of Swiftnet. As a result, net debt[1] decreased by R9 448 million or 55.8% to R7 483 million from R16 931 million.

The reduction in debt aligns with the Group strategy to follow a conservative approach focused on strengthening our balance sheet and improving leverage levels. Net debt[1] to Group adjusted EBITDA[1,2] improved by 1.2x to 0.6x compared to 1.8x at 31 March 2024. This improvement is mainly due to a 55.8% decline in net debt[1] and a 25.1% increase in Group adjusted EBITDA[1,2].

Balance sheet	March 2025 Rm	31 March 2024 Rm	Variance %
Bank and cash balances	**11 054**	3 747	195.0
Current borrowings[3]	**(4 069)**	(5 043)	19.3
Non-current borrowings[3]	**(14 468)**	(15 635)	7.5
Net debt[1]	**(7 483)**	(16 931)	55.8
Net debt[1] to adjusted EBITDA[1,2] (times)	**0.6**	1.8	(1.2)

[1] *This is a non-IFRS financial measure.*
[2] *Refer to page 10 for the reconciliation of the reported figures to the pro forma adjusted figures.*
[3] *Current borrowings relates to current interest-bearing debt and lease liabilities and non-current borrowings relates to non-current interest-bearing debt and lease liabilities.*

Free cash flow

FCF[1] increased by 555.2% to R2 778 million (FY2024: R424 million), primarily due to the 19.3% rise in the adjusted cash generated from operations, in line with the 25.1% increase in Group adjusted EBITDA. The increase in cash generated from operations was partially offset by higher repayments of finance lease liabilities of R1 295 million contributed by the disposal of Swiftnet, resulting in Telkom and Openserve making external lease payments for February and March 2025.

Excluding the impact of the restructuring cost paid in FY2025 and FY2024, adjusted FCF grew by 96.9% to R2 938 million.

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

[1] *This is a non-IFRS financial measure*
[2] *The Telkom Retirement Fund settlement was funded by the R330 million proceeds from plan assets, which are accounted for in investing activities while the payment is recorded in cash paid to suppliers and employees within cash generated from operations. For purposes of disclosing the true free cash flow number, the proceeds from plan assets are included in the calculation.*

Medium-term guidance

	Medium-term guidance FY2023 - FY2025	FY2025 Reported Total[1]	FY2025 Reported Continuing	New medium-term guidance FY2026 - FY2028
Revenue growth	Low to mid-single digit	3.1 %	3.3 %	Mid-single digit
EBITDA growth	Low to mid-single digit	14.8 %	16.8 %	-
EBITDA margin	-	-	-	25% - 27%
Capex to revenue	12% - 15%	13.9 %	13.3%	12% - 15%
Net debt to EBITDA	1.5x - 1.9x	0.6x	0.7x	0.5x - 1.5x

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

Return on invested capital

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

Telkom management has transitioned from disclosing fair values, in line with industry practice. Reporting fair value per business unit was initially driven by the sum of the parts principle and undermines the Group's OneTelkom strategy, which focuses on our collective success.

ROIC is reported on a Group-only basis, aligning with our OneTelkom programme.

This change in disclosure is supported by our core network, which has been modernised by phasing out legacy transmission systems and adopting next-generation network (NGN) technologies to enhance capacity, reliability, and service quality. Concurrently, the Company has progressively migrated its customer base from high-margin, copper-based services to lower-margin fibre-based and mobile alternatives in areas where fibre infrastructure has been deployed. As a result of this transformation, while a lesser portion of Telkom's service offerings remains classified as legacy services, the underlying infrastructure supporting these services has evolved.

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

Group

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

1 This is a non-IFRS financial measure
2 Refer to page 10 for the reconciliation of the reported figures to the pro forma adjusted figures.

Dividend policy reinstated

Following a four-year suspension, the Board reinstated Telkom's dividend policy on 17 June 2024, signalling confidence in the Group's improved financial position and outlook. The policy outlines an annual dividend payout of 30% to 40% of FCF, subject to the outcome of a solvency and liquidity test in terms of sections 4 and 46 of the Companies Act. No interim dividend is envisaged due to the seasonal nature of Telkom's cash flows. The policy also allows for the declaration of a special dividend from any value unlock programme, which results in additional cash to the Company, such as asset disposals, at the Board's discretion.

Declaration of ordinary and special dividends

In line with our dividend policy, the Board declared a final ordinary dividend number 27 of 163.04723 cents per ordinary share and a special dividend of 97.82051 cents per ordinary share in respect of 31 March 2025. The ordinary dividend has been declared out of available cash balances and the special dividend has been declared out of the cash proceeds from the Swiftnet disposal. This takes the total dividend for FY2025 to 260.86774 cps (FY2024: Rnil).

The dividends will be subject to a local dividend withholding tax to those shareholders who are not exempt from paying dividend withholding tax.

Dividend	Gross amount	Dividend withholding tax	Net amount
Ordinary	163.04723 cps	20%	130.43778 cps
Special	97.82051 cps	20%	78.25641 cps

The number of ordinary shares in issue at the date of this declaration is 511 140 239.
Telkom SA SOC Ltd's tax reference number is 9/414/001/710.

Salient dates regarding the ordinary and special dividends are as follows:

Declaration date	Tuesday, 10 June 2025
Finalisation date	Monday, 30 June 2025
Last date to trade cum dividends	Tuesday, 8 July 2025
Shares trade ex-dividend	Wednesday, 9 July 2025
Record date	Friday, 11 July 2025
Payment date	Monday, 14 July 2025

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 July 2025 and Friday, 11 July 2025, both days inclusive. On Monday, 14 July 2025, dividends due to holders of certificated securities on the South African register will be transferred electronically to shareholders' bank accounts. Dividends in respect of dematerialised shareholders will be credited to shareholders' accounts with their relevant central securities depository participant or broker.

Payment of the special dividend is subject to Exchange Control approval. A further announcement will be released on SENS by no later than the finalisation date, once such approval has been obtained.

Group composition

Discontinued operation assessment

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

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

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

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

Pro forma financial information

Certain financial information presented in this results announcement constitutes pro forma financial information in terms of the JSE Listings Requirements. The Group presents various non-IFRS financial measures in the results announcement, including (i) net debt, (ii) free cash flow (FCF) and iii) return on invested capital (ROIC) for both the current and prior years. In addition to these non-IFRS financial measures, the financial information in the current year excludes the impact of the loss from the settlement of the Telkom Retirement Fund (TRF) and restructuring costs with the related tax impact. These measures constitute pro forma financial information and are annotated throughout the results announcement. The pro forma financial information is presented to achieve comparable year-on-year analysis and to highlight the underlying performance of the business.

Restructuring cost

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

Settlement of the Telkom Retirement Fund

During FY2025, 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 that was approved by the Financial Sector Conduct Authority with effect from 1 July 2024. As a result of this amendment, Telkom has no further obligation to pay contributions to fund any deficit unless it voluntarily enters into a future agreement in writing, thereby creating a new obligation.

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

a) A one-off amount of R330 million that Telkom paid to the TRF in connection with the derecognition. This was funded from an annuity issued through a cell captive insurer and will not have a net cash flow impact on Telkom.

b) An additional amount of R288 million, being the difference between the TRF defined benefit obligation and the plan asset, based on the valuation at the derecognition date. The difference would have been accounted for as an asset ceiling and recognised in Other comprehensive income had the derecognition not taken place.

Effective 1 July 2024, Telkom is accounting for the TRF as a defined contribution plan. Refer to the audited consolidated annual financial statements for full disclosure of the amendment to the TRF rules and the settlement of the TRF.

The restructuring cost and loss from the derecognition of the TRF liability, against which this pro forma financial information was prepared, are set out below:

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

Segment reporting

Segment reporting is provided in note 3 of the audited consolidated annual financial statements.

Group adjusted profit after tax[2] from continuing operations increased by

130.5%

Results from operations

Group adjusted profit after tax[2] from continuing operations increased by 130.5% to R3 351 million (FY2024: R1 454 million). This is mainly attributable to the 25.1% increase in Group adjusted EBITDA[1,2] to R11 792 million, the 9.0% decrease in finance charges and fair value movements, and a 61.1% increase in investment income. It was partially offset by higher depreciation, amortisation, impairments, and write-offs and tax[2]. This resulted in a 102.4% increase in adjusted HEPS[1,2] and a 128.9% increase in adjusted BEPS[2] to 583.2 and 681.7 cents per share, respectively.

[1] *This is a non-IFRS financial measure.*
[2] *Refer to page 10 for the reconciliation of the reported figures to the pro forma adjusted figures.*

Productive capital

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

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

Our fibre portfolio continued its exceptional performance, in line with our strategic focus on data-driven growth. Fibre-related data revenue surged by 15.5%, driven by a 3.4% increase in subscribers and a 12.4% uplift in ARPU. In addition, our beyond connectivity revenue grew by 1.4%, fortifying our strategy to create stickiness to core revenue and increase our share of the wallet.

Telkom Consumer

10.2% Mobile service revenue growth

36.0% Telkom Consumer EBITDA growth

12.3% Mobile data revenue growth

15.4% Pre-paid subscriber growth

Accelerated Mobile growth

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

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

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

Despite a challenging operating environment, the Mobile business delivered a robust 30.3% increase in EBITDA to R6 564 million, with the EBITDA margin expanding to 26.7% (up 4.5 ppts). This improvement was mainly attributable to an increase in service revenue together with prudent cost management.

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

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

Our commitment to cost discipline remains steadfast, underpinned by continuous refinement of operational efficiencies and strategic cost-optimisation initiatives.

Telkom Consumer's EBITDA grew strongly by 36.0% to R5 567 million, driving a 4.5 ppts increase in EBITDA margin to 20.0%.

Drive for broadband adoption

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

This year was transformative for our brand. We solidified our purpose-driven positioning and commitment to empowering customers through seamless connectivity. Our "Possible Begins Here" brand positioning strengthened brand equity and elevated customer loyalty. We were named Best Mobile Provider in South Africa by the 2024 Ask Afrika Orange Index. Strategic collaborations further enhanced brand perception, driving a significant uplift in social media sentiment and reinforcing our standing as the fastest-growing telecommunications provider. We will continue on this trajectory, redefining connectivity, fostering meaningful customer relationships and setting new benchmarks for service excellence.

Mobile network expansion

Demand for data surged relentlessly, spurring a 24.1% increase in data traffic to 1 759 petabytes. In line with our strategic imperative to lead in data services, we committed R2 792 million in capital expenditure towards our mobile programme, primarily for capacity expansion given our subscriber growth. This facilitated an expansion in network coverage, now encompassing 7 909 sites.

To alleviate pressure in high-demand areas, we advanced the deployment of massive multiple-input multiple-output (MIMO) technology, scaling it to 722 sectors. 1 757 sites are equipped with massive MIMO technology.

We repurposed 122 sites from 3G to 4G through the reallocation of 2100 MHz spectrum. Additionally, we introduced 648 low-band sites to bridge coverage deficiencies, enhance indoor signal penetration and fortify 4G capacity.

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

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

Driving revenue through digital and financial services

We reinforced our beyond connectivity strategy by expanding our value propositions, including airtime advance lending, insurance and advertising services. Revenue from beyond connectivity contributed a substantial R1 685 million to overall growth. The airtime lending segment remained a consistent and significant revenue driver, accounting for 31.1% of total pre-paid recharges, with approximately 11.8 million unique customers utilising this service.

Our insurance portfolio experienced steady growth of 3.9% over the year, resulting in revenue of R292 million. This growth was primarily driven by stronger device insurance sales, as well as improved policy management and retention strategies. This was coupled with investments in more advanced digital services and a content platform to support these services.

Outlook

By navigating the competitive landscape of the market, we are confident in the robustness of our data-driven strategy and are well-positioned to sustain growth and diversify our revenue streams to beyond connectivity. Strategic investments in mobile and fibre technologies are set to accelerate the next phase of our growth.

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

Productive capital

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

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

32.4% EBITDA margin

50.4% Market-leading FTTH connectivity rate

5.9% Fibre-related data revenue growth

Performance overview

Openserve's strategic channel diversification is yielding results. External revenue grew by 7.7% to R4 875 million, driven by a 9.2% or R333 million increase in fibre-based products and services. While the transformation efforts yielded pleasing results, overall revenue decreased by 1.3% to R12 349 million a deceleration from the prior year, impacted by ongoing declines in fixed-voice, interconnection services and legacy data revenue of 25.4% or R732 million. This reduction was largely offset by the growth of the fibre portfolio.

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

We made substantial progress in optimising costs through network simplification and energy transformation. Initiatives included reduced power usage through consolidating sites, decommissioning legacy network systems, and installing solar power and lithium-ion batteries. Overall, 1 244 sites are now equipped with lithium-ion batteries and 326 with solar power, up from 800 and 50, respectively, in FY2024. This is underpinned by our commitment to a more sustainable and energy-resilient future. These efficiency measures, combined with minimal load reduction, resulted in diesel cost savings of R378 million. Diesel costs were R62 million for the year.

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

Commercialising the network

Openserve's focus on connecting homes resulted in homes connected increasing by 17.6% or 104 103 to 694 630. Our industry-leading connectivity rate of 50.4% reflects our efforts to drive our commercialisation strategy, while leveraging infrastructure investments to meet the growing demand for high-speed connectivity.

In line with our strategy of providing innovative products and services, we made further improvements across the broadband product portfolio to cater for our diverse customer base. We enhanced the Openserve Webstream offering, introducing a new entry-level speed and a free installation promotion for all Openserve Web Connect Prepaid and Openserve Webstream Prepaid customers.

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

Scalable network

Balancing cost efficiencies with continued investment in infrastructure is critical to Openserve. We invested R2 535 million in modernising our network over the past year. This expanded our fibre footprint, resulting in a 13.3% or 161 820 increase in the number of homes passed with fibre to 1 378 930.

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

Our proactive approach to network enhancement ensures we can accommodate the exponential increase in data usage while maintaining service quality and reliability. In FY2025, Openserve's data consumption increased by 26.4% to 2 915 petabytes.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Transforming service delivery

Openserve is committed to exceptional service delivery. We continued to innovate by introducing new capabilities, such as the recently launched white-label ISP platform. This platform provides an affordable, all-encompassing solution that enables smaller ISPs to offer a seamless digital customer experience, from ordering to billing and assurance. Through the ISP platform, Openserve can enable community-based ISPs and strong business-to-consumer brand positioning. This positions us at the centre of the fixed-home connectivity ecosystem.

Openserve delivered an outstanding network performance, with uptime reaching 99.9% for the access, 99.88% for the transport and 99.99% for the core network layers. Our customer satisfaction metrics were strong, with our Interaction Net Promoter Score (iNPS) increasing to 72.3 (FY2024: 69.7).

Outlook

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

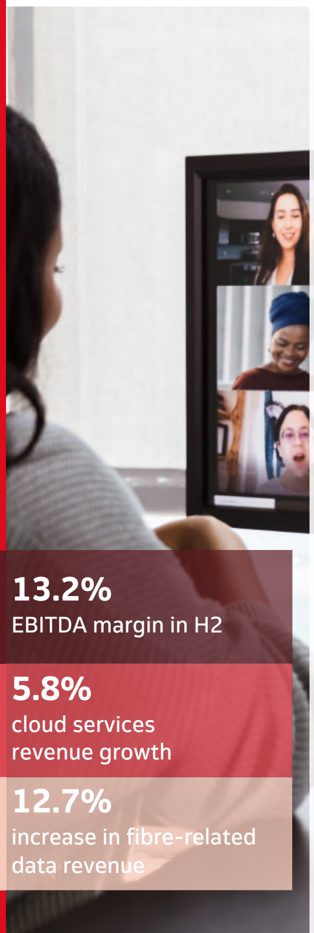
We will continue to leverage digital transformation and leading-edge technologies to provide the best customer experience. Together with our resilient network, this positions Openserve for continued growth as it strives to become the leader in connected homes in South Africa, in line with the connect-led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

Productive capital

BCX | The strategic shifts at BCX are generating positive momentum. We have strengthened the business fundamentals, expanded our high-margin services portfolio and optimised the cost structure.

These initiatives have reduced the cost to serve and enabled a continued shift of Converged Communications offerings to fibre-based platforms. This resulted in a marked improvement in performance during the second half of the year and a stronger financial foundation overall.

[1] *Excludes R157 million restructuring cost paid.*



13.2%
EBITDA margin in H2

5.8%
cloud services revenue growth

12.7%
increase in fibre-related data revenue

Performance overview

Our performance reflects the transition we are going through, with encouraging signs emerging towards year-end. Revenue for the business declined by 4.4% to R12 346 million, as we reshaped our revenue mix towards higher-margin IT services.

Despite the decline in the performance, the **IT Services** portfolio grew by 2.6% for the year and reinforced BCX's shift toward higher-value offerings. This growth was principally driven by strong demand for cloud and Internet of Things (IoT) solutions.

Managed cloud services revenue climbed 5.8% and IoT services grew by 1.5% as clients expanded their adoption of connected, data-driven technologies. Application solution services' 2.0% increase reflects a tough market and muted growth compared to FY2024, which had benefited from one-off SAP implementation projects. Cybersecurity services contracted by 27.6%, underperforming expectations in a market that remains a strategic focus for future growth.

Revenue from **IT hardware and software** sales declined by 23.7%. This was due to a deliberate moderation of sales that was accelerated in the second half, along with an increase in the level of sales classified as agent revenue. As a result, BCX successfully reduced the working capital consumption that characterised prior years, with far less cash now tied up in inventory and receivables. This strategic rebalance of the Integrated Technology Solution Sales (ITSS) business has improved overall financial efficiency and aligns with the initiative to improve working capital and profitability.

International business revenue declined by 4.7% to R667 million, and the performance was impacted by economic turbulence in many of the African countries we operate in and the cleanup of ageing inventory and receivable balances.

The decline in **Converged Communications** revenue moderated from the levels reported in FY2024 and the first half of FY2025. Revenue decreased by only 1.4%, reflecting the deliberate migration of clients from legacy services to fibre-based platforms.

This proactive transition temporarily reduces revenue but fundamentally enhances the business mix. Currently, 78.9% of data services (which grew by 2.7%) and 37% of voice services revenue are delivered over fibre platforms. The growing prevalence of fibre in the network is already lowering the cost to serve and enhancing customer experience through more reliable, higher-bandwidth connectivity.

The fibre-centric pivot is critical to the communications portfolio's long-term growth, even though it entails a short-term impact on revenue during the migration phase.

BCX generated adjusted EBITDA[1] of R1 376 million before restructuring costs of R157 million, improving by 6.3% from FY2024 and represents an adjusted EBITDA[1] margin of 11.1%. Notably, performance accelerated in the second half as the EBITDA margin rose to 13.2%, reflecting early gains from the cost transformation programme. The proactive management of receivables resulted in a R24 million decline in impairment of receivables.

BCX optimised its facilities footprint, reduced employee costs, and deployed generative AI-driven automation. Together, these actions streamlined operations and lowered the cost to serve, contributing to sustained gains in margin and cash flow.

Outlook

Looking ahead, BCX is poised to capitalise on the foundational improvements achieved in FY2025. With strategic initiatives aimed at expanding high-margin IT services, enhancing operational efficiency, and leveraging advanced technologies like generative AI, the business is well-positioned for sustained growth.

Investments in reskilling the workforce, embedding new ways of working, and deepening customer insights will drive seamless experiences and maximise lifecycle value. BCX plans to further strengthen its go-to-market capabilities, broaden the scope of service offerings, and effectively position Everything-as-a-Service (XaaS) opportunities to meet evolving client needs. By continuing to optimise cost structures, foster innovation through own-IP platforms, and migrate to fibre-based communications, BCX is set to unlock greater profitability, growth and value creation in FY2026.

Productive capital

Gyro | During the year, Gyro successfully auctioned non-core properties, which included properties that were previously earmarked for property development. The conveyancing process was accelerated to ensure the transfer of high-value properties.

Gyro

Disposal of non-core properties

A total of 57 Gyro and Telkom owned properties were transferred, realising total cash proceeds of R730 million. As at 31 March 2025, 30 properties with a sales value of R280 million remain in the conveyancing process. These include 28 properties that were auctioned in December 2024 at a sales value totalling R125 million.

Enhance operational efficiencies

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

Telkom Group's science-based targets were validated and approved by the Science Based Targets initiative (SBTi), reflecting our commitment to combatting climate change in line with global goals. We achieved a 78% reduction in diesel consumption due to limited loadshedding and successful diesel optimisation projects, thus lowering our emissions and reducing operational costs. A notable reduction of 35 125 tCO_2e (5.5%) against a target of 26 840 tCO_2e (4.2%) in Scope 1 and Scope 2 carbon emissions was achieved through ongoing renewable energy and energy efficiency initiatives. We also increased our e-waste recycled by 28%, which directly contributed to our circular economy initiatives by reducing waste to landfill and conserving valuable resources.

Outlook

The 30 properties (sold at proceeds of R280 million) that are under conveyancing as at 31 March 2025 are expected to be transferred in FY2026.

The disposal of non-core properties is expected to continue in FY2026. However, these planned sales are not expected to yield the same level of proceeds, as most of the high-value properties were sold in FY2025. Future property sales will further streamline Telkom's property footprint, optimise property operating costs and enhance the Group's liquidity position.

Swiftnet | Swiftnet continued to organically grow the co-location business while scaling up the new Power-as-a-Service (PaaS) offering.

15
New towers built

74.7%
EBITDA margin

501
PaaS solutions connected to customers

swiftnet

Towards the end of the financial year, Telkom transferred its 100% equity interest in Swiftnet to an infrastructure fund managed by Towerco Bidco Proprietary Limited ("Towerco"), a subsidiary of Actis LLP, with Royal Bafokeng Holdings as its B-BBEE partner.

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

- 15 new towers built and completed and eight towers under construction, resulting in 4 012 total productive towers
- Continued focus on PaaS, with 501 of these solutions built
- Revenue generated increased by 11.7% against the prior comparative period (31 January 2024) to R1 221 million. PaaS was the main revenue contributor. Growth was also augmented by inflationary escalations, new tenancies, 5G expansion and antenna upgrades by Swiftnet customers
- EBITDA increased by 12.0% against the prior comparative period (31 January 2024) to R912 million at a strong EBITDA margin of 74.7%

Natural capital

"We are accelerating our decarbonisation journey by optimising energy usage, deploying renewables and driving operational efficiency."

We are committed to being carbon neutral by 2035 and achieving net zero for Scope 1, 2 and 3 emissions by 2040. In FY2025, we made progress towards this target, validated our science-based targets with the SBTi and advanced our decarbonisation pathway, achieving reductions in Scope 1 and 2 emissions. This aligns with our ESG strategy targets against the FY2022 baseline, which commit us to a 4.2% linear annual reduction rate in carbon emissions.

Key highlights

- Scope 1: 35 127 tCO_2e 47%
- Scope 2: 541 268 tCO_2e 7%
- Scope 3: 1 713 336 tCO_2e 0.6%
- Diesel consumption: 7 962 KL 59%
- Water consumption: 775 103 kL 0.3%
- E-waste recycled: 8 276 tonnes 8%

We finalised our first climate scenario analysis, evaluating physical risks under RCP 4.5 and RCP 8.5 pathways for 2030 and 2050. The assessment identified material risks across 29 flood-prone, 31 drought-exposed, and 18 wildfire-vulnerable assets. These findings have informed our infrastructure investment plans, supporting long-term resilience and continuity.

Our net zero pathway, developed in FY2025, provides a structured roadmap for decarbonisation, aligning with the near-term targets validated under the SBTi.

Human capital

"Driving a thriving, diverse and future-ready workforce"

Telkom is committed to cultivating a high-performing and engaged workforce that is equipped to deliver on our business strategy. Through strategic workforce planning, targeted development, recognition and culture-building initiatives, we enhance employee experience while advancing transformation, diversity and inclusion. Our people practices continue to support our evolution as a modern, agile organisation that is capable of responding to both operational priorities and future growth ambitions.

Key highlights

- Women in leadership positions: 35.5%
- 80 incumbents appointed into leadership positions, 73% females
- 76% of external hires were women, 92% African females
- Training and development spend: R166 million

Telkom and BCX were named Top Employer in South Africa for the third and fourth year in a row, respectively.

Our wellness days, webinars and virtual classes support physical, mental and financial health.

Our employee net promoter score improved across all key indicators, reflecting increased satisfaction with Telkom as a workplace.

Social and relationship capital

Telkom is committed to creating shared value for both its business and society through strategic interventions that have a meaningful impact on the South African economy. These initiatives aim to create both social and commercial value, contributing to sustainable growth.

Over the last decade, we have made significant progress in supporting SMMEs through our FutureMakers programme, solidifying our position as a leading corporate partner in the development of SMMEs within the ICT sector.

Key highlights

- Total Enterprise Supplier Development (ESD) spend: R24 million
- Number of SMMEs impacted or supported: 459
- Investment in the Telkom Foundation: R68 million
- Number of learners and teachers impacted: 36 254

The second cohort of the Township Innovation Incubator Programme graduated. Since the launch of the programme in April 2023, 13 entrepreneurs from North West, KwaZulu-Natal, Gauteng and the Western Cape have received R50 000 in seed capital along with business development support and training.

Through our Academic Support Programme, we reached 3 677 learners face to face and 33 798 learners online, contributing to a Grade 12 pass rate of 99%, with 92% of learners achieving university entrance passes.

Intellectual capital

In FY2025, we made significant strides in enhancing intellectual capital through various initiatives. These included streamlining revenue processes, optimising order management and integrating systems to improve operational efficiency and customer experience.

The completion of a Group-wide digital strategy, aligned with the PIVOT[1] and ESG strategies, reinforced Telkom's commitment to driving digital innovation and positioning itself at the forefront of the digital economy.

Key highlights

- Reduced order processing times to **under two days** while enhancing billing stability
- Implemented a **shared services model**, resulting in significant operational cost savings and improved efficiencies across the Company

In FY2025, Telkom invested R46 million in innovation and industry research and development to improve customer experience.

This included the development of platforms like Bafo, which enhances contact centre efficiency through AI. We also developed a Voice of the Customer platform that uses behavioural economics and AI models to analyse customer feedback and inform product development and engagement strategies.

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

Operational data

Operational data

	March 2025	March 2024	Variance %
Mobile subscribers			
Active mobile subscribers[1]	**23 175 835**	20 438 983	13.4
Pre-paid	**20 193 260**	17 493 045	15.4
Post-paid	**2 982 575**	2 945 938	1.2
ARPU blended (rand)	**77.98**	84.10	(7.3)
ARPU pre-paid (rand)	**60.08**	64.86	(7.4)
ARPU post-paid (rand)	**186.15**	180.48	3.1
Mobile data subscribers	**15 226 291**	12 740 658	19.5
Fixed subscribers			
Fibre broadband lines[2]	**565 322**	554 953	1.9
Fibre	**535 552**	489 994	9.3
xDSL	**29 770**	64 959	(54.2)
ARPU fixed-voice	**304.26**	298.70	1.9
ARPU fixed-broadband	**369.61**	312.24	18.4
Managed data network sites	**20 748**	25 401	(18.3)
Internet all-access subscribers[3]	**199 902**	246 398	(18.9)
Fixed access lines ('000)[4]	**474**	609	(22.2)
Revenue per fixed access line (rand)	**5 139**	5 036	2.0
Network population coverage			
Homes passed	**1 378 930**	1 217 110	13.3
Homes connected	**694 630**	590 527	17.6
Enterprise business services	**44 663**	41 951	6.5
Next-generation technology services	**75 589**	73 392	3.0
Carrier services	**21 149**	20 071	5.4
Fibre to base station connections	**9 221**	9 131	1.0
Mobile sites integrated	**7 909**	7 738	2.2
Active fibre connectivity rate (%)	**50.4**	48.5	1.9
Volumes			
Fixed-broadband (petabytes)	**2 915**	2 307	26.4
Mobile broadband (petabytes)	**1 759**	1 417	24.1
Total fixed-line traffic (millions of minutes)	**3 801**	4 089	(7.0)
Group employees	**9 509**	9 877	(3.7)
Telkom Company	**1 326**	1 218	8.9
Telkom Consumer	**1 013**	1 017	(0.4)
Corporate Centre	**313**	201	55.7
Openserve	**4 563**	4 532	0.7
BCX Group	**3 620**	4 032	(10.2)
Gyro employees[5]	**—**	95	(100.0)

1 *Based on a subscriber who participated in a revenue-generating activity within the last 90 days.*
2 *Includes xDSL and FTTH lines, of which 2 564 (FY2024: 3 135) are internal lines.*
3 *Includes Telkom internet asymmetrical DSL, integrated services digital network (ISDN) and WiMAX subscribers.*
4 *Includes copper voice and broadband, ISDN and fixed look-a-like. Excludes Telkom internal lines.*
5 *As part of the divisionalisation of Gyro, employees were moved to Corporate Centre.*

Financial performance

Group revenue

	Openserve		Telkom Consumer		BCX		Gyro		Eliminations[1], IFRS 16 reversal[2] and other		Group[1]		Variance
	March 2025	March 2024	**March 2025**	March 2024	**March 2025**	March 2024	**March 2025**	March 2024	**March 2025**	March 2024	**March 2025**	March 2024	
	Rm	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	**Rm**	Rm	%
Mobile	**—**	—	**24 542**	22 679	**—**	—	**—**	—	**(94)**	(96)	**24 448**	22 583	8.3
Voice	**—**	—	**4 352**	4 227	**—**	—	**—**	—	**(30)**	(27)	**4 322**	4 200	2.9
Interconnection	**—**	—	**628**	581	**—**	—	**—**	—	**(50)**	(55)	**578**	526	9.9
Data	**—**	—	**16 079**	14 314	**—**	—	**—**	—	**(14)**	(14)	**16 065**	14 300	12.3
Handset and device sales	**—**	—	**3 150**	3 243	**—**	—	**—**	—	**—**	—	**3 150**	3 243	(2.9)
Interest revenue	**—**	—	**299**	314	**—**	—	**—**	—	**—**	—	**299**	314	(4.8)
Other	**—**	—	**34**	—	**—**	—	**—**	—	**—**	—	**34**	—	100.0
Fixed	**12 198**	12 384	**2 810**	3 168	**5 575**	5 652	**—**	—	**(7 496)**	(8 091)	**13 087**	13 113	(0.2)
Voice	**1 266**	1 742	**692**	1 044	**1 749**	2 023	**—**	—	**(1 267)**	(1 742)	**2 440**	3 067	(20.4)
Interconnection	**285**	321	**—**	—	**—**	—	**—**	—	**(65)**	(74)	**220**	247	(10.9)
Data	**9 946**	9 649	**1 902**	1 882	**2 670**	2 600	**—**	—	**(5 855)**	(5 841)	**8 663**	8 290	4.5
Fibre-related	**9 350**	8 833	**1 696**	1 468	**2 107**	1 870	**—**	—	**(5 393)**	(5 116)	**7 760**	7 055	10.0
Other data	**596**	816	**206**	414	**563**	730	**—**	—	**(462)**	(725)	**903**	1 235	(26.9)
Customer premises equipment sales and rentals	**170**	202	**204**	154	**1 156**	1 029	**—**	—	**(170)**	(202)	**1 360**	1 183	15.0
Sundry revenue	**531**	470	**12**	88	**—**	—	**—**	—	**(139)**	(232)	**404**	326	23.9
Information technology[1]	**—**	—	**—**	—	**6 771**	7 263	**—**	—	**(1 062)**	(1 123)	**5 709**	6 140	(7.0)
IT service revenue[1]	**—**	—	**—**	—	**4 739**	4 617	**—**	—	**(855)**	(785)	**3 884**	3 832	1.4
IT hardware and software[1]	**—**	—	**—**	—	**1 971**	2 582	**—**	—	**(207)**	(338)	**1 764**	2 244	(21.4)
Interest revenue	**—**	—	**—**	—	**61**	64	**—**	—	**—**	—	**61**	64	(4.7)
Other	**151**	127	**452**	482	**—**	—	**33**	163	**—**	(145)	**636**	627	1.4
Digital media sales	**—**	—	**145**	201	**—**	—	**—**	—	**—**	—	**145**	201	(27.9)
Insurance revenue	**—**	—	**292**	281	**—**	—	**—**	—	**—**	—	**292**	281	3.9
Lease revenue	**151**	127	**15**	—	**—**	—	**8**	91	**—**	(73)	**174**	145	20.0
Gyro management fee	**—**	—	**—**	—	**—**	—	**25**	72	**—**	(72)	**25**	—	—
Total	**12 349**	12 511	**27 804**	26 329	**12 346**	12 915	**33**	163	**(8 652)**	(9 455)	**43 880**	42 463	3.3

1 *Inter-business unit transactions are eliminated to ensure that only transactions with external entities are recorded in the Income statement.*
2 *The IFRS 16 reversal relates to Inter-business unit lease transactions, which result in one entity receiving lease Income (which is recorded above EBITDA), and the counterparty business unit only recognising an Interest expense and depreciation (which is below EBITDA).*

Mobile statement of profit or loss

	March 2025 Rm	March 2024 Rm
Revenue	**24 569**	22 691
Other income	**505**	407
Direct expenses	**(8 775)**	(8 997)
Operating expenses	**(9 735)**	(9 065)
Employee expenses	**(834)**	(535)
Other expenses	**(3 795)**	(3 858)
Maintenance	**(1 918)**	(1 744)
Marketing	**(662)**	(551)
Impairment of receivables and contract assets	**(1 117)**	(1 322)
Service fees	**(1 191)**	(965)
Lease-related expenses	**(218)**	(90)
EBITDA	**6 564**	5 036

This has been extracted from management's internal financial reporting and is unaudited.

Masts and towers statement of profit or loss[1]

	January 2025 Rm	March 2024 Rm
Revenue	**1 221**	1 321
Operating expenses	**(309)**	(331)
Employee expenses	**(23)**	—
Other operating expenses	**(129)**	(173)
Impairment of receivables and contract assets	**—**	5
Service fees	**(155)**	(159)
Operating leases	**(2)**	(4)
EBITDA	**912**	990

This has been extracted from management's internal financial reporting and is unaudited.

[1] *The masts and towers business was sold effective 31 January 2025.*

Consolidated statement of profit or loss and other comprehensive income

Continuing operations	Pro forma 31 March 2025 Rm	Reported 31 March 2024 Rm	Variance %	
Group revenue	**43 880**	42 463	3.3	
Other income	**1 552**	895	73.4	A
Direct expenses	**(11 092)**	(12 201)	9.1	
Payments to other operators	**(2 693)**	(3 328)	19.1	B
Cost of handsets, equipment, software and directories	**(5 185)**	(6 125)	15.3	C
Sales commission, incentive and logistical costs	**(3 214)**	(2 748)	(17.0)	D
Operating expenses	**(22 548)**	(21 729)	(3.8)	
Insurance service expenses	**(202)**	(185)	(9.2)	
Employee expenses[1]	**(8 035)**	(7 895)	(1.8)	
Other expenses	**(2 763)**	(2 195)	(25.9)	E
Maintenance	**(5 043)**	(4 842)	(4.2)	
Marketing	**(955)**	(829)	(15.2)	
Impairment of receivables and contract assets	**(1 342)**	(1 688)	20.5	F
Service fees	**(3 848)**	(3 849)	—	
Lease-related expenses	**(360)**	(246)	(46.3)	
Group adjusted EBITDA[1,2]	**11 792**	9 428	25.1	
Depreciation, amortisation, impairment and write-offs	**(5 957)**	(5 525)	(7.8)	
Adjusted operating profit[1]	**5 835**	3 903	49.5	
Investment income	**369**	229	61.1	G
Finance charges and fair value movements	**(1 984)**	(2 181)	9.0	
Net finance charges on lease liabilities	**(529)**	(586)	9.7	
Net finance charges	**(1 397)**	(1 541)	9.3	
Foreign exchange and fair value movements	**(58)**	(54)	7.4	
Adjusted profit before taxation[1]	**4 220**	1 951	116.3	
Taxation[1]	**(869)**	(497)	(74.8)	H
Adjusted profit for the year from continuing operations[1]	**3 351**	1 454	130.5	
Profit for the year from discontinued operation	**4 720**	427	1 005.4	
Adjusted profit for the year	**8 071**	1 881	329.1	

[1] *Refer to page 10 for the reconciliation of the reported figures to the pro forma adjusted figures.*
[2] *This is a non-IFRS financial measure.*

Notes

A Other income increased by 73.4% to R1 552 million, mainly attributable to the increase in the gain on sale of assets to R654 million driven by properties sold in Gyro.

B Payments to other operators decreased by 19.1% to R2 693 million, driven by the optimisation of mobile roaming costs driven by lower costs incurred as a result of a decline in loadshedding hours, the rollout of our own mobile sites, and the focus on cost efficiency as we maintain stringent roaming traffic thresholds and migrate traffic to our network.

C Cost of handsets, equipment, software and directories decreased by 15.3% to R5 185 million, largely due to lower IT hardware and software sales in BCX and lower mobile device costs underpinned by post-paid sales, primarily driven by Telkom Consumer implementing stringent credit vetting to de-risk its post-paid portfolio in response to a deteriorating credit consumer position.

D Sales commission, incentive and logistical costs increased by 17.0% to R3 214 million, mainly due to the growth in the mobile commissionable base and higher recharges and airtime sales.

E Other expenses increased by 25.9% to R2 763 million, mainly due to additional third parties utilised due to delayed fulfilment of vacancies.

F Impairment of receivables and contract assets decreased by 20.5% mainly attributable to R1 342 million, largely due to interventions of increasing credit scores and re-vetting existing customers together with improved device management.

G Investment income increased by 61.1% to R369 million, due to higher bank and cash balances mainly attributable to the cash inflow from the sale of Swiftnet.

H Taxation increased by 74.8% to R869 million due to the 116.3% increase in profit before taxation, offset by the 4.9 ppts decrease in the effective tax rate to 20.6% (FY2024: 25.5%).

Consolidated statement of financial position

	31 March 2025 Rm	31 March 2024 Rm	Variance %	
Assets				
Non-current assets	**44 530**	43 006	3.5	
Property, plant and equipment	**27 334**	26 002	5.1	
Right-of-use assets	**6 384**	5 594	14.1	A
Intangible assets	**5 421**	5 327	1.8	
Other investments	**106**	106	–	
Other receivables	**155**	48	222.9	
Employee benefits	**993**	1 283	(22.6)	B
Other financial assets	**94**	173	(45.7)	
Finance lease receivables	**307**	313	(1.9)	
Deferred taxation	**3 736**	4 160	(10.2)	
Current assets	**23 005**	16 216	41.9	
Inventories	**747**	903	(17.3)	C
Income tax receivable	**7**	115	(93.9)	
Finance lease receivables	**157**	266	(41.0)	
Trade and other receivables	**7 740**	8 215	(5.8)	
Contract assets	**2 344**	2 204	6.4	
Other current assets	**619**	545	13.6	
Other financial assets	**63**	63	–	
Insurance contract asset	**251**	141	78.0	
Cash and cash equivalents	**11 054**	3 747	195.0	D
Restricted cash	**23**	17	35.3	
Asset included in disposal group classified as held for sale	**–**	1 969	(100.0)	
Total assets	**67 535**	61 191	10.4	
Equity and liabilities				
Equity attributable to owners of the parent	**33 601**	26 196	28.3	
Share capital	**5 050**	5 050	–	
Share-based compensation reserve	**1 610**	1 535	4.9	
Non-distributable reserves	**585**	750	(22.0)	
Retained earnings	**26 356**	18 861	39.7	
Non-controlling interest	**(16)**	(21)	(23.8)	
Total equity	**33 585**	26 175	28.3	
Non-current liabilities	**16 347**	17 359	(5.8)	
Interest-bearing debt	**9 368**	11 535	(18.8)	E
Lease liability	**5 100**	4 100	24.4	F
Provisions	**381**	336	13.4	
Other financial liabilities	**205**	202	1.5	
Deferred revenue	**1 194**	899	32.8	
Deferred taxation	**99**	287	(65.5)	
Current liabilities	**17 603**	17 176	2.5	
Trade and other payables	**9 944**	8 996	10.5	G
Shareholders for dividend	**19**	24	(20.8)	
Interest-bearing debt	**2 249**	2 682	(16.1)	
Lease liabilities	**1 820**	2 361	(22.9)	F
Provisions	**1 501**	1 093	37.3	H
Deferred revenue	**1 711**	1 651	3.6	I
Income tax payable	**9**	–	100.0	
Other financial liabilities	**350**	369	(5.1)	
Liabilities included in disposal group classified as held for sale	**–**	481	(100.0)	
Total liabilities	**33 950**	35 016	(3.0)	
Total equity and liabilities	**67 535**	61 191	10.4	

A Right-of-use assets increased by 14.1% to R6 384 million, mainly attributable to assets recognised of R972 million related to previously reported internal leases changing to external leases after the Swiftnet sale.

B Employee benefits decreased by 22.6% to R993 million, largely due to the withdrawal of the R330 million from the post-retirement medical aid plan asset for the settlement of the TRF provision.

C Inventories decreased by 17.3% to R747 million, mainly due to management's initiative to reduce stock holding to avoid higher write-offs.

D Cash and cash equivalents increased by 195.0% to R11 054 million, largely attributable to the cash inflow from the proceeds from the sale of Swiftnet.

E Interest-bearing debt decreased by 18.3% to R11 617 million primarily due to the R2 629 million net repayment of debt in the current year.

F Lease liabilities increased by 7.1% to R6 920 million primarily due to Swiftnet leases becoming external.

G Trade and other payables increased by 10.5% to R9 944 million, mainly due to payments deferral as a result of open invoices with the suppliers.

H Provisions increased by 31.7% to R1 882 million, mainly due to a higher incentive scheme provision based on improved performance compared to the prior year.

I Deferred revenue increased by 13.9% to R2 905 million, mainly as a result of the Google Equiano invoice that came through during the current financial year.

Consolidated statement of cash flows

	March 2025 Rm	March 2024 Rm	Variance %	
Cash flows from operating activities	11 057	8 003	38.2	
Cash receipts from customers	44 484	43 469	2.3	
Cash paid to suppliers and employees	(31 493)	(33 234)	5.2	
Cash generated from operations	12 991	10 235	26.9	A
Interest received	537	447	20.1	B
Dividend paid	30	—	100.0	
Finance charges paid	(2 023)	(2 304)	12.2	C
Taxation paid	(396)	(422)	6.2	
Repayment of derivatives – FECs	(177)	(82)	(115.9)	
Proceeds from derivatives – FECs	101	132	(23.5)	
Cash generated from operations before dividend paid	11 063	8 006	38.2	
Dividend paid	(6)	(3)	100.0	
Cash flows utilised from investing activities	1 280	(6 197)	(120.7)	
Proceeds on disposal of property, plant and equipment and intangible assets	767	90	752.2	D
Additions to assets for capital expansion	(6 165)	(6 331)	2.6	
SMME loans advanced to external parties	(7)	(7)	—	
Investments made by FutureMakers	(11)	(9)	22.2	
ESD loan repayments received	12	17	(29.4)	
Proceeds from the sale of Swiftnet	6 441	—	100.0	
Repayment of derivatives – FECs	(190)	(93)	(104.3)	
Proceeds from derivatives – FECs	109	149	(26.8)	
Proceeds from plan assets	330	—	100.0	E
Restricted cash	(6)	(13)	53.8	
Cash flows from financing activities	(5 222)	(1 336)	290.9	
Loans raised	4 276	9 363	(54.3)	F
Loans repaid	(6 905)	(9 513)	27.4	
Purchase of shares for the Telkom and subsidiaries' long-term incentive share scheme	(107)	—	(100.0)	
Repayment of lease liability	(2 496)	(1 201)	(107.8)	G
Proceeds from derivatives – interest rate swaps	10	15	(33.3)	
Net decrease in cash and cash equivalents	7 115	470	1 413.8	
Net cash and cash equivalents at 1 April	3 939	3 469	13.5	
Net cash and cash equivalents at the end of the year	11 054	3 939	180.6	H

Notes

A Cash generated from operations increased by 26.9% to R12 991 million, largely attributable to the 25.1% increase in Group EBITDA and an improvement in working capital management. This was partially offset by the R330 million settlement payment to the TRF, which was funded by a plan asset recorded under investing activities.

B Interest received increased by 20.1% to R537 million, mainly due to interest earned on higher bank balances.

C Finance charges paid decreased by 12.2% to R2 023 million, mainly driven by the 10.4% decline in debt.

D Proceeds on disposal of property, plant and equipment and intangible assets increased by 752.2% to R767 million, attributable to the sale of properties in Gyro.

E Proceeds from plan assets relates to a one-off R330 million, which Telkom paid to the TRF in connection with the derecognition of the TRF liability.

F Loans raised of R4 276 million and loans repaid of R6 905 million resulted in a net repayment position of R2 629 million as a result of maturing debt repaid during the financial year. Committed facilities were also undrawn compared to the prior period.

G Repayment of lease liability increased by 107.8% to R2 496 million due to the payment of the Google fibre pair that was made in the current period. The disposal of Swiftnet also contributed to the increase, resulting in Telkom and Openserve making external lease payments for both February and March 2025.

H Net cash and cash equivalents at the end of the prior year includes the amount of R192 million. Swiftnet was disclosed as a non-current asset held for sale in the prior year, and sold in the current year.

Annexure

Group revenue	March 2025 Rm	March 2024 Rm	Variance %
Mobile	**24 448**	22 583	8.3
Voice	**4 322**	4 200	2.9
Interconnection	**578**	526	9.9
Data	**16 065**	14 300	12.3
Device sales	**3 150**	3 243	(2.9)
Interest revenue	**299**	314	(4.8)
Other	**34**	—	100.0
Fixed	**13 087**	13 113	(0.2)
Voice	**2 440**	3 067	(20.4)
Usage	**972**	1 185	(18.0)
Subscriptions	**1 468**	1 882	(22.0)
Interconnection	**220**	247	(10.9)
Fixed-line domestic	**138**	142	(2.8)
Fixed-line international	**82**	105	(21.9)
Data	**8 663**	8 290	4.5
Fibre-related	**7 760**	7 055	10.0
Other data	**903**	1 235	(26.9)
Customer premises equipment sales and rentals	**1 360**	1 183	15.0
Sales	**417**	334	24.9
Rentals	**943**	849	11.1
Sundry revenue	**404**	326	23.9
Information technology	**5 709**	6 140	(7.0)
IT service solutions	**2 860**	2 748	4.1
Application solutions	**908**	938	(3.2)
IT hardware and software	**1 764**	2 244	(21.4)
Industrial technologies	**116**	146	(20.5)
Interest revenue	**61**	64	(4.7)
Other	**636**	627	1.4
Digital media sales	**145**	201	(27.9)
Insurance revenue	**292**	281	3.9
Lease revenue	**174**	145	20.0
Gyro management fee	**25**	—	100.0
Continuing operations	**43 880**	42 463	3.3

Abbreviations

AI	Artificial intelligence
ARPU	Average revenue per user
BCX	Business Connexion (Pty) Ltd
BEPS	Basic earnings per share
capex	Capital expenditure
cps	Cents per share
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation and write-offs, impairments and losses
ESG	Environmental, social and governance
FCF	Free cash flow
FECs	Forward exchange contracts
FTTH	Fibre to the home
HEPS	Headline earnings per share
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IT	Information technology
JSE	Johannesburg Stock Exchange
ROIC	Return on invested capital
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SFAs	Supplier Finance Arrangements
SMB	Telkom Small and Medium Business
SMMEs	Small, medium and micro enterprises

Special note regarding forward-looking statements

Many statements in this document and verbal statements that may be made by Telkom or officers, Directors or employees acting on Telkom's behalf constitute or are based on forward-looking statements.

All statements, other than statements of historical facts, including among others, statements regarding our strategy, future financial position and plans, objectives, capex, projected costs and anticipated cost savings and financing plans, and projected levels of growth in the communications market, are forward-looking statements. Forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "envisage", "intend", "plan", "project", "estimate", "anticipate", "believe", "hope", "can", and "is designed to", or similar phrases.

However, the absence of such words does not necessarily mean a statement is not forward looking. Forward-looking statements involve several known and unknown risks, uncertainties and other factors that could cause our actual results and outcomes to materially differ from historical results or any future results expressed or implied by such forward-looking statements. Factors that could cause our actual results or outcomes to differ materially from our expectations include, but are not limited to, those risks identified in Telkom's most recent integrated report available at https://group.telkom.co.za/ir/index.shtml.

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

Any forward-looking financial information disclosed in these Group annual results for the year ended 31 March 2025 ("results announcement") has not been reviewed or reported on by our independent external auditor, PricewaterhouseCoopers Inc.

Pro forma information

This Group presents various non-IFRS financial measures in the results announcement. These non-IFRS financial measures include i) the net debt, ii) the FCF, and iii) return on invested capital (ROIC). In addition to the non-IFRS financial measures noted above, the financial information in the current financial year excludes the loss recognised as a result of the settlement of the TRF and restructuring cost with the related tax impact on the results (the "pro forma adjustments").

These measures constitute pro forma financial information and are annotated throughout the results announcement. This pro forma financial information was presented to illustrate the impact of the pro forma adjustments on the audited consolidated annual financial statements for the year ended 31 March 2025 to achieve a comparable year-on-year analysis and show the adjusted performance of the business.

The pro forma financial information is the responsibility of the Board of Directors, and has been prepared for illustrative purposes only and, due to its nature, may not fairly present Telkom's financial position, changes in equity and results of operations or cash flows.

The pro forma financial information contained in this results announcement was reported on by the Group's independent external auditor. Their unmodified reasonable assurance report was prepared in terms of ISAE 3420 and is set out on page 28.

The independent external auditor's report by PricewaterhouseCoopers Inc. does not report on all the information contained in this results announcement. Shareholders are therefore advised that to obtain a full understanding of the nature of the independent external auditor's engagement, they should obtain a copy of the independent auditor's report together with the accompanying financial information from Telkom's registered office.

The Board of Directors takes full responsibility for the preparation of this results announcement, which has been correctly extracted from the underlying group consolidated financial statements. The information contained in this document is also available on Telkom's investor relations website https://group.telkom.co.za/ir/.

Independent Auditor's Assurance Report on the compilation of pro forma financial information for the year ended 31 March 2025 included in the Group Annual Results For the year ended 31 March 2025

To the Directors of Telkom SA SOC Limited

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Telkom SA SOC Limited (the "Company") (and its subsidiaries (together "the Group")) by the directors. The pro forma financial information, as included in the Group Annual Results For the year ended 31 March 2025 ("Group Annual Results") consists of the following non-IFRS financial measures: net debt, free cash flow ("FCF") and return on invested capital ("ROIC"). In addition, the pro forma financial information excludes the impact of the loss from the settlement of the Telkom Retirement Fund ("TRF") and restructuring costs with the related tax impact, (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are specified in the Listings Requirements of the JSE Limited ("the JSE Listings Requirements") and described in the Group Annual Results (the "Applicable Criteria").

The Pro Forma Financial Information has been compiled by the directors solely to illustrate the impact of the pro forma adjustments on the audited annual financial statements to achieve a comparable year-on-year analysis and show the underlying performance of the business.

As part of this process, information about the Group's consolidated financial position, consolidated cash flows and consolidated financial performance has been extracted by the directors from the Group's financial statements for the year ended 31 March 2025, on which an audit opinion was issued on 9 June 2025.

Directors' responsibility for the Pro Forma Financial Information
The directors are responsible for compiling the Pro Forma Financial Information on the basis of the Applicable Criteria.

Our Independence and Quality Management
We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditor*s, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards*).

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

Auditor's responsibility
Our responsibility is to express an opinion, as required by the JSE Listings Requirements, about whether the Pro Forma Financial Information has been compiled, in all material respects, by the directors, on the basis of the Applicable Criteria, based on our procedures performed.

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

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

The purpose of the Pro Forma Financial Information included in the Group Annual Results is solely to illustrate the impact of the pro forma adjustments on the audited annual financial statements to achieve a comparable year-on-year analysis and show the underlying performance of the business.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the events, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion
In our opinion, the Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria.

PricewaterhouseCoopers Inc.

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

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

Administration

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1991/005476/30

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