



Telkom

Telkom SA SOC Ltd

Annual Financial Statements

For the year ended
31 March 2026

Seamlessly connecting
our customers to a better life

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

Telkom SA SOC Ltd

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

Preparer and supervisor of the annual financial statements

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

Board approval

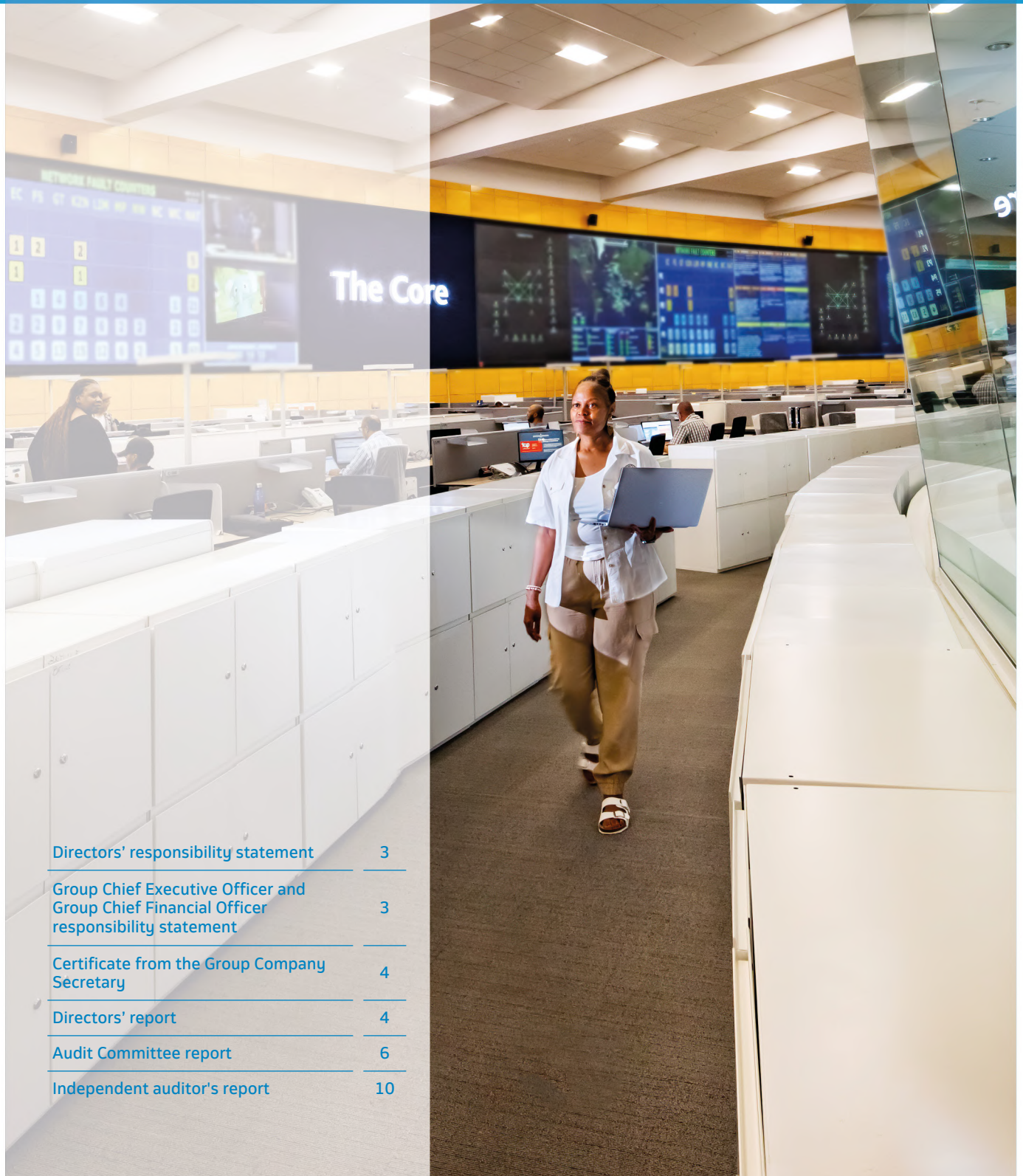
These annual financial statements were authorised for issue on 1 June 2026 by the Telkom SA SOC Ltd Board of Directors and published on 2 June 2026. The Board has the power to amend and reissue the annual financial statements.



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Directors' responsibility statement

for the year ended 31 March 2026

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

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

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

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

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

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

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

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

Against this background, the Directors of the Company accept responsibility for the annual financial statements, which were approved by the Board of Directors on 1 June 2026 and signed on its behalf by:



Mvuleni Geoffrey Qhena
Chairperson

Centurion
1 June 2026



Serame Taukobong
Group Chief Executive Officer

Centurion
1 June 2026

Group Chief Executive Officer and Group Chief Financial Officer responsibility statement

for the year ended 31 March 2026

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

- The annual financial statements set out on pages 15 to 130 fairly present, in all material respects, the financial position, financial performance and cash flows of Telkom SA SOC Ltd in terms of IFRS Accounting Standards;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Telkom SA SOC Ltd and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of Telkom SA SOC Ltd;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, and we have fulfilled our role and function as Executive Directors with primary responsibility for the implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving Directors.



Serame Taukobong
Group Chief Executive
Officer

1 June 2026

Nonkululeko Dlamini

Nonkululeko Dlamini
Group Chief Financial
Officer

1 June 2026

Certificate from the Group Company Secretary

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



Ephy Motlhamme
Group Company Secretary

1 June 2026

Directors' report

To the shareholders of Telkom SA SOC Ltd (Telkom)

The Directors have pleasure in submitting the annual financial statements of the Group and Company for the year ended 31 March 2026.

The Directors confirm that Telkom complies with the provisions of the Companies Act, 71 of 2008 (as amended) and the laws of establishment, specifically relating to its incorporation; and it operates in compliance with its memorandum of incorporation and all relevant constitutional documents.

Nature of business

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

Financial results

Total profit for the year ended 31 March 2026 for continuing operations was R3 548 million (31 March 2025: R2 783 million for continuing operations and R4 720 for discontinued operation) representing basic earnings per share of 719.5 cents for continuing operations (31 March 2025: 566 cents for continuing operations and 962 cents for discontinued operation) and headline earnings per share of 708.5 cents for continuing operations (31 March 2025: 467.5 cents for continuing operations and 77 cents for discontinued operation). Full details of the financial position and results of the Group are set out in the accompanying audited annual financial statements.

Dividends

The Group's revised dividend policy provides for an annual dividend payout of 40% to 60% (previously 30% to 40%) of Free Cash Flow (FCF), subject to a solvency and liquidity assessment in accordance with 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 provides for the declaration of a special dividend, at the Board's discretion, arising from non-recurring transactions or corporate actions that may result in additional cash proceeds.

Details of the final dividend in respect of the year ended 31 March 2026 are included under events after the reporting period in [note 13](#) of the accompanying annual financial statements.

Impact of the geopolitics

The global energy shock due to geopolitical conflict has increased macro-economic volatility, resulting in higher oil prices, currency fluctuations and inflationary pressures that could constrain consumers' disposable income. The Group has assessed the potential impact of the global energy shock and details of the assessment are included in [note 2.3](#) of the accompanying annual financial statements.

Subsidiaries, associates and other investments

Particulars of the material subsidiaries of the Group are set out in [note 12.1](#) of the accompanying annual financial statements.

The attributable interest of the Group in the after-tax earnings of its subsidiaries for the year ended 31 March 2026 were:

	31 March 2026	31 March 2025
	Rm	Rm
Aggregate amount of profit after taxation	1 205	1 786
From continued operations	1 205	1 210
From discontinued operation	—	576

Share capital

Details of the authorised, issued and unissued share capital of the Company as at 31 March 2026 are contained in [note 9.1](#) of the accompanying annual financial statements.

Share repurchases

There were no share repurchases in FY2026.

Borrowing powers

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

Capital expenditure and commitments

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

Directors' report continued

Events after the reporting date

Events subsequent to the reporting date are set out in [note 13](#) of the accompanying annual financial statements.

Directorate

There were no appointments and/or resignations from 1 April 2025 to the date of this report.

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

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

Details of each Director may be found on our investor relations website.

Directors' interest

At 31 March 2026, the following Directors held a beneficial interest in the shares of Telkom SA SOC Ltd:

Executive Directors	Shares
S Taukobong	322 283
Non-executive Directors	
M Booï	3 000
KA Rayner	2 500
Subsidiary Directors	
BN Apleni	17 917
NM Lekota	157 085
H Motlekar	82 473
LM Siyo	12 974

Audit Committee report

Introduction and mandate

The Audit Committee has formal terms of reference which are updated every third year, or as and when required. The Board is satisfied that the Audit Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Companies Act, 71 of 2008 (as amended) (the Companies Act), King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)*, King V as of 1 April 2026, and the JSE LR.

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

The Audit Committee consisted of five independent Non-executive Directors from 1 April 2025 to 31 March 2026. Keith Rayner is the Chairperson of the Audit Committee.

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

Attendance and membership

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

Member	Attendance
KA Rayner (Chairperson)	4/4
O Ighodaro	4/4
KP Lebina	4/4
PCS Luthuli	4/4
H Singh	4/4

The attendance of Audit Committee members at joint meetings held with the Investment and Transactions Committee and the Social and Ethics Committee during the financial year was as follows:

Member	Attendance
KA Rayner (Chairperson)	2/2
O Ighodaro	2/2
KP Lebina	2/2
PCS Luthuli	2/2
H Singh	2/2

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

Responsibility

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

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

Annual financial statements

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

Audit Committee report *continued*

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

Dividend consideration	<p>Telkom's goal is to return cash to shareholders after sufficiently funding capital expenditure (capex) and strengthening the balance sheet.</p> <p>The dividend policy is based on available free cash flow (FCF) while prioritising a strong balance sheet and future capex requirements.</p> <p>The following distributions were approved by the Board for FY2026:</p> <ul style="list-style-type: none"> – Ordinary dividend: R1 381 million (or 270.10 cents per share), representing 45% of the Group's FCF of R3 068 million.
Actuarial assumptions	The review and approval of the actuarial assumptions for recommendation to the Board for both the interim period-end and financial year-end for financial computation and compilation purposes.
Impairment testing	The review of the impairment testing of Telkom Group's cash-generating units (CGUs) resulted in no impairment and no impairment reversal for the BCX CGU, the Telkom Consumer CGU, and the Openserve CGU.
Expected credit loss provisions	The review of the impairment of trade and other receivables, finance lease receivables and contract assets, and intercompany receivables and loans in accordance with IFRS 9.
Key audit matters	The review and consideration of the key audit matters are detailed in the external auditor's report on the annual financial statements.
Group Chief Executive Officer and Group Chief Financial Officer responsibility statement	The review and consideration of the Group Chief Executive Officer and Group Chief Financial Officer responsibility statement as required in terms of paragraph 5.9 of the JSE LR.
Remediation of internal control deficiencies	The review and consideration of timeously implemented remedial actions by management regarding internal control deficiencies identified by Internal Audit.
Compliance with King IV and the JSE LR	The review and consideration of the King IV disclosures, practices, and principles and the JSE corporate governance disclosures in accordance with the JSE LR and the JSE disclosure policy.

Execution of the Audit Committee mandate

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

During the year, the Audit Committee undertook the following:

In respect of the auditor:

- Considered and satisfied itself that the external audit firm and the engagement partner are independent;
- Considered and satisfied itself with respect to the Auditor Suitability Review required by the JSE LR (refer to next page);
- Reviewed the nature of non-audit services that were provided by the external audit firm during the year;
- Approved and confirmed non-audit services and fees, which the auditor performed, and fees incurred during the year under review;
- Approved the fees paid to the auditor for the 2026 financial year; and
- The Audit Committee Chairperson held separate meetings with the auditor prior to Audit Committee meetings.

In respect of financial reporting:

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

In respect of Internal Audit:

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

Audit Committee report *continued*

In respect of the Audit Committee:

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

External auditor

The Audit Committee is also responsible for determining that the external auditor is independent.

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

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

Auditor independence

A key factor that may impair any such independence is a lack of control over non-audit services provided by the external auditor.

Telkom addresses this issue by ensuring prior approval by the GCFO and Chairperson of the Audit Committee of all non-audit services. Fees paid for non-audit services to the external auditor amounted to R2 308 800 for the financial year ended 31 March 2026 (31 March 2025: R2 965 493). Fees accrued for audit work performed for the financial year ended 31 March 2026 by the external auditor amounted to R87.85 million (31 March 2025: R86.84 million). Non-audit fees as a percentage of audit fees for the year ended 31 March 2026 is approximately 3% (31 March 2025: 3%). In FY2025, the non-audit fee was higher due to the Swiftnet sale transaction.

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

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

Internal auditors

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

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

The internal audit function is headed by the CAE, who may be appointed or dismissed by the Audit Committee. The Audit Committee is satisfied that the incumbent CAE has the requisite skills and experience and that he is supported by a sufficient staff complement with appropriate skills and training. In addition, the Leadership Academy for Guardians of Governance, a wholly owned subsidiary of The Institute of Internal Auditors South Africa, performed an independent validation of Internal Audit. The validation assessed the robustness of the self-assessment process and reviewed supporting documentation and stakeholder input. The validation was concluded on 2 March 2026 and confirmed that the overall rating of "Generally Conforms with the Standards" was appropriate and supported by the evidence reviewed.

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

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

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

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

Audit Committee report *continued*

Risk management

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

The Internal Audit department conducted a review of the effectiveness of the risk management function, in accordance with the approved risk management framework. The results of the review indicated that the risk management process was satisfactory as at 31 March 2026.

Combined assurance

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

Audit Committee statement

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

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

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

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

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

Keith Rayner

Keith Rayner CA(SA)
Chairperson: Audit Committee

1 June 2026

Independent auditor's report

To the shareholders of Telkom SA SOC Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Telkom SA SOC Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2026, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Telkom SA SOC Limited's consolidated and separate financial statements set out on pages 17 to 130 comprise:

- the consolidated and separate statements of financial position as at 31 March 2026;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

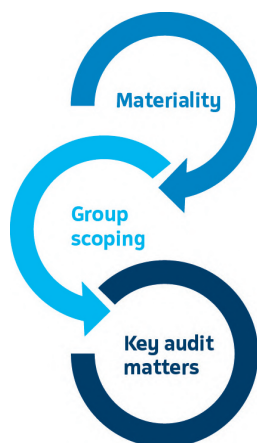
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Final materiality

- **Consolidated financial statements:** R444.77 million which represents 1% of consolidated revenue.
- **Separate financial statements:** R326.62 million which represents 1% of revenue.

Group audit scope

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

Key audit matter

- Recognition and measurement of revenue in terms of IFRS 15: *Revenue from Contracts with Customers*

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

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

Independent auditor's report continued

Final materiality

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

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

	Consolidated financial statements	Separate financial statements
Final materiality	R444.77 million	R326.62 million
How we determined it	1% of consolidated revenue.	1% of revenue.
Rationale for the materiality benchmark applied	<p>We chose consolidated revenue, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users when profitability fluctuates year on year.</p> <p>Consolidated revenue is considered to be a key objective and focus of the Group's businesses and a key performance indicator for management and investors.</p> <p>We chose 1% as the benchmark threshold, based on our professional judgement, which is the quantitative materiality threshold that we would typically apply when using consolidated revenue to compute materiality. In making this determination, we took into account various factors, including the intended users and distribution of the financial statements, and the financial covenants over the Group's debt.</p>	<p>We chose revenue, because in our view, it is the benchmark against which the performance of the Company is most commonly measured by users when profitability fluctuates year on year.</p> <p>Revenue is considered to be a key objective and focus of the Company's business and a key performance indicator for management and investors.</p> <p>We chose 1% as the benchmark threshold, based on our professional judgement, which is the quantitative materiality threshold that we would typically apply when using revenue to compute materiality. In making this determination, we took into account various factors, including the intended users and distribution of the financial statements, and the financial covenants over the Company's debt.</p>

Group audit scope

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

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

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

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

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

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

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

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

Independent auditor's report continued

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Recognition and measurement of revenue in terms of IFRS 15: Revenue from Contracts with Customers</p> <p><i>This key audit matter relates to both the consolidated and separate financial statements.</i></p> <p>The Group's revenue is derived from three segments. This key audit matter specifically addresses the following revenue streams within these segments:</p> <ul style="list-style-type: none"> – Telkom Consumer: mobile and fixed-line telecommunication services (disclosed within voice and data revenue), customer premises equipment ('CPE') and interest revenue (relating to the significant financing component recognised); – BCX: fixed-line telecommunication services (disclosed within voice and data revenue), CPE related services, information technology ('IT') services and IT hardware and software revenue; and – Openserve: fixed-line telecommunication services (disclosed within data revenue). <p>In respect of the Company, this key audit matter addresses the revenue streams that are aligned with the Telkom Consumer segment above, as Telkom Consumer is a division of the Company.</p> <p>We considered the recognition and measurement of the above revenue streams for the Group and Company to be a matter of most significance to our audit because of the following factors:</p> <ul style="list-style-type: none"> – The magnitude of revenue recognised from the above revenue streams in relation to the consolidated and separate financial statements; – The diversity of the Group and Company's revenue streams each with distinct recognition criteria under IFRS 15: <i>Revenue from Contracts with Customers</i> ('IFRS 15'); – In relation to revenue from fixed-line and mobile telecommunication services, the high volume of transactions processed through multiple interconnected IT systems that manage customer orders and sales (order management), manage vouchers and facilitate recharging, provision customers and services on the relevant systems (provisioning), manage network usage (mediation), charge customers (rating and billing), and the recording of revenue and deferred revenue in the general ledger; and – The significant accounting judgements, estimates and assumptions applied in revenue recognition and measurement, specifically the: <ul style="list-style-type: none"> ▪ determination of stand-alone selling prices used to allocate the transaction prices for bundled arrangements; ▪ assessment of whether a significant financing component exists in customer contracts; ▪ principal versus agent considerations in relation to software and related licenses, cloud services and vendor resold services; and ▪ identification of distinct performance obligations in accordance with IFRS 15. <p>Refer to the following notes to the financial statements for the disclosures as it relates to this key audit matter:</p> <ul style="list-style-type: none"> – Note 3.1 - Segment information; and – Note 3.2 - Revenue. 	<p>Our audit addressed this key audit matter as follows:</p> <ul style="list-style-type: none"> – Obtained an understanding of management's process and controls over recognising and measuring revenue by performing an end-to-end revenue processes walkthrough for each related revenue stream. – Evaluated the appropriateness of the Group and Company's revenue recognition accounting policies, including the significant accounting judgements and estimates applied, against the requirements of IFRS 15. We did not identify any material exceptions when performing these procedures. <p>Telkom Consumer and BCX</p> <p>With respect to mobile and fixed-line telecommunication services, and with the involvement of our IT specialists where relevant, we performed sample testing over:</p> <ul style="list-style-type: none"> – The operating effectiveness of IT general controls over the relevant revenue systems; – Independent test calls and data events (simulated transactions) to evidence that the amount charged, benefit given and validity period provided to subscribers were consistent with the approved price plans; – The operating effectiveness of controls over the transfer of call and data usage records from the mediation system to the billing system; – The rating of calls against approved prices; and – The system interfaces between the relevant revenue systems and the general ledger. <p>We did not identify any material exceptions when performing these procedures.</p> <p>Telkom Consumer</p> <ul style="list-style-type: none"> – Selected a sample of revenue transactions and assessed the validity of each transaction to supporting documentation. – Identified the distinct performance obligations in accordance with IFRS 15 with reference to the agreement with the customer. – Agreed the stand-alone selling price against the standard price list at which the Group sells these products on a stand-alone basis. – Determined the transaction price and recalculated its allocation to the performance obligations identified based on their relative stand-alone selling prices, including, where relevant the significant financing component. – Agreed the transaction price allocation journals passed by management to align revenue recognition with the requirements of IFRS 15, to the underlying transaction price allocation calculation. – Selected a sample of voucher sales transactions and agreed these to supporting payment information. – In respect of deferred revenue recognised, we: <ul style="list-style-type: none"> ▪ Recalculated the valuation of a sample of deferred revenue balances outstanding as at year-end by multiplying the units outstanding by the applicable rate; and ▪ Reperformed management's calculation of the deferred revenue balance and compared this to the balance per the general ledger. <p>We did not identify any material exceptions when performing these procedures.</p> <p>BCX</p> <ul style="list-style-type: none"> – Selected a sample of revenue transactions and assessed, in line with the requirements of IFRS 15, that the arrangements with customers were valid, that performance obligations were agreed with the customer and that revenue was appropriately measured, recognised and allocated to its relevant performance obligations. – For a sample of revenue transactions, we assessed the reasonableness of management's determination of whether the Group is the principal or agent, in accordance with IFRS 15, by:

Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> ▪ inspecting the underlying contractual agreements and/or purchase orders between the Group and the end-customers to identify the performance obligations and to assess whether the Group obtains control of the goods and services before providing them to the end customer, with reference to the terms of the contractual agreements; and ▪ assessing whether the sale of the software and licences is integral to the functionality of the related hardware sold by the Group. <p>We did not identify any material exceptions when performing these procedures.</p> <p>Openseerve</p> <p>With respect to fixed-line telecommunication services and with the involvement of our IT specialists, where relevant, we performed sample testing over:</p> <ul style="list-style-type: none"> – The operating effectiveness of IT general controls over the relevant revenue systems; – The operating effectiveness of controls over the provisioning of data services based on customer orders; and – The operating effectiveness of controls over the accuracy of billing based on customer orders <p>In addition, we:</p> <ul style="list-style-type: none"> – Selected a sample of revenue transactions and assessed, in line with the requirements of IFRS 15, that the arrangements with customers were valid, that performance obligations were agreed with the customer and that revenue was appropriately recognised and allocated to its relevant performance obligations. – Recalculated the valuation of a sample of deferred revenue balances outstanding as at year-end by assessing the remaining contractual period over which the revenue should be deferred. <p>We did not identify any material exceptions when performing these procedures.</p>

Other information

The Directors are responsible for the other information. The other information comprises the information included in the document(s) titled "Telkom SA SOC Ltd Annual Financial Statements For the year ended 31 March 2026", which include(s) the Directors' report, the Audit Committee report and the Certificate from the Group Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document(s) titled "Telkom SA SOC Ltd Integrated Report For the year ended 31 March 2026", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the consolidated and separate financial statements

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

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

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

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

Independent auditor's report continued

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

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

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

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

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

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Telkom SA SOC Limited for 3 years.

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg, South Africa
1 June 2026

Annual financial statements

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Statements of profit or loss and other comprehensive income

for the year ended 31 March 2026

	Notes	Group		Company	
		31 March 2026	31 March 2025	31 March 2026	31 March 2025
		Rm	Rm	Rm	Rm
Continuing operations					
Revenue	3.1	44 477	43 880	32 662	32 287
<i>Operating revenue</i>		43 761	43 228	32 002	31 696
<i>Interest revenue</i>		433	360	377	299
<i>Insurance revenue</i>	7.2.3.1	283	292	283	292
Other income	3.3	1 262	1 552	2 465	7 094
Payments to other operators	3.4.1	(2 545)	(2 693)	(2 014)	(2 116)
Cost of handsets, equipment, software and directories		(5 059)	(5 185)	(3 698)	(3 731)
Sales commission, incentives and logistical costs	3.4.2	(3 584)	(3 214)	(3 575)	(3 214)
Enterprise subcontracting costs ¹		—	—	(3 801)	(4 498)
Insurance service expenses	7.2.3.1	(179)	(202)	(179)	(202)
Employee expenses	3.4.3	(8 484)	(8 813)	(2 035)	(2 179)
Other expenses	3.4.4	(2 540)	(2 763)	(752)	(903)
Wholesale voice and non-voice services	3.4.5	—	—	(5 205)	(5 196)
Maintenance	3.4.6	(4 745)	(5 043)	(3 019)	(3 025)
Marketing		(925)	(955)	(769)	(806)
Impairment of receivables, contract assets and loans	7.1.4	(1 014)	(1 342)	(993)	(1 199)
Service fees	3.4.7	(3 815)	(3 848)	(1 655)	(1 583)
Lease-related expenses		(369)	(360)	(255)	(296)
EBITDA		12 480	11 014	7 177	10 433
Depreciation of property, plant and equipment	3.4.8	(3 609)	(3 385)	(1 366)	(1 214)
Depreciation of right-of-use assets	3.4.8	(2 058)	(1 655)	(1 716)	(1 553)
Depreciation of investment property	3.4.8	—	—	(92)	(96)
Amortisation of intangible assets	3.4.8	(569)	(589)	(395)	(388)
Write-offs and impairments of property, plant and equipment and intangible assets	3.4.8	(311)	(328)	(169)	(167)
Operating profit		5 933	5 057	3 439	7 015
Investment income	6.1	431	369	1 925	2 408
Net finance charges and fair value movements	6.2	(1 608)	(1 984)	(1 359)	(1 859)
<i>Finance charges on lease liabilities</i>		(630)	(529)	(500)	(463)
<i>Net finance charges - other</i>		(751)	(1 397)	(693)	(1 346)
<i>Foreign exchange and fair value movements</i>	6.2	(227)	(58)	(166)	(50)
Profit before taxation		4 756	3 442	4 005	7 564
Taxation	8.1	(1 208)	(659)	(795)	(442)
Profit for the year from continuing operations		3 548	2 783	3 210	7 122
Profit from discontinued operation	12.3	—	4 720	—	—
Profit for the year		3 548	7 503	3 210	7 122
Other comprehensive (loss)/income					
Items that will be reclassified subsequently to profit or loss					
Exchange gain/(loss) on translating foreign operations ²	9.3	8	(13)	—	—
Items that will not be reclassified to profit or loss					
Defined benefit plan actuarial (losses)/gains	10.1	(24)	(2)	(24)	2
Income tax relating to other comprehensive losses/(gains)		6	—	6	(1)
Other comprehensive (loss)/income for the year, net of taxation		(10)	(15)	(18)	1
Total comprehensive income for the year		3 538	7 488	3 192	7 123
Profit attributable to:					
Owners of Telkom		3 544	7 497	3 210	7 122
Non-controlling interests		4	6	—	—
Profit for the year		3 548	7 503	3 210	7 122
Total comprehensive income attributable to:					
Owners of Telkom		3 534	7 482	3 192	7 123
Non-controlling interests		4	6	—	—
Total comprehensive income for the year		3 538	7 488	3 192	7 123
Basic earnings per share (cents)					
Continuing operations	3.5	719.5	566.0		
Discontinued operation	3.5	—	962.0		
Total basic earnings per share (cents)		719.5	1 528.0		
Diluted earnings per share (cents)					
Continuing operations	3.5	711.8	558.0		
Discontinued operation	3.5	—	948.5		
Total diluted earnings per share (cents)		711.8	1 506.5		

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

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

Statements of financial position

as at 31 March 2026

	Notes	Group		Company	
		31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Assets					
Non-current assets		45 852	44 530	44 074	43 187
Property, plant and equipment	5.1	29 009	27 334	11 478	10 225
Right-of-use assets	6.3.1	6 871	6 384	5 324	4 735
Intangible assets	5.2	5 627	5 421	3 530	3 315
Investment property	5.4	—	—	753	832
Investment in subsidiaries	7.2.1	—	—	13 465	13 477
Loans to subsidiaries	7.2.2	—	—	7 874	8 332
Other investments	7.2.3	111	106	—	—
Other receivables ¹		160	155	—	—
Employee benefits	10.1	1 017	993	1 017	993
Other financial assets	7.3	63	94	63	94
Finance lease receivables	4.1.1	291	307	214	155
Deferred taxation	8.2	2 703	3 736	356	1 029
Current assets		18 566	23 005	14 692	18 540
Inventories	4.2	544	747	178	237
Income tax receivable	8.3	32	7	4	—
Finance lease receivables	4.1.1	180	157	56	38
Trade and other receivables	4.3	6 818	7 740	5 433	5 636
Contract assets	3.2.4.1	2 247	2 344	2 247	2 344
Other current assets	3.2.4.2	632	619	632	619
Other financial assets	7.3	196	63	164	46
Loans to subsidiaries	7.2.2	—	—	878	380
Insurance contract assets	7.2.3.1	134	251	134	251
Cash and cash equivalents	4.4	7 723	11 054	4 937	8 989
Restricted cash		60	23	29	—
Total assets		64 418	67 535	58 766	61 727
Equity and liabilities					
Equity attributable to owners of the parent		35 906	33 601	35 708	33 790
Share capital	9.1	5 050	5 050	5 050	5 050
Share-based compensation reserve	9.2	1 677	1 610	1 423	1 374
Non-distributable reserves	9.3	591	585	165	171
Retained earnings		28 588	26 356	29 070	27 195
Non-controlling interests		(15)	(16)	—	—
Total equity		35 891	33 585	35 708	33 790
Non-current liabilities		11 560	16 347	9 265	13 706
Interest-bearing debt	6.4	4 524	9 368	4 524	9 368
Lease liabilities	6.3.2	5 357	5 100	4 380	3 977
Provisions	6.5	366	381	332	337
Other financial liabilities	7.3	130	205	—	—
Deferred revenue	3.2.4.3	1 181	1 194	29	24
Deferred taxation	8.2	2	99	—	—
Current liabilities		16 967	17 603	13 793	14 231
Trade and other payables	4.5	8 764	9 944	8 243	9 011
Shareholders for dividend	9.4	17	19	17	19
Interest-bearing debt	6.4	2 069	2 249	2 069	2 249
Lease liabilities	6.3.2	2 199	1 820	1 731	1 398
Provisions	6.5	1 579	1 501	545	479
Deferred revenue	3.2.4.3	1 920	1 711	1 053	985
Income tax payable	8.3	—	9	—	20
Other financial liabilities	7.3	419	350	135	70
Total liabilities		28 527	33 950	23 058	27 937
Total equity and liabilities		64 418	67 535	58 766	61 727

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

Statements of changes in equity

for the year ended 31 March 2026

Group	Attributable to equity holders of Telkom						
	Share capital	Non-distributable reserves	Share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Balance at 1 April 2024	5 050	750	1 535	18 861	26 196	(21)	26 175
Total comprehensive (loss)/income	—	(13)	—	7 495	7 482	6	7 488
Profit for the year	—	—	—	7 497	7 497	6	7 503
Other comprehensive loss	—	(13)	—	(2)	(15)	—	(15)
Exchange loss on translating foreign operations	—	(13)	—	—	(13)	—	(13)
Net defined benefit plan remeasurements	—	—	—	(2)	(2)	—	(2)
Transactions with owners recorded directly in equity							
Increase in treasury shares from BCX (refer to note 9.3)	—	(45)	—	—	(45)	—	(45)
Increase in share-based compensation reserve (refer to note 9.2)	—	—	38	—	38	—	38
Increase in subsidiaries' share-based compensation reserve (refer to note 9.2)	—	—	37	—	37	—	37
Increase in treasury shares (refer to note 9.3)	—	(107)	—	—	(107)	—	(107)
Dividend declared (refer to note 9.4)	—	—	—	—	—	(1)	(1)
Balance at 31 March 2025	5 050	585	1 610	26 356	33 601	(16)	33 585
Balance at 1 April 2025	5 050	585	1 610	26 356	33 601	(16)	33 585
Total comprehensive income	—	8	—	3 526	3 534	4	3 538
Profit for the year	—	—	—	3 544	3 544	4	3 548
Other comprehensive income/(loss)	—	8	—	(18)	(10)	—	(10)
Exchange gain on translating foreign operations	—	8	—	—	8	—	8
Net defined benefit plan remeasurements	—	—	—	(18)	(18)	—	(18)
Transactions with owners recorded directly in equity							
Escrow shares realised for settlement to employees (refer to note 9.3)	—	(2)	—	—	(2)	—	(2)
Increase in share-based compensation reserve (refer to note 9.2)	—	—	48	—	48	—	48
Increase in subsidiaries' share-based compensation reserve (refer to note 9.2)	—	—	19	—	19	—	19
Dividend declared (refer to note 9.4)	—	—	—	(1 294)	(1 294)	(3)	(1 297)
Balance at 31 March 2026	5 050	591	1 677	28 588	35 906	(15)	35 891

Statements of changes in equity continued

for the year ended 31 March 2026

Company	Attributable to equity holders of Telkom				
	Share capital	Non-distributable reserves	Share-based compensation reserve	Retained earnings	Total equity
	Rm	Rm	Rm	Rm	Rm
Balance at 1 April 2024	5 050	278	1 321	20 072	26 721
Total comprehensive income	—	—	—	7 123	7 123
Profit for the year	—	—	—	7 122	7 122
Other comprehensive income	—	—	—	1	1
Net defined benefit plan remeasurements	—	—	—	1	1
Transactions with owners recorded directly in equity					
Increase in treasury shares (refer to note 9.3)	—	(107)	—	—	(107)
Increase in Gyro share-based compensation reserve (refer to note 9.2)	—	—	6	—	6
Increase in share-based compensation reserve (refer to note 9.2)	—	—	38	—	38
Increase in Openserve share-based compensation reserve (refer to note 9.2)	—	—	9	—	9
Balance at 31 March 2025	5 050	171	1 374	27 195	33 790
Balance at 1 April 2025	5 050	171	1 374	27 195	33 790
Total comprehensive income	—	—	—	3 192	3 192
Profit for the year	—	—	—	3 210	3 210
Other comprehensive loss	—	—	—	(18)	(18)
Net defined benefit plan remeasurements	—	—	—	(18)	(18)
Transactions with owners recorded directly in equity					
Escrow shares realised for settlement to employees (refer to note 9.3)	—	(6)	—	—	(6)
Increase in share-based compensation reserve (refer to note 9.2)	—	—	48	—	48
Increase in Openserve share-based compensation reserve (refer to note 9.2)	—	—	1	—	1
Dividend declared (refer to note 9.4)	—	—	—	(1 317)	(1 317)
Balance at 31 March 2026	5 050	165	1 423	29 070	35 708

Statements of cash flows

for the year ended 31 March 2026

	Notes	Group		Company	
		31 March 2026	31 March 2025	31 March 2026	31 March 2025
		Rm	Rm	Rm	Rm
Cash flows from operating activities		9 810	11 057	5 799	7 185
Cash receipts from customers		45 389	44 484	33 962	32 735
Cash paid to suppliers and employees		(33 125)	(31 493)	(27 298)	(26 082)
Cash generated from operations	3.6	12 264	12 991	6 664	6 653
Interest received		584	537	1 243	1 311
Dividend received		240	30	787	1 219
Finance charges paid	6.6	(1 518)	(2 023)	(1 311)	(1 876)
Taxation paid	8.3	(297)	(396)	(147)	(66)
Repayment of derivatives - FECs		(245)	(177)	(183)	(127)
Proceeds from derivatives - FECs		81	101	65	76
Cash generated from operations before dividend paid		11 109	11 063	7 118	7 190
Dividend paid	9.4	(1 299)	(6)	(1 319)	(5)
Cash flows (utilised for)/generated from investing activities		(6 271)	1 280	(3 328)	4 219
Proceeds on disposal of property, plant and equipment ¹		265	767	24	87
Additions to property, plant and equipment and intangible assets		(6 295)	(6 165)	(3 179)	(2 776)
Loans advanced to subsidiaries		—	—	(378)	—
Loans repaid by subsidiaries		—	—	378	—
SMME loans advanced to external parties	7.3	(13)	(7)	(13)	(7)
SMME loans repaid by external parties	7.3	14	12	13	10
Investment made in FutureMakers		—	(11)	—	—
Cash received from FutureMakers		—	—	8	12
Net proceeds from sale of Swiftnet ²	12.2	—	6 441	—	6 618
Repayment of derivatives - FECs		(311)	(190)	(233)	(139)
Proceeds from derivatives - FECs		106	109	81	84
Proceeds from plan assets	10.1	—	330	—	330
Restricted cash		(37)	(6)	(29)	—
Cash flows utilised for financing activities		(6 870)	(5 222)	(6 523)	(4 278)
Loans raised	3.7	1 480	4 276	1 480	4 276
Loans repaid	3.7	(6 434)	(6 905)	(6 434)	(6 905)
Purchase of shares for the Telkom and subsidiaries long-term incentive share scheme		—	(107)	—	(107)
Repayment of principal lease liabilities	3.7	(1 910)	(2 496)	(1 563)	(1 552)
Repayment of derivatives - interest rate swaps		(160)	—	(160)	—
Proceeds from derivatives - interest rate swaps		154	10	154	10
Net (decrease)/increase in cash and cash equivalents		(3 331)	7 115	(4 052)	7 126
Cash and cash equivalents at 1 April		11 054	3 939	8 989	1 863
Cash and cash equivalents at the end of the year	4.4	7 723	11 054	4 937	8 989

¹ The decrease in proceeds from the disposal of property, plant and equipment and intangible assets is mainly due to the significantly lower volumes of properties disposed in the current year, following the higher sale of properties in the prior year. These properties were previously included in the Gyro Properties portfolio and earmarked for auction.

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

Notes to the annual financial statements

for the year ended 31 March 2026

1. Corporate information

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

2. Accounting framework and significant judgements

2.1 Basis of preparation

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

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

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

2.2 New accounting pronouncements

2.2.1 Other standards, amendments to standards and interpretations

The standards and amendments to standards listed below were adopted, effective 1 April 2025, and did not have a material impact on the Group:

Consideration	Effective date
IAS 21 (The Effects of Changes in Foreign Exchange Rates)	Annual periods beginning on or after 1 January 2025
Amendment regarding the entity's transaction or operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose	

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

Consideration	Effective date
IFRS 7 (Financial Instruments: Disclosures) and IFRS 9 (Financial Instruments)	Annual periods beginning on or after 1 January 2026
Amendment regarding classification and measurement of financial instruments. This amendment is not expected to have a material impact on the Group.	
IFRS 7 (Financial Instruments: Disclosures) and IFRS 9 (Financial Instruments)	Annual periods beginning on or after 1 January 2026
Amendment regarding contracts referencing nature-dependent electricity. This amendment is not expected to have a material impact on the Group.	
Annual Improvements to IFRS Accounting Standards - Volume 11	Annual periods beginning on or after 1 January 2026
The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a material impact on the Group's financial statements	
IFRS 18 (Presentation and Disclosure in Financial Statements)	Annual periods beginning on or after 1 January 2027
The new standard on presentation and disclosure in IFRS 18 focuses on updates to the structure of the statement of profit or loss. This includes required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation that apply to primary financial statements and notes in general.	
IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.	
The Group has initiated an impact assessment and is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impact on presentation and disclosure is expected to be pervasive. In particular, the impact of the adoption is anticipated to include:	
<ul style="list-style-type: none"> - The presentation of new subtotals in the statement of profit or loss; - The review and alignment of income and expense classifications into categories; and - Additional disclosures for management-defined performance measures (MPMs). 	
IFRS 19 (Subsidiaries without Public Accountability)	Annual periods beginning on or after 1 January 2027
IFRS 19 is a voluntary accounting standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements. This amendment is not expected to have a material impact on the Group.	
IAS 21 (The Effects of Changes in Foreign Exchange Rates)	Annual periods beginning on or after 1 January 2027
Amendment regarding translation procedures for entities with a presentation currency of a hyperinflationary economy. This amendment is not expected to have a material impact on the Group.	

Notes to the annual financial statements continued

for the year ended 31 March 2026

2.3 Significant accounting judgements, estimates and assumptions

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

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

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

The assessment of the global energy shock due to geopolitical conflict as part of accounting judgements and sources of estimation uncertainty

The global energy shock due to geopolitical conflict has increased macro-economic volatility, particularly through higher oil prices, currency fluctuations and inflationary pressures.

The Group remains in a strong liquidity position as at 31 March 2026, with diversified funding sources, available facilities and no adverse impact on debt, thus the conflict is not expected to impact liquidity. Foreign exchange, market and credit risks have increased due to heightened volatility and the potential for sustained higher interest rates.

The discount rates utilised for the CGU impairment assessment and employee benefit valuations performed at 31 March 2026 incorporated the impact of the conflict. However, this increase was offset by decreases that occurred throughout the financial year in response to inflation recovery, resulting in an overall decrease in the discount rate used in the CGU impairment assessment and employee benefit valuations. Indirect inflationary effects will continue to be assessed given the dynamic nature of the situation.

Operationally, FY2026 was largely unaffected in areas such as inventory costs and cost of goods sold. Post year-end, the Group expects upward pressure on inventory prices, logistics and other operating costs driven by fuel, shipping, currency volatility and supplier pricing. Mitigation actions include supplier diversification, securing local alternatives, pre-ordering critical spares, building buffer stock, where appropriate, and tighter cost control.

Area	Summary of assessment	Potential impact
Revenue	The conflict is expected to weigh on both consumer and enterprise affordability due to higher inflation, fuel and input costs, leading to slower new sales, pressure on the average revenue per user (ARPU) and lengthened enterprise deal cycles. Demand is expected to soften rather than collapse, with the primary risk relating to timing, margin pressure and delayed project execution rather than permanent revenue loss.	Medium
Diesel costs	The Group uses diesel in its data centres and fleet. Diesel price increases took effect from April 2026 and therefore did not materially impact FY2026. Sustained higher fuel prices are expected to impact the margins in FY2027. In addition to the higher fuel price risk, there is also a risk around shortage in the event that South Africa runs out of diesel. The Group is implementing mitigation measures, including supplier renegotiations, spend controls, outsourcing courier services, consolidating travel, purchasing bulk diesel in advance and improving fuel usage efficiency.	Medium
Impairment of financial assets	Higher fuel prices and inflation are increasing customer financial strain and credit risk. At 31 March 2026, management incorporated a forward-looking top-up to expected credit losses on trade receivables and contract assets. Ongoing monitoring will determine whether further adjustments are required based on actual performance and emerging information.	Medium

Overall, while the conflict introduces heightened uncertainty and medium-term margin pressure, it does not pose an immediate threat to the Group's financial sustainability. Management continues to proactively monitor developments and adjust strategies to maintain resilience.

Notes to the annual financial statements continued

for the year ended 31 March 2026

2.4 Summary of material accounting policies

2.4.1 Basis of consolidation

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

2.4.2 Subsidiaries

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

2.4.3 Transactions with non-controlling interests

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

2.4.4 Associates

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

2.4.5 Investments in subsidiaries and associates

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

2.4.6 Business combinations

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

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

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

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

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

2.4.7 Sale of business

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

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

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

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

2.4.8 Foreign currencies

Functional and presentation currency

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

Foreign currency transactions and balances

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

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

Foreign operations

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

Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal. The functional currencies of entities within the Group have remained unchanged.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance

3.1 Segment information

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

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

In the current year, the reportable segments have been determined as Openserve, Telkom Consumer, BCX and "Other".

Due to the sale of Swiftnet in the prior year, the "Gyro" segment is no longer a reportable segment in the current year and has been aggregated into the "Other" segment as it shares similar economic characteristics with the "Other" segment. Gyro provides support to customer-facing units and its internal customers, and its services are similar to those offered by functions included in the "Other" segment.

In the prior year, Swiftnet and Gyro were included within the "Gyro" segment. Due to the change in the organisational structure, the 31 March 2025 segment information has been restated to include Gyro within the "Other" segment while Swiftnet continues to be included within the "Gyro" segment. The "Gyro" segment for the prior year therefore includes the results of Swiftnet only. This approach ensures comparability between the current and prior years.

The SMB segment is aggregated into the Telkom Consumer segment. The aggregation is based on the similarity in the nature of products and services. SMB customers include primarily sole proprietors and customers who typically consume simple products and are similar to the product nature and customer profiling within the Telkom Consumer segment. A large portion of the SMB customer base makes use of the Telkom Direct Stores channel, which is the same channel as that of the Telkom Consumer customers.

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

- Interest revenue
- Interest on overdue accounts
- Interest on finance lease receivables

Interest revenue is included in operating revenue as a separate component of revenue. Interest on overdue accounts and interest on finance lease receivables is included in other income.

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

EBITDA is adjusted for significant once-off costs and income, when applicable. The prior year EBITDA was adjusted for the following:

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

There are no significant once-off costs and income adjustments in the current financial year.

In the prior year, Swiftnet was sold effective 31 January 2025, and is presented as a discontinued operation in the Group statement of profit or loss and other comprehensive income for 10 months. The difference on the financial statement line items between the segment and the statement of profit or loss and other comprehensive income relates to Swiftnet. Refer to [note 12.3](#) for details.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.1 Segment information continued

	Openseerve	Telkom Consumer	BCX	Other	Eliminations	IFRS 16 reversal	Consolidated
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
31 March 2026							
Revenue from external customers ¹	5 395	28 774	10 308	—	—	—	44 477
<i>Revenue from contracts with customers recognised over time²</i>	4 684	25 414	8 238	—	—	—	38 336
Voice	—	4 607	1 434	—	—	—	6 041
Interconnection	181	503	—	—	—	—	684
Data	4 503	19 717	2 378	—	—	—	26 598
Information technology services	—	—	3 746	—	—	—	3 746
Customer premises equipment related services	—	78	623	—	—	—	701
Interest revenue	—	377	57	—	—	—	434
Sundry revenue	—	132	—	—	—	—	132
<i>Revenue from contracts with customers recognised at a point in time</i>	527	2 999	2 022	—	—	—	5 548
Customer premises equipment	—	2 999	246	—	—	—	3 245
Information technology hardware and software	—	—	1 776	—	—	—	1 776
Sundry revenue	527	—	—	—	—	—	527
Lease revenue	184	78	48	—	—	—	310
Insurance revenue	—	283	—	—	—	—	283
Intersegmental operating revenue	7 237	106	1 104	327	(8 693)	(81)	—
Other income	280	686	95	1 900	(1 699)	—	1 262
Total expenses	(8 682)	(22 838)	(10 431)	(1 700)	10 392	—	(33 259)
Cost of handsets, equipment, software and directories	—	(3 699)	(1 534)	—	174	—	(5 059)
Sales commission, incentives and logistical costs	—	(3 575)	(9)	—	—	—	(3 584)
Payments to other operators	(559)	(2 015)	(353)	—	382	—	(2 545)
Employee expenses	(3 213)	(1 387)	(3 228)	(656)	—	—	(8 484)
Other expenses	(318)	(6 015)	(3 969)	(281)	8 043	—	(2 540)
Insurance service expenses	—	(179)	—	—	—	—	(179)
Maintenance	(1 790)	(2 583)	(739)	(436)	803	—	(4 745)
Marketing	(64)	(755)	(94)	(12)	—	—	(925)
Impairment of receivables, contract assets and loans	(23)	(1 006)	12	2	1	—	(1 014)
Service fees	(2 510)	(1 416)	(491)	(270)	872	—	(3 815)
Lease-related expenses	(205)	(208)	(26)	(47)	117	—	(369)
Adjusted EBITDA for reportable segments including intersegmental transactions	4 230	6 728	1 076	527	—	(81)	12 480
EBITDA							12 480
Depreciation, amortisation, impairments and write-offs							(6 547)
Operating profit							5 933
Investment income							431
Net finance charges, hedging costs and fair value movements							(1 608)
Profit before taxation							4 756
Other segment information							
Capital expenditure of property, plant and equipment and intangible assets	2 719	3 191	359	165	—	—	6 434

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

² Revenue from contracts with customers recognised over time include interest revenue from customers.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.1 Segment information continued

	Openseerve	Telkom Consumer	BCX	Gyro ³	Other ³	Eliminations ³	IFRS 16 reversal	Consolidated
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
31 March 2025³								
Revenue from external customers ¹	4 875	27 689	11 276	692	40	—	—	44 572
<i>Revenue from contracts with customers recognised over time²</i>	4 322	24 109	9 042	—	25	—	—	37 498
Voice	—	5 014	1 748	—	—	—	—	6 762
Interconnection	220	578	—	—	—	—	—	798
Data	4 102	17 962	2 664	—	—	—	—	24 728
Information technology services	—	—	3 766	—	—	—	—	3 766
Customer premises equipment related services	—	84	803	—	—	—	—	887
Interest revenue	—	299	61	—	—	—	—	360
Sundry revenue	—	172	—	—	25	—	—	197
<i>Revenue from contracts with customers recognised at a point in time</i>	402	3 218	2 116	—	7	—	—	5 743
Customer premises equipment	—	3 215	352	—	—	—	—	3 567
Information technology hardware and software	—	—	1 764	—	—	—	—	1 764
Sundry revenue	402	3	—	—	7	—	—	412
Lease revenue	151	70	118	692	8	—	—	1 039
Insurance revenue	—	292	—	—	—	—	—	292
Intersegmental operating revenue	7 474	115	1 070	529	292	(8 927)	(553)	—
Other income (adjusted for once-off income)	263	615	42	—	2 017	(1 385)	—	1 552
Total expenses (adjusted for once-off costs)	(8 607)	(22 852)	(11 012)	(309)	(1 347)	10 312	—	(33 815)
Cost of handsets, equipment, software and directories	—	(3 731)	(1 641)	—	—	187	—	(5 185)
Sales commission, incentives and logistical costs	—	(3 214)	—	—	—	—	—	(3 214)
Payments to other operators	(623)	(2 117)	(369)	—	—	416	—	(2 693)
Employee expenses	(3 072)	(1 222)	(3 404)	(23)	(337)	—	—	(8 058)
Other expenses	(303)	(6 119)	(4 026)	(129)	(224)	8 039	—	(2 762)
Insurance service expenses	—	(202)	—	—	—	—	—	(202)
Maintenance	(2 000)	(2 618)	(858)	—	(436)	868	—	(5 044)
Marketing	(58)	(793)	(89)	—	(15)	—	—	(955)
Impairment of receivables, contract assets and loans	22	(1 226)	(137)	—	(1)	—	—	(1 342)
Service fees	(2 385)	(1 334)	(481)	(155)	(314)	670	—	(3 999)
Lease-related expenses	(188)	(276)	(7)	(2)	(20)	132	—	(361)
Adjusted EBITDA for reportable segments including intersegmental transactions and excluding once-off costs and income	4 005	5 567	1 376	912	1 002	—	(553)	12 309
<i>Once-off costs and income</i>								
Gain on disposal of Swiftnet								4 408
Restructuring expenses								(160)
Loss on settlement of the TRF								(618)
EBITDA								15 939
Depreciation, amortisation, impairments and write-offs								(5 962)
Operating profit								9 977
Investment income								382
Net finance charges, hedging costs and fair value movements								(1 998)
Profit before taxation								8 361
Other segment information								
Capital expenditure of property, plant and equipment and intangible assets	2 535	2 797	392	248	114	—	—	6 086

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

² Revenue from contracts with customers recognised over time include interest revenue from customers.

³ In the 31 March 2025 segment, Swiftnet and Gyro were included within the "Gyro" segment. Due to the change in the organisational structure, the prior year segment information has been restated to include Gyro within the "Other" segment, while Swiftnet continues to be included within the "Gyro" segment. The "Gyro" segment for 31 March 2025 therefore includes Swiftnet only for 10 months until the date of sale.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.1 Segment information continued

Entity-wide disclosures

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

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

3.2 Revenue

Significant accounting judgements, estimates and assumptions

Recognition and measurement of revenue

Stand-alone selling prices and transaction price

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

Significant financing component

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

Google Equiano

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

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

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

Customer relationship periods

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

Principal versus agent considerations

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

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

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

Software, cloud services and related services

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

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

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

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Significant accounting judgements, estimates and assumptions continued

Recognition and measurement of revenue continued

Software, cloud services and related services continued

Vendor resold services

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

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

Franchisee

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

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

Enterprise revenue

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

Bill-and-hold arrangements

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

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

Hardware and software as part of an integrated solution

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

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

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

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

Reassessment of leases relating to customer premises equipment (CPE)

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

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies

Nature of goods and services

Revenue from contracts with customers

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued

Revenue from contracts with customers continued

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued

Revenue from contracts with customers continued

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued

Revenue from contracts with customers continued

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Nature of goods and services continued

Revenue from contracts with customers continued

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

Summary of material accounting policies continued

Revenue from other contracts

IFRS 16 lease revenue

Rental income from property, CPE and exchanges is generated by the Group through its subsidiaries.

The revenue is recognised as part of the Openserve and BCX segments. The revenue is accounted for as operating lease revenue and recorded on a straight-line basis in accordance with IFRS 16.

IFRS 17 insurance revenue

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

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

Significant financing component

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

Material right considerations

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

Contract costs

Contract costs that are eligible for capitalisation as incremental costs of obtaining a contract include commissions and connection incentives paid on new contracts that have been entered into. Contract costs are capitalised unless the practical expedient in IFRS 15 paragraph 94 is applied, which states that incremental costs to obtain a contract can be recognised as an expense when incurred if the amortisation period of the asset, that the entity otherwise would have recognised, is 12 months or less. Contract costs are capitalised in the month of service activation if the Group expects to recover these costs, and are amortised over the contract term.

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

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

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

Contract assets

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

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

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

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

Deferred revenue (contract liabilities)

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

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

3.2.1 Disaggregation of revenue

	Company	
	31 March 2026	Restated 31 March 2025 ¹
	Rm	Rm
Revenue	32 662	32 287
Revenue from contracts with customers recognised over time¹	29 059	28 358
Voice	5 546	6 315
Interconnection	546	628
Data	21 774	20 156
Customer premises equipment related services ¹	684	784
Interest revenue ²	377	299
Sundry revenue	132	176
Revenue from contracts with customers recognised at a point in time	3 289	3 622
Customer premises equipment ¹	3 289	3 619
Sundry revenue	—	3
Lease revenue	31	15
Insurance revenue	283	292

¹ In the current year, it was identified that a portion of CPE related service revenue was incorrectly included in CPE revenue recognised at a point in time. This has been corrected in the current year. The prior year disclosure has been restated to remove the R700 million included in CPE revenue recognised at a point in time to CPE related service revenue recognised over time. This has no impact on the statement of profit loss and other comprehensive income and only impacts the disclosure within the notes.

² Revenue from contracts with customers recognised over time include interest revenue from customers.

Refer to [note 3.1](#) for the disaggregated revenue per segment for the Group.

Included in Telkom Company revenue is an amount of R3 801 million (31 March 2025: R4 498 million), which relates to Enterprise customer contracts that were sold to BCX in previous financial years but have been retained in the name of Telkom SA SOC Ltd. The decrease is mainly due to the decline in voice revenue relating to legacy products, which is being discontinued.

3.2.2 Transaction price allocated to the remaining performance obligations

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

	Group					
	31 March 2026			31 March 2025		
	2027	2028	Beyond 2029	2026	2027	Beyond 2028
	Rm	Rm	Rm	Rm	Rm	Rm
Voice	202	121	45	242	107	41
Data	3 225	1 398	1 138	2 389	903	149
Information technology	137	15	6	194	12	13

	Company					
	31 March 2026			31 March 2025		
	2027	2028	Beyond 2029	2026	2027	Beyond 2028
	Rm	Rm	Rm	Rm	Rm	Rm
Voice	202	121	45	242	107	41
Data	2 606	1 240	202	2 388	903	149

All revenue from contracts with customers is included in the amounts presented above. The Group does not have any revenue recognised in the current year from performance obligations satisfied (or partially satisfied) in the prior financial year.

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

3.2.3 Customer relationship periods

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

- Voice revenue: 5.5 years (31 March 2025: 5.5 years)
- Wholesale revenue: 4 years (31 March 2025: 4 years)
- Non-voice revenue: 3.5 years (31 March 2025: 3.5 years).

3.2.4 Assets and liabilities related to contracts with customers

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

3.2.4.1 Contract assets

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Contract assets	2 247	2 344	2 247	2 344
Gross contract assets	3 044	3 085	3 044	3 085
Impairment of contract assets	(797)	(741)	(797)	(741)
Allowance account for expected credit losses - contract assets	797	741	797	741
Opening balance	741	604	741	604
Charged to statement of profit or loss and other comprehensive income	396	375	396	375
Contract assets written off	(340)	(238)	(340)	(238)

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

While gross contract assets slightly decreased, the impairment of contract assets increased mainly due to the forward-looking adjustment in relation to the global energy shock due to geopolitical conflict, slightly offset by an improvement in the credit risk resulting from stringent vetting processes.

Refer to [note 7.1.4](#) for a detailed credit risk analysis.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

3.2.4 Assets and liabilities related to contracts with customers continued

3.2.4.1 Contract assets continued

Sale of contract assets

Telkom entered into agreements with financial institutions to factor a ring-fenced group of contract assets. The gross carrying amount of the contract assets factored is R1 245 million (31 March 2025: R875 million). The profit on disposal of contract assets is accounted for in other income. Refer to [note 3.3](#).

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

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

As part of the agreement, Telkom is obligated to pay the financial institution only from the cash collected from the customers and, as such, Telkom assumes no further obligation in relation to the agreement. Credit notes normally result from incorrect devices being sold/dispatched or incorrect billing, and these issues are resolved within the first six months of the contract i.e. before the book is sold to the bank. Where there is a credit note, Telkom will not be required to refund the financial institution for the credit note. Telkom has no continuing involvement with the transferred contract asset.

3.2.4.2 Other current assets

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Other current assets	632	619	632	619
Contract costs capitalised	274	275	274	275
Ongoing commission capitalised assets	358	344	358	344
Contract costs capitalised	274	275	274	275
Opening balance	275	272	275	272
Contract costs capitalised during the year	290	296	290	296
Contracts cancelled during the year	(20)	(27)	(20)	(27)
Amortisation recognised as cost of providing services during the year	(271)	(266)	(271)	(266)

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Ongoing commission capitalised assets	358	344	358	344
Contract asset - ongoing commission ¹	358	344	358	344
Ongoing commission (included in trade and other payables) ¹	(358)	(344)	(358)	(344)
Opening balance	344	273	344	273
Expense amortised in the current year	(218)	(221)	(218)	(221)
New contracts entered into	397	374	397	374
Contracts cancelled during the year	(165)	(82)	(165)	(82)
Closing balance	358	344	358	344

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.2 Revenue continued

3.2.4 Assets and liabilities related to contracts with customers continued

3.2.4.3 Deferred revenue

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Deferred revenue	3 101	2 905	1 082	1 009
Non-current deferred revenue	1 181	1 194	29	24
Current portion of deferred revenue	1 920	1 711	1 053	985

The deferred revenue balance consists primarily of deferred installation fees, deferred revenue from the cable landing station, deferred revenue from the grant of use of the terrestrial network system, and revenue billed in advance due to Telkom's various billing cycles.

The total revenue recognised in the current year, in relation to the deferred revenue for the prior year, is disclosed in the table below. The amounts recognised as a contract liability will mainly be utilised within the next reporting period.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Revenue recognised in relation to deferred revenue (contract liabilities):				
Deferred revenue	1 541	1 210	860	866

3.3 Other income

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Other income	1 262	1 552	2 465	7 094
Interest received from trade receivables and finance lease receivables ¹	176	184	135	160
Sundry income ²	680	610	2 040	1 764
Gain on disposal of Swiftnet (refer to note 12.2)	—	—	—	4 998
Profit on disposal of property, plant and equipment ³	194	654	79	69
Gain on termination of leases	3	9	2	8
Gain on sale of contract assets ⁴	209	95	209	95

¹ Interest received from trade receivables and finance lease receivables relates to interest on overdue trade receivables accounts and finance lease receivables. These are financial assets measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and the effective interest rate. Total interest income on financial assets that are measured at amortised cost of R607 million (31 March 2025: R523 million) for Group and R1 258 million (31 March 2025: R1 309 million) for Company was recognised. Refer to [note 6.1](#) for the remaining interest income on financial assets measured at amortised cost.

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

³ The decrease for the Group is primarily attributable to lower property sales compared to the prior year. In the prior year, the Group recorded a significant gain from the sale of properties previously included in the Gyro Properties portfolio, which had been earmarked for auction.

⁴ The increase in profit on disposal of contract assets is due to higher books sold in the current year. Refer to [note 3.2.4.1](#) for details.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.4 Expenses

Summary of material accounting policies

Payments to other operators

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

Cost of handsets, equipment, software and directories

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

Sales commission, incentives and logistical costs

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

3.4.1 Payments to other operators

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Payments to other operators	(2 545)	(2 693)	(2 014)	(2 116)

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

3.4.2 Sales commission, incentives and logistical costs

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Sales commission, incentives and logistical costs	(3 584)	(3 214)	(3 575)	(3 214)

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

3.4.3 Employee expenses

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Employee expenses	(8 484)	(8 813)	(2 035)	(2 179)
Salaries and wages	(7 036)	(6 950)	(1 401)	(1 299)
Post-retirement pension and retirement fund (refer to notes 10.2 and 10.3) ¹	(498)	(218)	(113)	161
Post-retirement medical aid (refer to note 10.4)	92	144	92	144
Post-retirement telephone rebates (refer to note 10.5)	(37)	(40)	(37)	(40)
Share-based compensation expense (refer to note 9.2)	(67)	(69)	(48)	(38)
Other benefits ²	(1 156)	(1 074)	(529)	(490)
Restructuring expenses	—	(160)	—	—
Employee expenses capitalised to capital projects	218	172	1	1
Loss on settlement of the TRF (refer to note 10.3)	—	(618)	—	(618)

¹ In the prior year, the settlement of the TRF resulted in a credit to the service costs. Contributions have since normalised in the current year for Company, resulting in an increase in the post-retirement pension fund.

² Other benefits include, among others, skills development, annual leave, performance incentives and service bonuses.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.4 Expenses continued

3.4.4 Other expenses

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Operating expenses	(2 540)	(2 763)	(752)	(903)
Sundry expenses ¹	(305)	(494)	(53)	(132)
Licence fees	(343)	(311)	(257)	(229)
Subsistence and travel	(62)	(71)	(34)	(25)
Third-party service costs	(1 340)	(1 310)	(140)	(149)
Image building and market research costs	(111)	(107)	(99)	(92)
Telephone rebate - Openserve employees	—	—	(15)	(17)
Donations	(73)	(60)	(67)	(38)
Losses ²	(263)	(343)	(67)	(188)
Other	(43)	(67)	(20)	(33)

¹ Sundry expenses include, among others, consumables, membership fees, project fees, printing and stationery costs.

² Losses include losses as a result of damages to private property belonging to third parties, costs incurred in extinguishing fires, and excess payments made to insurers. The decrease is primarily driven by a reduction in the provision recognised for private property damages during the current year.

3.4.5 Wholesale voice and non-voice services

	Company	
	31 March 2026 Rm	31 March 2025 Rm
Wholesale voice and non-voice services	(5 205)	(5 196)
Data connectivity	(3 300)	(3 118)
Broadband access	(1 498)	(1 486)
Managed services	(111)	(97)
Line rental costs ¹	(296)	(495)

¹ The decrease in line rental costs is mainly due to declining legacy products as a result of customers migrating to the next-generation network.

3.4.6 Maintenance

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Maintenance	(4 745)	(5 043)	(3 019)	(3 025)

The decrease in maintenance costs for Group is primarily due to the Group's cost optimisation initiatives as a result of site consolidation.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.4 Expenses continued

3.4.7 Service fees

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Service fees	(3 815)	(3 848)	(1 655)	(1 583)
Facilities and property management	(2 306)	(2 310)	(916)	(831)
Consultancy, security and other services	(1 509)	(1 538)	(739)	(752)
Audit fees	(88)	(87)	(53)	(52)
Consultancy services ¹	(433)	(492)	(150)	(151)
Security and other services	(988)	(959)	(536)	(549)

¹ Consultancy services include non-audit fees of R2 million (31 March 2025: R3 million).

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Depreciation, amortisation, impairments and write-offs of non-financial assets	(6 547)	(5 957)	(3 738)	(3 418)
Depreciation of property, plant and equipment ¹	(3 609)	(3 385)	(1 366)	(1 214)
Depreciation of right-of-use assets ²	(2 058)	(1 655)	(1 716)	(1 553)
Depreciation of investment property	—	—	(92)	(96)
Amortisation of intangible assets	(569)	(589)	(395)	(388)
Write-offs and impairments of property, plant and equipment and intangible assets	(311)	(328)	(169)	(167)

¹ Depreciation of property, plant and equipment for Group and Company increased mainly due to higher additions to property, plant and equipment.

² Depreciation of right-of-use assets for Group and Company increased mainly due to lease remeasurements for leases closer to the end of their period. Also contributing to the increase for Group is the depreciation for Swiftnet leases which were external for a full 12 months in the current year compared to two months in the prior year.

	Group		Company	
	31 March 2026 Years	31 March 2025 Years	31 March 2026 Years	31 March 2025 Years
The estimated useful lives assigned to groups of property, plant and equipment are:				
Freehold buildings	5 to 45	5 to 45	5 to 40	5 to 40
Network equipment				
Cables	4 to 30	4 to 30	4 to 30	4 to 30
Switching equipment	5 to 18	5 to 18	5 to 18	5 to 18
Transmission equipment	2 to 20	5 to 20	5 to 20	5 to 20
Other	2 to 20	2 to 20	2 to 20	2 to 20
Support equipment	2 to 10	5 to 11	5 to 10	5 to 11
Furniture and office equipment	2 to 15	11 to 15	11 to 15	11 to 15
Data processing equipment and software	5 to 10	5 to 10	5 to 10	5 to 10
Telkom support services equipment	2 to 20	2 to 20	2 to 20	2 to 20

The expected useful lives assigned to investment property are:

	Company	
	31 March 2026 Years	31 March 2025 Years
Investment property	15 to 40	15 to 40

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.4 Expenses continued

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

	Group		Company	
	31 March 2026 Years	31 March 2025 Years	31 March 2026 Years	31 March 2025 Years
The expected useful lives assigned to intangible assets are:				
Software and licences	5 to 10	5 to 10	5 to 10	5 to 10
Trademarks, copyrights and other	5 to 20	5 to 20	5 to 20	5 to 20

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

The reassessment of useful lives decreased the depreciation expense for property, plant and equipment by R1 million (31 March 2025: R23 million) and decreased the amortisation expense for intangible assets by R10 million (31 March 2025: R19 million) at Company level.

The reassessment of useful lives decreased the depreciation expense for property, plant and equipment by R76 million (31 March 2025: R124 million) and decreased the amortisation expense for intangible assets by R21 million (31 March 2025: R25 million) at Group level.

With all other factors remaining constant, depreciation for future periods is expected to increase by R1 million for Company and by R76 million for the Group, and amortisation for future periods is expected to increase by R10 million for Company and R21 million for the Group. Refer to [notes 5.1](#) and [5.2](#) for the related accounting policies.

The assessment of useful lives decreased the depreciation expense on investment property for Telkom Company by R6 million. With all other factors remaining constant, depreciation for future periods is expected to increase by R6 million. Refer to [note 5.4](#) for related accounting policies.

3.5 Earnings and dividends per share

Summary of material accounting policies

Basic earnings per share

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

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

Headline earnings per share

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

	Group	
	31 March 2026 Cents	31 March 2025 Cents
Earnings and dividend per share		
Continuing operations		
Basic earnings per share	719.5	566.0
Diluted earnings per share	711.8	558.0
Headline earnings per share ¹	708.5	467.5
Diluted headline earnings per share ¹	701.0	461.0
Dividend per share ²	260.9	—
Discontinued operation		
Basic earnings per share	—	962.0
Diluted earnings per share	—	948.5
Headline earnings per share ¹	—	77.0
Diluted headline earnings per share ¹	—	76.0

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

² The calculation of dividend per share is based on the ordinary and special dividend declared on 10 June 2025 and paid on 14 July 2025 of R833 million and R500 million, respectively. A total of 511 140 239 ordinary shares were outstanding on the date of the dividend declaration. No dividend was declared or paid in the prior year.

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.5 Earnings and dividends per share continued

	Group	
	31 March 2026	31 March 2025
	Number of shares	Number of shares
Reconciliation of weighted average number of ordinary shares:		
Weighted ordinary shares in issue	511 140 239	511 140 239
Weighted average number of treasury shares	(18 553 044)	(20 479 356)
Weighted average number of shares outstanding	492 587 195	490 660 883
Reconciliation of diluted weighted average number of ordinary shares:		
Weighted average number of shares outstanding	492 587 195	490 660 883
Expected future vesting of shares related to Group employee share scheme incentive plans	5 300 942	6 980 054
Diluted weighted average number of shares outstanding	497 888 137	497 640 937

	31 March 2026		31 March 2025	
	Rm Gross	Rm Net	Rm Gross	Rm Net
Continuing operations				
Reconciliation between earnings and headline earnings:				
Profit for the year		3 548		2 783
Non-controlling interests		(4)		(6)
Profit attributable to owners of Telkom		3 544		2 777
Profit on disposal of property, plant and equipment	(194)	(283)	(654)	(740)
Write-offs and impairments of property, plant and equipment and intangible assets	311	229	328	257
Headline earnings		3 490		2 294
Discontinued operation				
Reconciliation between earnings and headline earnings:				
Profit for the year		—		4 720
Gain on disposal of Swiftnet (refer to note 12.2)	—	—	(4 408)	(4 347)
Write-offs of property, plant and equipment and intangible assets	—	—	5	5
Headline earnings		—		378

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.6 Reconciliation of profit before tax to cash generated from operations

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Cash generated from operations¹	12 264	12 991	6 664	6 653
Profit before tax	4 756	8 361	4 005	7 564
Finance charges and fair value movements	1 608	1 998	1 359	1 859
Investment income	(431)	(382)	(1 925)	(2 408)
Interest received from trade receivables and finance lease receivable	(176)	(184)	(135)	(160)
Adjusted for:	7 379	2 822	4 519	(307)
Depreciation, amortisation, impairments and write-offs	6 547	5 962	3 738	3 418
Impairment of receivables, contract assets and loans	1 014	1 342	993	1 199
Increase in provisions	65	410	63	269
Insurance revenue	(283)	(292)	(283)	(292)
Insurance service expenses	179	202	179	202
Gain on termination of leases	(3)	(9)	(2)	(8)
Profit from disposal of property, plant and equipment (refer to note 3.3)	(194)	(654)	(79)	(69)
Gain on disposal of Swiftnet (refer to note 12.2)	—	(4 408)	—	(4 998)
Gain on sale of contract assets (refer to note 3.3)	(209)	(95)	(209)	(95)
Foreign exchange movements	—	(26)	—	12
Share-based payment expenses	67	69	48	38
Movement in deferred revenue	196	321	71	17
Movement in working capital	(872)	376	(1 159)	105
Decrease in inventories	202	141	60	101
Decrease/(increase) in trade and other receivables, contract assets and finance lease receivables	319	(727)	(530)	(1 042)
(Decrease)/increase in trade and other payables and prepayments	(1 393)	962	(689)	1 046

¹ The prior year's cash generated from operations included R405 million for the 10 months ending 31 January 2025 relating to Swiftnet. In the prior year, Swiftnet was sold. Refer to [notes 12.2 and 12.3](#).

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.7 Changes in liabilities arising from financing activities

	Group			
	Derivative liabilities - interest rate swaps	Interest-bearing debt	Lease liabilities	Total
	Rm	Rm	Rm	Rm
31 March 2026				
Balance as at 31 March 2025	9	11 617	6 920	18 546
Cash flow movements	(6)	(4 954)	(2 581)	(7 541)
Repayment of derivatives	(160)	—	—	(160)
Proceeds from derivatives	154	—	—	154
Loans raised	—	1 480	—	1 480
Loans repaid	—	(6 434)	—	(6 434)
Repayment of lease liabilities	—	—	(2 581)	(2 581)
Non-cash flow movements	20	(70)	3 217	3 167
Movement in insurance premium amortised	—	11	—	11
Movement in finance charges capitalised to interest-bearing debt	—	(81)	—	(81)
New leases entered into	—	—	1 193	1 193
Cancelled leases	—	—	(67)	(67)
Lease remeasurement	—	—	1 417	1 417
IFRS 16 interest capitalised	—	—	630	630
Accrued lease payments	—	—	44	44
Valuation loss	20	—	—	20
Balance as at 31 March 2026	23	6 593	7 556	14 172
31 March 2025				
Balance as at 31 March 2024	—	14 217	6 461	20 678
Cash flow movements	(136)	(2 629)	(2 979)	(5 744)
Repayment of derivatives	(136)	—	—	(136)
Loans raised	—	4 276	—	4 276
Loans repaid	—	(6 905)	—	(6 905)
Repayment of lease liabilities	—	—	(2 979)	(2 979)
Non-cash flow movements	145	29	3 438	3 612
Insurance premium amortised	—	(95)	—	(95)
Finance charges capitalised to interest-bearing debt	—	124	—	124
New leases entered into	—	—	932	932
Cancelled leases	—	—	(92)	(92)
Lease remeasurement	—	—	618	618
IFRS 16 interest capitalised	—	—	530	530
Accrued lease payments	—	—	21	21
Valuation loss	145	—	—	145
Leases transferred to non-current assets held for sale	—	—	1 429	1 429
Balance as at 31 March 2025	9	11 617	6 920	18 546

Notes to the annual financial statements continued

for the year ended 31 March 2026

3. Performance continued

3.7 Changes in liabilities arising from financing activities continued

	Company			
	Derivative liabilities - interest rate swaps	Interest-bearing debt	Lease liabilities	Total
	Rm	Rm	Rm	Rm
31 March 2026				
Balance as at 31 March 2025	9	11 617	5 375	17 001
Cash flow movements	(6)	(4 954)	(2 099)	(7 059)
Repayment of derivatives	(160)	—	—	(160)
Proceeds from derivatives	154	—	—	154
Loans raised	—	1 480	—	1 480
Loans repaid	—	(6 434)	—	(6 434)
Repayment of lease liabilities	—	—	(2 099)	(2 099)
Non-cash flow movements	20	(70)	2 835	2 785
Insurance premium amortised	—	11	—	11
Finance charges capitalised to interest-bearing debt	—	(81)	—	(81)
New leases entered into	—	—	1 056	1 056
Cancelled leases	—	—	(51)	(51)
Lease remeasurement	—	—	1 294	1 294
IFRS 16 interest capitalised	—	—	500	500
Accrued lease payments	—	—	36	36
Valuation loss	20	—	—	20
Balance as at 31 March 2026	23	6 593	6 111	12 727
31 March 2025				
Balance as at 31 March 2024	79	14 217	5 153	19 449
Cash flow movements	(136)	(2 629)	(1 939)	(4 704)
Repayment of derivatives	(136)	—	—	(136)
Loans raised	—	4 276	—	4 276
Loans repaid	—	(6 905)	—	(6 905)
Repayment of lease liabilities	—	—	(1 939)	(1 939)
Non-cash flow movements	66	29	2 161	2 256
Insurance premium amortised	—	(95)	—	(95)
Finance charges capitalised to interest-bearing debt	—	124	—	124
New leases entered into	—	—	1 092	1 092
Cancelled leases	—	—	(92)	(92)
Lease remeasurement	—	—	697	697
IFRS 16 interest capitalised	—	—	463	463
Accrued lease payments	—	—	1	1
Valuation loss	66	—	—	66
Balance as at 31 March 2025	9	11 617	5 375	17 001
	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	Rm	Rm	Rm	Rm
Repayment of lease liabilities reconciliation				
Total repayment of lease liabilities per tables above	(2 581)	(2 979)	(2 099)	(1 939)
Interest paid on lease liabilities classified as operating activities	630	530	500	463
Accrued lease payment movement	41	(49)	36	(78)
Prepayments movement	—	2	—	2
Repayment of capital lease liabilities classified as financing activities	(1 910)	(2 496)	(1 563)	(1 552)

The decrease in the repayment of lease liabilities for Group is mainly due to the advance payment made in respect of the lease liability relating to the fibre pair in the prior year, offset by an increase in lease liabilities relating to Swiftnet leases becoming external for the full financial year.

Notes to the annual financial statements continued

for the year ended 31 March 2026

4. Working capital

4.1 Lease receivables

4.1.1 Finance lease receivables

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

	Group					
	31 March 2026			31 March 2025		
	Total Rm	<1 year Rm	1 - 5 years Rm	Total Rm	<1 year Rm	1 - 5 years Rm
Minimum lease payments receivable						
Lease payments receivable	643	306	337	705	360	345
Unearned finance income	(24)	(1)	(23)	(76)	(41)	(35)
Present value of minimum lease income (finance lease receivables)	619	305	314	629	319	310
Expected credit loss	(148)			(165)		
Carrying amount	471			464		
Allowance for credit losses - Finance lease receivable	(148)			(165)		
Opening balance	(165)			(36)		
Charged to statement of profit or loss and other comprehensive income	(2)			(129)		
Reclassification to trade receivables	19			—		

	Company					
	31 March 2026			31 March 2025		
	Total Rm	<1 year Rm	1 - 5 years Rm	Total Rm	<1 year Rm	1 - 5 years Rm
Minimum lease payments receivable						
Lease payments receivable	353	102	251	242	70	172
Unearned finance income	(66)	(29)	(37)	(39)	(22)	(17)
Present value of minimum lease income (finance lease receivables)	287	73	214	203	48	155
Expected credit loss	(17)			(10)	—	—
Carrying amount	270			193		
Allowance for credit losses - Finance lease receivable	(17)			(10)		
Opening balance	(10)			(10)		
Charged to statement of profit or loss and other comprehensive income	(2)			—		
Enterprise loss allowance movement	(5)			—		

The increase in finance lease receivables for Company is mainly due to PABX contracts signed with BCX Enterprise customers in the current year.

Notes to the annual financial statements continued

for the year ended 31 March 2026

4. Working capital continued

4.1 Lease receivables continued

4.1.2 Operating lease revenue

	Group							
	31 March 2026				31 March 2025			
	Total Rm	<1 year Rm	1 - 5 years Rm	>5 years Rm	Total Rm	<1 year Rm	1 - 5 years Rm	>5 years Rm
Rental receivable on buildings	210	77	128	5	201	54	123	24
Customer premises equipment receivables	9	2	7	—	5	3	2	—
Exchanges ¹	62	62	—	—	285	67	183	35
Total	281	141	135	5	491	124	308	59

¹ After the sale of Swiftnet in the prior year, exchange lease income contracts are held by TowerCo BidCo (the company that acquired Swiftnet) and are not in the name of the Group, therefore the contractual exchange income is reflected as zero as TowerCo BidCo is the lessor and not the Group. The Group is expecting to receive lease income up until 30 September 2026 as per the bifurcation agreement.

	Company							
	31 March 2026				31 March 2025			
	Total Rm	<1 year Rm	1 - 5 years Rm	>5 years Rm	Total Rm	<1 year Rm	1 - 5 years Rm	>5 years Rm
Rental receivable on buildings	96	69	27	—	167	71	96	—
Customer premises equipment receivables	9	2	7	—	5	3	2	—
Total	105	71	34	—	172	74	98	—

Notes to the annual financial statements continued

for the year ended 31 March 2026

4. Working capital continued

4.2 Inventories

Significant accounting judgements, estimates and assumptions

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

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

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

- For network build stock, management runs quarterly reports to identify obsolete and excess warehouse stock. The definitions are as follows:
 - Obsolete stock: All material items per material group that have had no movement for the past 12 months.
 - Excess stock: All material items per material group that have more than 12 months' stock on hand, with five years' stock cover consideration.

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

- For maintenance spares, management also runs quarterly reports to identify obsolete and excess stock. The definitions are as follows:
 - Obsolete stock: All material items per material group that have had no movement for the past 24 months.
 - Excess stock: All material items per material group that have more than 24 months' stock on hand.

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

Summary of material accounting policies

Stock valuation and work-in-progress

Inventory is measured at the lower of cost and net realisable value.

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

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

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Inventories	544	747	178	237
Gross inventories	666	966	221	335
Write-down of inventories to net realisable value	(122)	(219)	(43)	(98)
Inventories consist of the following categories:	666	966	221	334
Installation material, maintenance material and network equipment	270	295	—	1
Merchandise	396	671	221	333
Write-down of inventories to net realisable value	122	219	43	98
Opening balance	219	240	98	38
Statement of profit or loss and other comprehensive income movement	(14)	124	(31)	118
Inventories written off	(83)	(145)	(24)	(58)

During the current financial year, R16 million (31 March 2025: R30 million) for Group and Company were transferred from inventories to property, plant and equipment. The transfers only take place from capital work-in-progress (CWIP).

The decrease in inventory for Group and Company is mainly due to the continued release of work-in-progress and improved management of stock levels.

Notes to the annual financial statements continued

for the year ended 31 March 2026

4. Working capital continued

4.3 Trade and other receivables

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Trade and other receivables	6 818	7 740	5 433	5 636
Trade receivables	5 198	5 913	3 865	3 902
Gross trade receivables	8 504	9 431	6 813	7 046
Impairment of trade receivables	(3 306)	(3 518)	(2 948)	(3 144)
Other receivables	823	1 110	1 222	1 417
Gross other receivables	852	1 132	1 225	1 439
Impairment of other receivables	(29)	(22)	(3)	(22)
Opening balance	(22)	(22)	(22)	(22)
Statement of profit or loss and other comprehensive income movement	(7)	—	19	—
Prepayments	797	717	346	317

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The repayment terms of trade receivables vary between 21 and 120 days from date of invoice. Interest charged on overdue accounts varies between the prime rate and a rate of 18%, depending on the contract terms. Trade receivables are initially recognised at the transaction price. The decrease in gross trade receivables for Group is mainly due to increased collections from BCX in the current year.

Other receivables generally arise from transactions not directly relating to customers. Other receivables mainly include municipal deposits, staff bursaries, staff loans and intercompany management fees charged to Group entities (at a Company level). The balances included in other receivables have low credit risk due to their nature as well as the structured collection arrangements with counterparties.

For trade receivables, the Group uses the general expected credit loss methodology to calculate the expected credit loss rate using available historical information, and forward-looking information where relevant.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Allowance account for expected credit losses - trade receivables	3 306	3 518	2 948	3 144
Opening balance	3 518	3 195	3 144	2 824
Charged to statement of profit or loss and other comprehensive income	616	838	610	849
Enterprise loss allowance movement	—	—	(70)	(45)
Reclassification from finance lease receivables	19	—	—	—
Receivables written off	(847)	(515)	(736)	(484)

The decrease in the impairment of receivables for Group and Company is mainly due to the reduced credit risk resulting from the stringent vetting process. This is slightly offset by the the forward-looking adjustment in relation to the global energy shock due to geopolitical conflict and increased write-offs on the old book. Write-offs increased mainly due to the clean-up on long overdue debtors.

Trade receivables are written off when there is no reasonable expectation of recovery. When there is no reasonable expectation of recovery, the Group performs actions such as sending reminders, pinging the accounts for additional debit order collections, blacklisting the customer and suspending the services offered to the customer. Furthermore, indicators such as receiving the debtors' negative feedback from the debt collectors, failure of a debtor to engage in a repayment plan with the Group and failure to make contractual payments confirms that the amounts are unlikely to be recoverable.

Refer to [note 7.1.4](#) for a detailed credit risk analysis.

Notes to the annual financial statements continued

for the year ended 31 March 2026

4. Working capital continued

4.4 Cash and cash equivalents

Summary of material accounting policies

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Cash and cash equivalents	7 723	11 054	4 937	8 989
Cash and bank balances	2 822	6 312	458	4 898
Short-term deposits	4 901	4 742	4 479	4 091
Undrawn borrowing facilities	6 422	6 546	6 250	5 250

The undrawn borrowing facilities are unsecured and bear interest at a rate that will be mutually agreed between the borrower and lender at the time of drawdown. These facilities are subject to annual review and are in place to ensure liquidity. At 31 March 2026, R5 672 million (31 March 2025: R4 796 million) of these undrawn facilities were committed by the banks. The uncommitted portion of R750 million (31 March 2025: R1 746 million) is subject to bank approval. Cash and cash equivalents decreased mainly due to the utilisation of the proceeds from the disposal of Swiftnet. These proceeds were applied towards the repayment of interest-bearing debt and the distribution of special dividends to shareholders.

Short-term deposits

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

Borrowing powers

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

4.5 Trade and other payables

Summary of material accounting policies

Supplier finance arrangements (SFAs)

SFAs with no extended payment terms

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

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

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

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Trade and other payables	8 764	9 944	8 243	9 011
Trade and other payables	5 048	5 456	6 010	5 974
Accruals	3 716	4 488	2 233	3 037

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

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

R1 507 million (31 March 2025: R1 532 million) of the total trade payables is subject to supplier financing where the suppliers have decided to receive the invoice amounts before the due date from independent external funders (refer to [note 7.1.5](#) for details). The decrease in trade and other payables is primarily attributable to lower operating costs in the second half of the current year in comparison to the prior year, resulting from lower operating activity and implementation of cost optimisation initiatives.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets

5.1 Property, plant and equipment

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each of the individual categories of property, plant and equipment. Due to the rapid technological advancement in the telecommunications industry, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy. The impact of the change in the expected useful lives of property, plant and equipment is described fully in [note 3.4.8](#). The measurement of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate.

Impairments of property, plant and equipment

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

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

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

Summary of material accounting policies

Recognition of property, plant and equipment

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

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

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

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

Subsequent measurement

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

Depreciation, residual values and useful lives

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

The estimated useful lives applied are provided in [note 3.4.8](#).

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.1 Property, plant and equipment continued

Summary of material accounting policies continued

Impairment of property, plant and equipment

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

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

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

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

Group	Freehold land and buildings	Network equipment	Support equipment	Furniture and office equipment	Data processing equipment and software	Under construction	Other ¹	Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Carrying amount - 31 March 2024	2 081	20 771	969	222	352	1 538	69	26 002
Cost	7 056	100 810	6 642	823	3 227	1 538	508	120 604
Accumulated depreciation, impairment and write-offs	(4 975)	(80 039)	(5 673)	(601)	(2 875)	—	(439)	(94 602)
Additions ²	95	3 794	137	32	241	1 062	9	5 370
Transfers ²	254	868	122	174	2	(1 476)	18	(38)
Foreign currency translation	(1)	—	1	(1)	—	(6)	—	(7)
Disposals	(107)	(1)	—	—	—	(5)	—	(113)
Disposal of subsidiary ³	(883)	(407)	(1)	—	—	(294)	(12)	(1 597)
Depreciation	(197)	(2 678)	(293)	(89)	(112)	—	(16)	(3 385)
Write-offs and impairment	(1)	(212)	(15)	(2)	—	(27)	(1)	(258)
Reclassified to held for sale reversal ²	761	78	1	—	—	520	—	1 360
Carrying amount - 31 March 2025	2 002	22 213	921	336	483	1 312	67	27 334
Cost	7 076	104 047	6 852	1 004	3 271	1 312	504	124 066
Accumulated depreciation, impairment and write-offs	(5 074)	(81 834)	(5 931)	(668)	(2 788)	—	(437)	(96 732)
Additions	120	3 944	190	14	433	914	11	5 626
Transfers	44	422	209	26	93	(786)	9	17
Foreign currency translation	—	10	(10)	—	—	5	—	5
Disposals	(92)	(2)	—	—	(2)	—	(5)	(101)
Depreciation	(205)	(2 885)	(282)	(85)	(136)	—	(16)	(3 609)
Write-offs and impairment	(32)	(184)	(28)	(3)	(5)	(9)	(2)	(263)
Carrying amount - 31 March 2026	1 837	23 518	1 000	288	866	1 436	64	29 009
Cost	7 012	107 149	7 191	1 001	3 483	1 436	507	127 779
Accumulated depreciation, impairment and write-offs	(5 175)	(83 631)	(6 191)	(713)	(2 617)	—	(443)	(98 770)

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

² In the current year, it was identified that transfers with a carrying amount of R341 million between network equipment and under construction, were incorrectly disclosed as additions in the prior year. This resulted in transfers for network equipment increasing by R341 million and additions for network equipment decreasing by R341 million with the opposite movement impacting under construction. The prior year disclosure has been restated to correct this error. The error had no impact on the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, or any other notes.

³ Swiftnet was classified as held for sale and remained so until its disposal in the prior year. The related balances are included in the property, plant and equipment reconciliation note to align the reconciliation with the disclosure notes. These balances relate to assets held for sale as at 31 March 2024 and reflect the subsequent disposal, as disclosed in notes 12.2 and 12.3.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.1 Property, plant and equipment continued

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

	Freehold land and buildings	Network equipment	Support equipment	Furniture and office equipment	Data processing equipment and software	Under construction	Other ¹	Total
Company	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Carrying amount - 31 March 2024	582	7 313	129	59	248	930	24	9 285
Cost	1 457	22 088	355	165	2 123	930	121	27 239
Accumulated depreciation, impairment and write-offs	(875)	(14 775)	(226)	(106)	(1 875)	—	(97)	(17 954)
Additions ²	20	1 652	1	28	214	424	—	2 339
Transfers ²	30	341	1	—	(1)	(395)	(1)	(25)
Disposals	(3)	—	—	—	—	—	—	(3)
Depreciation	(39)	(1 061)	(19)	(8)	(81)	—	(6)	(1 214)
Write-offs	(4)	(140)	—	(1)	—	(12)	—	(157)
Carrying amount - 31 March 2025	586	8 105	112	78	380	947	17	10 225
Cost	1 471	23 237	353	188	2 143	947	109	28 448
Accumulated depreciation, impairment and write-offs	(885)	(15 132)	(241)	(110)	(1 763)	—	(92)	(18 223)
Additions	23	1 751	53	9	425	408	—	2 669
Transfers	62	249	1	—	93	(351)	6	60
Disposals	(4)	—	—	—	—	—	—	(4)
Depreciation	(52)	(1 175)	(21)	(9)	(105)	—	(4)	(1 366)
Write-offs	(7)	(89)	—	(1)	(4)	(3)	(2)	(106)
Carrying amount - 31 March 2026	608	8 841	145	77	789	1 001	17	11 478
Cost	1 552	24 301	401	191	2 357	1 001	107	29 910
Accumulated depreciation, impairment and write-offs	(944)	(15 460)	(256)	(114)	(1 568)	—	(90)	(18 432)

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

² In the current year, it was identified that transfers with a carrying amount of R341 million between network equipment and under construction were incorrectly disclosed as additions in the prior year. This resulted in transfers for network equipment increasing by R341 million and additions for network equipment decreasing by R341 million with the opposite movement impacting under construction. The prior year disclosure has been restated to correct this error. The error had no impact on the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, or any other notes.

Finance charges of R57 million (31 March 2025: R48 million) for Group and R37 million (31 March 2025: R32 million) for Company were capitalised to property, plant and equipment and intangible assets in the current financial year.

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

Expansion of the mobile network contributed 38% of the additions to assets. In total, 28% of capital expenditure was on the deployment of fibre, 14% was on the next-generation Packet Optical Transport Network (POTN) core network, and 13% relates to information technology solutions. The remaining 7% of capital expenditure is attributable to Telkom properties, regulatory and compliance, strategic initiatives, shared services and other. The focus on expanding the mobile network and fibre rollout is expected to continue over the next few years.

Assets with a carrying value to the net amount of Rnil (31 March 2025: R24 million) for the Group and Company were transferred from intangible assets to property, plant and equipment in the current year. Assets with a carrying value to the net amount of R36 million (31 March 2025: R17 million) for Group were transferred from property, plant and equipment to intangible assets in the current year. At the Group level, transfers were effected between property, plant and equipment, intangible assets and inventory (these transfers only take place from CWIP).

Transfers in the Company mostly related to property, plant and equipment, investment property and intangible assets. Assets with a carrying value of R16 million (31 March 2025: R30 million) for Group relate to inventory that was transferred to property, plant and equipment in the current year.

Assets with a carrying amount of R24 million (31 March 2025: Rnil) were transferred from investment properties to property, plant and equipment. There were no transfers from property, plant and equipment to investment property in the current and prior year.

Changes to the estimated useful lives of property, plant and equipment resulted in a decrease in depreciation of R1 million (31 March 2025: R23 million) for Company and R76 million (31 March 2025: R124 million) for Group. Refer to [note 3.4.8](#) for the useful lives.

The capital expenditure under property, plant and equipment relates to expansions of R4 837 million (31 March 2025: R4 339 million) for Group and R2 461 million (31 March 2025: R2 104 million) for Company. Expenditure due to maintenance is R789 million (31 March 2025: R768 million) for Group and R208 million (31 March 2025: R245 million) for Company.

In addition to the goodwill in the consolidated annual financial statements, the IAS 36 impairment considerations also apply to the investment in Openserve and BCX (refer to [note 5.3](#)) and the property, plant and equipment in the separate annual financial statements. No cash generating unit impairment was recognised on property, plant and equipment in the current and prior financial years.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.1 Property, plant and equipment continued

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

Included in the carrying amount of property, plant and equipment above are furniture and office equipment subject to operating leases:

Group	Furniture and office equipment Rm
Carrying amount - 31 March 2024	25
Cost	116
Accumulated depreciation, impairment and write-offs	(91)
Depreciation	(40)
Transfers	167
Disposals	(1)
Carrying amount - 31 March 2025	151
Cost	267
Accumulated depreciation, impairment and write-offs	(116)
Depreciation	(42)
Transfers	14
Carrying amount - 31 March 2026	123
Cost	254
Accumulated depreciation, impairment and write-offs	(131)

In the prior year, the Group disclosed freehold land and buildings with a carrying amount of R832 million as property, plant and equipment subject to operating leases to fulfil the disclosure requirement of IFRS 16 paragraph 95. These freehold land and buildings are leased to Openserve and disclosed as investment property for the Company and property, plant and equipment for the Group. Therefore, since these freehold land and buildings are leased to Openserve, the Group considers them as held for its own use. There is no disclosure required for the Company in this regard since IFRS 16 only refers to property, plant and equipment, subject to operating leases and not investment properties. The disclosure has therefore been removed.

5.2 Intangible assets

Significant accounting judgements, estimates and assumptions

Estimation of useful lives and residual values for intangible assets

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.2 Intangible assets continued

Significant accounting judgements, estimates and assumptions continued

Impairments of intangible assets

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

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

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

Summary of material accounting policies

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Amortisation, residual values and useful lives

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

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

The expected useful lives applied are provided in [note 3.4.8](#).

Impairment of intangible assets (including goodwill)

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.2 Intangible assets continued

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

Group	Goodwill	Trademarks, copyrights and other	Software	Under construction	Total
	Rm	Rm	Rm	Rm	Rm
Carrying amount - 31 March 2024	1 295	2 016	1 762	254	5 327
Cost	1 367	2 551	13 133	262	17 313
Accumulated amortisation, impairment and write-offs	(72)	(535)	(11 371)	(8)	(11 986)
Additions	—	—	479	237	716
Transfers	—	—	57	(20)	37
Disposal of subsidiary	—	—	(11)	(1)	(12)
Amortisation	—	(150)	(439)	—	(589)
Write-offs and impairment	—	—	(40)	(30)	(70)
Reclassified to held for sale reversal ¹	—	—	11	1	12
Carrying amount - 31 March 2025	1 295	1 866	1 819	441	5 421
Cost	1 367	2 551	13 363	480	17 761
Accumulated amortisation, impairment and write-offs	(72)	(685)	(11 544)	(39)	(12 340)
Additions	—	—	603	205	808
Transfers	—	9	384	(346)	47
Foreign currency translation	—	—	1	—	1
Disposals	—	—	(33)	—	(33)
Amortisation	—	(135)	(434)	—	(569)
(Write-offs and impairment)/impairment reversal	—	—	(88)	40	(48)
Carrying amount - 31 March 2026	1 295	1 740	2 252	340	5 627
Cost	1 367	2 148	12 126	340	15 981
Accumulated amortisation, impairment and write-offs	(72)	(408)	(9 874)	—	(10 354)

¹ *Swiftnet was classified as held for sale and remained so until its disposal in the prior year. The related balances are included in the intangible assets reconciliation note to align the reconciliation with the disclosure notes. These balances relate to assets held for sale as at 31 March 2024 and reflect the subsequent disposal, as disclosed in notes 12.2 and 12.3.*

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

Company	Trademarks, copyrights and other	Software	Under construction	Total
	Rm	Rm	Rm	Rm
Carrying amount - 31 March 2024	1 963	1 103	75	3 141
Cost	2 118	9 519	75	11 712
Accumulated amortisation, impairment and write-offs	(155)	(8 416)	—	(8 571)
Additions	—	397	149	546
Transfers	1	1	24	26
Amortisation	(108)	(280)	—	(388)
Write-offs	—	(10)	—	(10)
Carrying amount - 31 March 2025	1 856	1 211	248	3 315
Cost	2 118	9 666	248	12 032
Accumulated amortisation, impairment and write-offs	(262)	(8 455)	—	(8 717)
Additions	—	496	126	622
Transfers	—	228	(200)	28
Amortisation	(108)	(287)	—	(395)
Write-offs	—	(40)	—	(40)
Carrying amount - 31 March 2026	1 748	1 608	174	3 530
Cost	2 118	8 221	174	10 513
Accumulated amortisation, impairment and write-offs	(370)	(6 613)	—	(6 983)

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.2 Intangible assets continued

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

Intangible assets that are material to the Group consist of software, trademarks and other, with an average remaining amortisation period is three years (31 March 2025: three years).

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

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

Finance charges of R57 million (31 March 2025: R48 million) for Group and R37 million (31 March 2025: R32 million) for Company were capitalised to property, plant and equipment and intangible assets in the current financial year.

Approximately R172 million (31 March 2025: R83 million) and R95 million (31 March 2025: R81 million) of additions relate to externally acquired intangible assets for the Group and the Company, respectively, while R637 million (31 March 2025: R632 million) relates to internal developments for the Group and R527 million (31 March 2025: R466 million) relates to internal developments for the Company.

Changes to the estimated useful lives of intangible assets resulted in a decrease in amortisation to the value of R10 million (31 March 2025: R19 million) for the Company and R21 million (31 March 2025: R25 million) for the Group. Refer to [note 3.4.8](#) for details on the useful lives.

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units

Significant accounting judgements, estimates and assumptions

CGU impairment assessment

IAS 36 (Impairment of Assets) requires assets to be assessed for impairment when impairment indicators are evident. This standard also requires goodwill to be assessed for impairment on an annual basis. IAS 36 also requires an assessment at the end of each reporting period of whether there is any indication that an impairment loss recognised in prior periods for an asset, other than goodwill, may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

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

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

- Revenue growth
- EBITDA margins
- Discount rates
- Terminal growth rates

Summary of material accounting policies

Measurement

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

Goodwill impairment assessment

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

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

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units continued

	31 March 2026 Rm	31 March 2025 Rm
The Group's goodwill balance is as follows:		
Closing balance	1 295	1 295

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

Impairment considerations

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

The Group's CGUs consist of Telkom Consumer, Openseve and BCX. BCX is the only CGU that has goodwill. In accordance with IAS 36 (Impairment of Assets), management has performed an annual impairment assessment of the CGUs as of 31 March 2026.

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

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

BCX CGU

Impairment on the BCX CGU is performed annually to fulfil the requirements of IAS 36 since the CGU has goodwill amounting to R1 295 million.

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

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

EBITDA margin

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

Growth rates

The growth rates were consistent with publicly available information relating to long-term average growth rates for the market in which the CGU operated. The compound annual growth rate used for revenue is 7.0% (31 March 2025: 5.3%) and EBITDA ranges between 12.2% and 13.9% (31 March 2025: 11.5% and 11.6%).

Terminal growth rates

A terminal growth rate of 3.8% (31 March 2025: 4.9%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady state of growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate

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

The pre-tax discount rate for the BCX CGU is 15.0% (31 March 2025: 20.8%). An in-perpetuity calculation was also included after five years as per the terminal growth rate disclosure.

Based on the value in use calculation and economic risk resulting from the global energy shock due to geopolitical conflict and budget assumption, as at 31 March 2026, there is no impairment loss.

Sensitivity to changes in assumptions

Given the significant headroom computed, no further sensitivity analysis has been performed.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.3 Impairment of goodwill and cash-generating units continued

Telkom Consumer CGU

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

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

EBITDA margin

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

Growth rates

The growth rates were consistent with publicly available information related to long-term average growth rates for the market in which the CGU operates. The compound annual growth rate used for revenue is 6.5% (31 March 2025: 5.2%) and EBITDA is 10.4% (31 March 2025: 5.4%).

Terminal growth rates

A terminal growth rate of 3% (31 March 2025: 3%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady-state growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate

An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate. The pre-tax discount rate for the Telkom CGU is 17.0% (31 March 2025: 17.8%). An in-perpetuity calculation was also included after five years as per the terminal rate disclosure.

Based on the value in use calculation and economic risk resulting from the global energy shock due to geopolitical conflict and budget assumption, as at 31 March 2026, there is no impairment and no impairment reversal.

Sensitivity to changes in assumptions

The recoverable amount is most sensitive to the discount rate and terminal growth rate:

- A 17.6% pre-tax discount rate would result in the recoverable amount of the Consumer CGU to approximate its carrying amount while all other variables remain the same.
- A 2.6% terminal growth rate would result in the recoverable amount of the Consumer CGU to approximate its carrying amount while all other variables remain the same.

Openserve CGU

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

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

EBITDA margin

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

Growth rates

The growth rates were consistent with publicly available information related to long-term average growth rates for the market in which the CGU operates. The compound annual growth rate used for revenue is 5.9% (31 March 2025: 5.6%) and EBITDA is 9.7% (31 March 2025: 8.5%).

Terminal growth rates

A terminal growth rate of 3.0% (31 March 2025: 3.5%) was applied. The terminal value was determined at the end of year five of the cash flow forecasts. The growth rate considered steady-state growth rates to extrapolate revenue beyond the forecast period cash flows.

Discount rate

An equity market risk premium was applied to account for the additional risk associated with equity investments, in excess of the risk-free rate. The pre-tax discount rate for the Openserve CGU is 15.2% (31 March 2025: 16.4%). An in-perpetuity calculation was also included after five years as per the terminal rate disclosure.

Based on the value in use calculation and economic risk resulting from the global energy shock due to geopolitical conflict and budget assumption, as at 31 March 2026, there is no impairment and no impairment reversal.

Sensitivity to changes in assumptions

The recoverable amount is most sensitive to the discount rate and terminal growth rate:

- A 17.1% pre-tax discount rate would result in the recoverable amount of the Openserve CGU to approximate its carrying amount while all other variables remain the same.
- A 2.2% terminal growth rate would result in the recoverable amount of the Openserve CGU to approximate its carrying amount while all other variables remain the same.

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.4 Investment property

Significant accounting judgements, estimates and assumptions

Impairments of investment property

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

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

Fair value estimation

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

The fair value of investment property is measured at the value calculated internally. External valuations are performed every three years. The calculation of fair value uses the assumptions such as the capitalisation rate, vacancy rate, rental and operating expense rate.

Summary of material accounting policies

Recognition of investment property

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

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

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

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

Subsequent measurement

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

Investment property is measured in terms of the cost model.

Depreciation and useful lives

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

5. Long-term assets continued

5.4 Investment property continued

Telkom and Openserve have a lease agreement for land and buildings owned by Telkom. The land and buildings leased to Openserve are classified as investment properties in the Company and are classified as property, plant and equipment in the Group.

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

Company	Investment property
	Rm
Carrying amount - 31 March 2024	911
Cost	1 079
Accumulated depreciation, impairment and write-offs	(168)
Additions	36
Disposals	(16)
Depreciation	(96)
Write-offs	(3)
Carrying amount - 31 March 2025	832
Cost	1 070
Accumulated depreciation, impairment and write-offs	(238)
Additions	63
Transfers	(24)
Disposals	(3)
Depreciation	(92)
Write-offs	(23)
Carrying amount - 31 March 2026	753
Cost	994
Accumulated depreciation, impairment and write-offs	(241)

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

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

Details of valuation

The effective date of the valuations was 31 March 2026 and resulted in a fair value of R2 390 million (31 March 2025: R2 374 million). Valuations of these investment properties were conducted by independent and qualified industry specialists in the current financial year. In the prior year, management recalculated the fair value using the income capitalisation valuation approach performed by an independent specialist in the 2023 financial year. The fair value of investment property is classified as level 3 in the fair value hierarchy.

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

	Company	
	31 March	31 March
	2026	2025
	Rm	Rm
Amounts recognised in profit or loss for the year		
Rental income from investment property	70	83

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments

6.1 Investment income

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Investment income	431	369	1 925	2 408
Interest income	431	339	1 123	1 149
Dividend income from subsidiaries	—	—	802	1 229
Dividend received in cash	—	—	547	1 189
Non-cash dividend	—	—	255	40
Dividend income from insurance cell captive	—	30	—	30

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

The decrease in the dividend received by the Company is mainly due to dividends received as a result of the sale of Swiftnet in the prior year.

R255 million (31 March 2025: R40 million) of the dividends declared by Gyro were non-cash and were net settled through the entities' intercompany accounts.

6.2 Net finance charges and fair value movements

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Net finance charges and fair value movements	(1 608)	(1 984)	(1 359)	(1 859)
Net finance charges	(1 381)	(1 926)	(1 193)	(1 809)
Finance charges on lease liabilities	(630)	(529)	(500)	(463)
Net finance charges on local debt ¹	(808)	(1 445)	(730)	(1 377)
Less: Finance charges capitalised ²	57	48	37	31
Foreign exchange and fair value movements	(227)	(58)	(166)	(50)
Foreign exchange gain	145	167	104	112
Fair value adjustments ³	(372)	(225)	(270)	(162)
Capitalisation rate for borrowing costs (%)	9.9	10.2	9.9	10.2

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

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

³ Fair value adjustments increased mainly due to the strengthening of the rand against the US dollar which was not anticipated when foreign exchange contracts were entered into with the financial institutions.

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

Net finance charges on local debt decreased from R1 926 million in March 2025 to R1 381 million in March 2026 for the Group and decreased from R1 809 million in March 2025 to R1 193 million in March 2026 for the Company. The decrease is largely due to decreases in interest rates and lower debt levels in the current financial year.

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities

Significant accounting judgements, estimates and assumptions

Lease term

Renewal and termination options

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

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

Month-to-month leases

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

Lease discount rate

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

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

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

Lease and non-lease components

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

Impairments of right-of-use assets

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

Summary of material accounting policies

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

The Group as a lessee

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

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

Recognition of leases

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

The Group has elected to apply the following recognition exemptions:

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

Lease and non-lease components

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

Right-of-use assets – initial and subsequent measurement

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

Summary of material accounting policies continued

The Group as a lessee continued

Lease liabilities – initial and subsequent measurement

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

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

The Group as a lessor

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

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

Right-of-use assets and lease liabilities

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

The lease agreements do not impose any covenants on the Group. The existing leases do not have residual value guarantees. There were no sale and leaseback transactions for the Group in the current or prior years.

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

The lease calculation assumes that the Group will continue to use the strategic month-to-month contract for the next five years (current forecast period). For the rest of the assets, the lease calculation is based on the fixed term specified in the contract.

Some leases allow for earlier termination. In this case, the Group is required to serve a certain notice period and there is no financial penalty. At 31 March 2026, a number of lease contracts relating to network equipment and properties include renewal options for various renewal periods. Due to the judgement exercised in relation to the determination of the lease period as outlined in the accounting policy, the Group is exposed to potential future cash outflows relating to the renewal period which have not been included in the lease liability because it is not reasonably certain that the lease will be extended beyond the estimated lease period. The contracts provide for month-to-month extensions. The Group is not able to determine with reasonable certainty as to which leases will be renewed as that perspective changes based on business needs over the lease period. Also, the rental payments escalate, therefore a reasonable estimate of the quantum of the payment cannot be determined.

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.1 Right-of-use assets

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

Group	Vehicles Rm	Property Rm	Network equipment Rm	Total Rm
Carrying amount - 31 March 2024	83	594	4 917	5 594
Cost	224	1 310	8 736	10 270
Accumulated depreciation	(141)	(716)	(3 819)	(4 676)
Cancelled leases	(1)	(17)	(65)	(83)
New leases entered into	40	162	812	1 014
Lease remeasurements ¹	5	98	524	627
Depreciation	(75)	(190)	(1 390)	(1 655)
Transfers ²	—	—	972	972
Reclassified to held for sale reversal ³	—	179	—	179
Disposal of a subsidiary ³	—	(264)	—	(264)
Carrying amount - 31 March 2025	52	562	5 770	6 384
Cost	225	1 318	13 101	14 644
Accumulated depreciation	(173)	(756)	(7 331)	(8 260)
Cancelled leases	(4)	(16)	(45)	(65)
New leases entered into	16	151	1 026	1 193
Lease remeasurements ¹	89	90	1 238	1 417
Depreciation	(58)	(190)	(1 810)	(2 058)
Carrying amount - 31 March 2026	95	597	6 179	6 871
Cost	321	1 477	15 022	16 820
Accumulated depreciation	(226)	(880)	(8 843)	(9 949)

¹ Lease remeasurements include changes due to CPI escalations and lease modifications resulting from changes in lease contracts as well as lease renewals.

² Transfers relate to network equipment leases transferred from internal to external due to the sale of Swiftnet in the prior year. Refer to note 12.2 for details.

³ Swiftnet was classified as held for sale and remained so until its disposal in the prior year. The related balances are included in the right-of-use assets reconciliation note to align the reconciliation with the disclosure notes. These balances relate to assets held for sale as at 31 March 2024 and reflect the subsequent disposal, as disclosed in notes 12.2 and 12.3.

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

Company	Vehicles Rm	Property Rm	Network equipment Rm	Total Rm
Carrying amount - 31 March 2024	1	144	4 437	4 582
Cost	1	439	8 802	9 242
Accumulated depreciation	—	(295)	(4 365)	(4 660)
Cancelled leases	—	(16)	(69)	(85)
New leases entered into	—	51	1 043	1 094
Lease remeasurements ¹	—	69	628	697
Depreciation	—	(78)	(1 475)	(1 553)
Carrying amount - 31 March 2025	1	170	4 564	4 735
Cost	1	427	9 961	10 389
Accumulated depreciation	—	(257)	(5 397)	(5 654)
Cancelled leases	—	(5)	(40)	(45)
New leases entered into	—	51	1 005	1 056
Lease remeasurements ¹	—	85	1 209	1 294
Depreciation	(1)	(88)	(1 627)	(1 716)
Carrying amount - 31 March 2026	—	213	5 111	5 324
Cost	1	519	11 987	12 507
Accumulated depreciation	(1)	(306)	(6 876)	(7 183)

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.3 Right-of-use assets and lease liabilities continued

6.3.2 Lease liabilities

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	Rm	Rm	Rm	Rm
The closing balances for non-current lease liabilities can be reconciled as follows:				
Vehicles	(41)	(28)	—	—
Property	(678)	(640)	(188)	(149)
Network equipment	(4 638)	(4 432)	(4 192)	(3 828)
	(5 357)	(5 100)	(4 380)	(3 977)

The closing balances for current lease liabilities can be reconciled as follows:

	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	Rm	Rm	Rm	Rm
Vehicles	(61)	(32)	—	—
Property	(210)	(187)	(76)	(60)
Network equipment	(1 928)	(1 601)	(1 655)	(1 338)
	(2 199)	(1 820)	(1 731)	(1 398)

In the current financial year, the total cash outflow for leases, including finance charges, was R2 540 million (31 March 2025: R3 025 million) for the Group and R2 063 million (31 March 2025: R2 015 million) for the Company. Finance charges on lease liabilities of R630 million (31 March 2025: R529 million) for the Group and R500 million (31 March 2025: R463 million) for the Company have been recognised in the statement of profit or loss and other comprehensive income for the year ended 31 March 2026.

Refer to [note 7.1.5](#) for the maturity analysis on lease liabilities.

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

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

	Group							
	31 March 2026				31 March 2025			
	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	—	4	—	4	—	4	31	35
Network equipment	2	4	—	6	2	2	—	4
	2	8	—	10	2	6	31	39

	Company							
	31 March 2026				31 March 2025			
	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense	Leases of low-value asset expense	Short-term lease expense (All leases <12 months)	Variable lease payment expense	Total expense
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Property	—	—	1	1	—	—	1	1
	—	—	1	1	—	—	1	1

In the current financial year, the Group has earned R206 million (31 March 2025: R176 million) subleasing income and the Company has earned Rnil (31 March 2025: R15 million) subleasing income.

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.4 Interest-bearing debt

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Total interest-bearing debt	6 593	11 617	6 593	11 617
Non-current interest-bearing debt	4 524	9 368	4 524	9 368
Local debt	4 524	9 368	4 524	9 368
Current portion of interest-bearing debt	2 069	2 249	2 069	2 249
Local debt	2 069	2 249	2 069	2 249
Bonds	1 623	1 500	1 623	1 500
Accrued interest	44	125	44	125
Other loans ¹	402	624	402	624

¹ Other loans relate to loans from local financial institutions.

Interest-bearing debt decreased mainly due to the repayment of debt using the proceeds generated from the sale of Swiftnet in the prior year.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Total interest-bearing debt is made up as follows:	6 593	11 617	6 593	11 617
(a) Local debt	6 593	11 617	6 593	11 617
Telkom debt instruments	6 593	11 617	6 593	11 617
<i>Name, maturity, rate p.a., nominal value</i>				
TL28, 2025, 9.28% (fixed)	—	1 000	—	1 000
TL29, 2025, 9.56%	—	500	—	500
TL31, 2026, 8.35%	623	623	623	623
TL32, 2027, 8.31%	1 000	1 000	1 000	1 000
TL33, 2033, 8.73%	700	700	700	700
TL34, 2027, 8.09%	345	345	345	345
TL35, 2029, 8.32%	405	405	405	405
Export Credit Agency (ECA) loan, 2033	2 374	2 533	2 374	2 533
Export Credit Risk Agreement - insurance premium (unamortised cost)	(83)	(94)	(83)	(94)
Other loans, 2028 - 2030	1 185	4 480	1 185	4 480
Accrued interest	44	125	44	125

Total interest-bearing debt is made up of R6 593 million debt at amortised cost (31 March 2025: R11 617 million) for the Group and for the Company. Finance costs accrued on debt are included in interest-bearing debt.

The ECA loan is repayable quarterly and will be maturing in 2033.

The floating debts are priced based on the three-month JIBAR plus a margin.

During the year, R1 480 million (31 March 2025: R4 276 million) debt was raised for the Group and the Company, and R6 434 million (31 March 2025: R6 905 million) debt was repaid for the Group and for the Company.

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

Interest-bearing debt

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.4 Interest-bearing debt continued

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

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

As at 31 March 2026, Telkom's net debt to EBITDA ratio was 0.5:1 (31 March 2025: 0.7:1) and EBITDA to finance charges was 12.8:1 (31 March 2025: 6.6:1). As at 31 March 2026, Telkom's net debt to EBITDA ratio, excluding lease liabilities, was -0.1:1.

Telkom has complied with the financial covenants of its borrowing facilities during the 2026 reporting period.

Repayments/refinancing of the current portion of interest-bearing debt

The repayment of the current portion of interest-bearing debt of R2 069 million (31 March 2025: R2 249 million) for the Company and for the Group as at 31 March 2026 is expected to be repaid from available cash, operational cash flow or the issue of new debt instruments. Management believes that sufficient funding facilities will be available at the date of repayment.

6.5 Provisions

Significant accounting judgements, estimates and assumptions

Estimates are made of legal or constructive obligations resulting in the raising of provisions and of the expected date of probable outflow of economic benefits to assess whether the provision should be discounted. Liabilities provided for legal matters require judgements regarding projected outcomes and ranges of losses based on historical experience and recommendations from legal counsel.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Non-current provisions	366	381	332	337
Non-current employee-related provisions	322	334	316	327
Subsidiary defined benefit plans (refer to note 10.4 for the reconciliation of the opening to closing balance)	6	7	—	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	316	327	316	327
Non-current non-employee-related provisions				
Other	44	47	16	10
Balance at the beginning of the year	47	56	10	21
Charged to statement of profit or loss and other comprehensive income	3	7	—	—
Remeasurements	(6)	(16)	6	(11)
Current provisions	1 579	1 501	545	479
Current portion of employee-related provisions	1 308	1 229	506	440
Annual leave	411	424	68	74
Balance at the beginning of the year	424	423	74	62
Charged to employee expenses	(2)	27	(6)	12
Leave paid/utilised	(11)	(26)	—	—
Telephone rebates (refer to note 10.5 for the reconciliation of the opening to closing balance)	43	43	43	43
Bonus, termination packages and other benefits	854	762	395	323
Balance at the beginning of the year	762	329	323	78
Charged to employee expenses (refer to note 3.4.3)	863	988	373	353
Payments made	(771)	(555)	(301)	(108)
Current portion of non-employee-related provisions				
Other	271	272	39	39
Balance at the beginning of the year	272	298	39	31
Charged to statement of profit or loss and other comprehensive income	39	75	20	—
Remeasurements	(40)	(101)	(20)	8

Annual leave

In terms of the Group's policy, employees are entitled to accumulate vested leave benefits not taken within a leave cycle, up to a cap of 22 - 30 days (31 March 2025: 22 - 30 days), which must be taken within a 12 - 19 month (31 March 2025: 12 - 19 month) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.5 Provisions continued

Bonus

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

Non-employee-related provisions

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

6.6 Finance charges paid

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Finance charges paid	(1 518)	(2 023)	(1 311)	(1 876)
Finance charges and fair value movements per statement of profit or loss and other comprehensive income	(1 608)	(1 999)	(1 359)	(1 859)
Non-cash items	90	(24)	48	(17)
Movements in interest accruals and interest on uncertain tax provisions	(81)	(45)	(81)	(46)
Finance costs capitalised (refer to note 6.2)	(57)	(48)	(37)	(31)
Hedging costs	133	75	108	38
Fair value adjustment	(5)	11	—	—
SARS Voluntary Disclosure Programme adjustment	—	10	—	10
Foreign exchange loss/(gain)	100	(27)	58	12

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

6.7 Commitments

6.7.1 Capital commitments

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Capital commitments authorised	9 748	7 475	5 700	3 733
Commitments against authorised capital expenditure	1 204	3 562	615	2 701
Authorised capital expenditure not yet contracted	8 544	3 913	5 085	1 032

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

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

The increase in authorised capital expenditure not yet contracted for Group and Company is mainly due to the higher capex budget to improve network infrastructure. The reduction in commitments against authorised capital expenditure is due to the completion of the three-year mobile network project commenced in the 2024 financial year.

6.7.2 Lease commitments

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Future payments on leases committed but not yet commenced	359	10	359	10

The increase in future payments on leases committed but not yet commenced is mainly due to lease renewals signed in the current year for leases commencing on and after 1 April 2026.

Notes to the annual financial statements continued

for the year ended 31 March 2026

6. Financing structure and commitments continued

6.8 Contingencies

Significant accounting judgements, estimates and assumptions

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

Contingent liabilities

Other than the disclosures below, no significant movement or new matters have been noted on the contingent positions as reported in the 31 March 2026 annual financial statements.

Radio Surveillance Security Services (RSSS)

On 27 August 2020, RSSS served a new summons on Telkom based largely on the same events which gave rise to its previous unsuccessful action. RSSS is claiming the return of 444 disputed alarm systems, alternatively payment of R210 million and a payment of R319 million for alleged outstanding rentals for the disputed alarm monitoring systems. Telkom is defending the matter. On 24 October 2025, the High Court granted the order sought by Telkom to place RSSS into final liquidation. Telkom is awaiting the Master of the High Court to convene the first meeting of creditors in the liquidation.

Phutuma Networks (Pty) Ltd (Phutuma)

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

Masstores (Pty) Ltd (Masstores)

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

Special Investigating Unit (SIU) – Appeal against High Court judgement setting aside Proclamation

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

On 11 December 2023, the High Court granted both the President and the SIU leave to appeal to the Supreme Court of Appeal. The appeal is set down for hearing on 28 May 2026, with a judgement anticipated thereafter.

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk

7.1 Financial instruments and risk management

Summary of material accounting policies

Recognition and initial measurement

Financial instruments are recognised when the Group becomes a party to the contractual arrangements.

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

Classification and subsequent measurement

Financial assets: classification and subsequent measurement

The Group classifies financial assets on initial recognition as measured at amortised cost or FVTPL on the basis of the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset. Refer to [note 7.1.2](#) for the classes of financial instruments.

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

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

Financial liabilities: classification and subsequent measurement

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

Offsetting of financial instruments

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

Derecognition of financial instruments

Financial assets

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

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

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

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

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

Financial liabilities

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

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

Hedge accounting

The Group uses derivative financial instruments to hedge its foreign currency risks and interest rate risks. The Group uses forward exchange contracts to hedge foreign currency exposures that arise from foreign currency commitments due within 12 months. Interest rate swaps are used to manage the risks arising from interest-bearing debt with floating interest rates. The Group does not enter into derivative contracts for speculative purposes but rather to manage the associated financial risks. Derivative financial instruments, including forward currency contracts that are designated as hedging instruments in an effective hedge, are initially recognised at fair value on the date on which a derivative contract is entered into. Telkom applies fair value hedge accounting for firm commitments. The Group has elected to continue applying the hedge accounting requirements of IAS 39.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

Hedge accounting continued

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

7.1.1 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise interest-bearing debt, lease liabilities, trade and other payables and asset finance payables.

The Group has finance lease receivables, xtrade and other receivables, cash and cash equivalents, restricted cash and derivative assets (included in other financial assets) that arise directly from its operations. The main purpose of the interest-bearing debt is to raise finance for the Group's operations.

The Group is exposed to liquidity, credit and market risks. The Group's senior management oversees the management of these risks.

7.1.2 Risk management

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

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

The Group finances its operations primarily by a mixture of issued share capital, retained earnings, and long-term and short-term loans. The Group uses derivative financial instruments to manage its exposure to market risks from changes in interest and foreign exchange rates. The derivatives used for this purpose are principally interest rate swaps and forward exchange contracts. The Group applied fair value hedge accounting in the current and prior financial years.

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

	Notes	Group			
		31 March 2026		31 March 2025	
		At fair value through profit or loss	At amortised cost	At fair value through profit or loss	At amortised cost
		Rm	Rm	Rm	Rm
Classes of financial instruments per statement of financial position					
Assets		279	14 357	176	18 641
Other investments ¹	7.2.3	102	—	96	—
Trade and other receivables ²	4.3	—	6 021	—	7 023
SMME loans	7.3	—	82	—	77
Other financial assets	7.3	160	—	63	—
Forward exchange contracts		105	—	35	—
Firm commitments		53	—	28	—
Interest rate swaps		2	—	—	—
Finance lease receivables	4.1.1	—	471	—	464
Cash and cash equivalents	4.4	—	7 723	—	11 054
Investment in equity fund	7.3	10	—	10	—
Investment in first-party cell captive	7.3	7	—	7	—
Restricted cash		—	60	—	23
Liabilities		(216)	(15 737)	(137)	(22 034)
Interest-bearing debt	6.4	—	(6 593)	—	(11 617)
Trade and other payables	4.5	—	(8 764)	—	(9 944)
Shareholders for dividend	9.4	—	(17)	—	(19)
Other financial liabilities	7.3	(186)	—	(101)	—
Forward exchange contracts		(140)	—	(61)	—
Firm commitments		(23)	—	(31)	—
Interest rate swaps		(23)	—	(9)	—
Contingent consideration	7.1.3	(30)	—	(36)	—
Asset finance payables	7.3	—	(302)	—	(360)
Supplier finance arrangements	7.3	—	(61)	—	(94)

¹ Other investments only include the investments in FutureMakers.

² Trade and other receivables are disclosed excluding prepayments of R797 million (31 March 2025: R717 million) for the Group.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.2 Risk management continued

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

	Notes	Company			
		31 March 2026		31 March 2025	
		At fair value through profit or loss Rm	At amortised cost Rm	At fair value through profit or loss Rm	At amortised cost Rm
Classes of financial instruments per statement of financial position					
Assets		145	19 157	63	23 290
Trade and other receivables ¹	4.3	—	5 087	—	5 319
SMME loans	7.3	—	82	—	77
Loans to subsidiaries	7.2.2	—	8 752	—	8 712
Other financial assets	7.3	128	—	46	—
Forward exchange contracts		90	—	22	—
Firm commitments		36	—	24	—
Interest rate swaps		2	—	—	—
Finance lease receivables	4.1.1	—	270	—	193
Cash and cash equivalents	4.4	—	4 937	—	8 989
Investment in equity fund	7.3	10	—	10	—
Investment in first-party cell captive	7.3	7	—	7	—
Restricted cash		—	29	—	—
Liabilities		(135)	(14 853)	(70)	(20 647)
Interest-bearing debt	6.4	—	(6 593)	—	(11 617)
Trade and other payables	4.5	—	(8 243)	—	(9 011)
Shareholders for dividend	9.4	—	(17)	—	(19)
Other financial liabilities	7.3	(135)	—	(70)	—
Forward exchange contracts		(99)	—	(50)	—
Firm commitments		(13)	—	(11)	—
Interest rate swaps		(23)	—	(9)	—

¹ Trade and other receivables are disclosed excluding prepayments of R346 million (31 March 2025: R317 million) for the Company.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of all financial instruments noted in the statement of financial position approximates their carrying value, except as disclosed below.

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

The carrying amount of financial instruments approximates fair value, with the exception of interest-bearing debt (at amortised cost) for the Company and Group, which has a fair value of R6 680 million (31 March 2025: R11 720 million) and a carrying amount of R6 593 million (31 March 2025: R11 617 million).

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

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

Type of financial instrument - Group	Fair value at	Valuation technique	Significant inputs
	31 March 2026		
	Rm		
Derivative assets	160	Discounted cash flows	Yield curves and market interest rates
Derivative liabilities	(186)		
Investment in FutureMakers entities	102	Net asset value	Assets and liabilities
Investment in equity fund	10	Discounted cash flows	Cash flow forecasts and market-related discount rates
Investment in first-party cell captive	7	Discounted cash flows	Cash flow forecasts and market-related discount rates
Contingent consideration (refer to note 6.5)	(30)	Discounted cash flows	Weighted average cost of capital
Interest-bearing debt	(6 680)	Discounted cash flows and quoted bond prices	Market interest rates

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments continued

Fair value hierarchy

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

	Notes	Group			
		Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
31 March 2026					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	105	—	105	—
Firm commitments	7.3	53	—	53	—
Interest rate swaps	7.3	2	—	2	—
Investment in FutureMakers entities	7.2.3	102	—	—	102
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(140)	—	(140)	—
Firm commitments	7.3	(23)	—	(23)	—
Interest rate swaps	7.3	(23)	—	(23)	—
Contingent consideration	7.1.2	(30)	—	—	(30)
Liabilities measured at amortised cost					
Interest-bearing debt ¹	6.4	(6 680)	—	(6 680)	—
31 March 2025					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	35	—	35	—
Firm commitments	7.3	28	—	28	—
Investment made by FutureMakers	7.2.3	96	—	—	96
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(61)	—	(61)	—
Firm commitments	7.3	(31)	—	(31)	—
Interest rate swaps	7.3	(9)	—	(9)	—
Contingent consideration		(36)	—	—	(36)
Liabilities measured at amortised cost					
Interest-bearing debt ¹	6.4	(11 720)	—	(11 720)	—

¹ The carrying amount of interest-bearing debt is R6 593 million (31 March 2025: R11 617 million) for the Group. Interest-bearing debt is measured at amortised cost, however it is included in the fair value hierarchy table above to achieve the IFRS 13 disclosure requirements relating to the disclosure of fair value.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.3 Fair value of financial instruments continued

	Notes	Company			
		Total Rm	Level 1 Rm	Level 2 Rm	Level 3 Rm
31 March 2026					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	90	—	90	—
Firm commitments	7.3	36	—	36	—
Interest rate swaps	7.3	2	—	2	—
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(99)	—	(99)	—
Firm commitments	7.3	(13)	—	(13)	—
Interest rate swaps	7.3	(23)	—	(23)	—
Liabilities measured at amortised cost					
Interest-bearing debt ¹	6.4	6 680	—	6 680	—
31 March 2025					
Assets measured at fair value					
Derivative assets					
Forward exchange contracts	7.3	22	—	22	—
Firm commitments	7.3	24	—	24	—
Investment in equity fund	7.3	10	—	—	10
Investment in first-party cell captive	7.3	7	—	—	7
Liabilities measured at fair value					
Derivative liabilities					
Forward exchange contracts	7.3	(50)	—	(50)	—
Firm commitments	7.3	(11)	—	(11)	—
Interest rate swaps	7.3	(9)	—	(9)	—
Liabilities measured at amortised cost					
Interest-bearing debt ¹	6.4	(11 720)	—	(11 720)	—

¹ The carrying amount of interest-bearing debt is R6 593 million (31 March 2025: R11 617 million) for the Company. Interest-bearing debt is measured at amortised cost, however it is included in the fair value hierarchy table above to achieve the IFRS 13 disclosure requirements relating to the disclosure of fair value.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk

Significant accounting judgements, estimates and assumptions

Impairment of financial assets (expected credit losses)

Trade receivables and finance lease receivables

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

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

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

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

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

Contract assets

The Group has elected the simplified approach to recognise lifetime expected losses for its contract assets, as permitted by IFRS 9. The expected credit loss is calculated as a function of default rate multiplied by the balance of the contract asset. The expected loss is calculated using a probability weighted model, which applies an expected loss percentage based on the net write-off history of historical write-offs for contracts that have completed their term.

Cash and cash equivalents

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

Other receivables, loans and financial assets at amortised cost

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

Forward-looking information consideration

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management

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

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

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

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

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

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

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

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	Rm	Rm	Rm	Rm
Trade receivables (refer to note 4.3)	5 198	5 913	3 865	3 902
Telkom Group/Telkom SA	8 309	9 221	6 813	7 046
Business and residential	3 997	4 555	3 844	4 273
Global, corporate and wholesale	3 608	3 946	2 254	2 068
Government	701	697	715	705
Other customers	3	23	—	—
BCX subsidiaries - External	195	210	—	—
Impairment of trade receivables (refer to note 4.3)	(3 306)	(3 518)	(2 948)	(3 144)
Contract assets (refer to note 3.2.4.1)	2 247	2 344	2 247	2 344
Gross contract assets	3 044	3 085	3 044	3 085
Impairment of contract assets (refer to note 3.2.4.1)	(797)	(741)	(797)	(741)
Subtotal for trade receivables and contract assets	7 445	8 257	6 112	6 246
Other receivables (refer to note 4.3)	823	1 110	1 222	1 417
Gross other receivables	852	1 132	1 225	1 439
Impairment of other receivables (refer to note 4.3)	(29)	(22)	(3)	(22)
Loans to Openserve (refer to note 7.2.2)	—	—	8 752	8 712
Loans granted to Openserve	—	—	8 767	8 743
Accumulated impairment of Openserve loans	—	—	(15)	(31)
SMME loans (refer to note 7.3)	82	77	82	77
Derivatives (refer to note 7.3)	160	63	128	46
Other investments (refer to note 7.2.3)	102	96	—	—
Finance lease receivables (refer to note 4.1.1)	471	464	270	193
Cash and cash equivalents (refer to note 4.4)	7 723	11 054	4 937	8 989
Restricted cash	60	23	29	—
	16 866	21 144	21 532	25 680

Impairment of financial assets

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

Trade receivables and contract assets

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

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

Application of forward-looking information

The Group calculated expected credit losses on trade receivables, finance lease receivables, contract assets, cash and cash equivalents, and other receivables and loans, based on the IFRS 9 principles. On 28 February 2026, the United States and Israel began military operations against Iran. This conflict triggered a high increase in prices for commodities like oil, gas and fertiliser and broad losses across equity, bond and currency markets. These increases negatively impact the South African inflation and Gross Domestic Product (GDP) outlook. Given that the Group mainly operates in South Africa, a forward-looking adjustment of 0.5% to 1.5% of the exposure based on the outlook of the inflation and GDP has been recognised in trade and other receivables and contract assets in the current year.

Post write-off recoveries

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

Impairment of financial assets continued

Default

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Impairment of receivables, contract assets and loans				
Impairment of receivables (refer to note 4.3)	(616)	(838)	(610)	(849)
Impairment of contract assets (refer to note 3.2.4.1)	(396)	(375)	(396)	(375)
Impairment of finance lease receivables (refer to note 4.1.1)	(2)	(129)	(2)	—
Impairment reversal of Openserve loans (refer to note 7.2.2)	—	—	15	25
	(1 014)	(1 342)	(993)	(1 199)

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Post write-off recoveries credited within the impairment of receivables, contract assets and loans				
Post write-off recoveries	258	261	252	261

During the current financial year, R847 million (31 March 2025: R515 million) for Group and R736 million (31 March 2025: R484 million) for Company of trade receivables and R340 million (31 March 2025: R238 million) for Group and Company of contract assets were written off and are still subject to enforcement activity, such as external debt collection processes and Credit Bureau listing. Refer to [notes 4.3](#) and [3.2.4.1](#) for details.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.4 Credit risk continued

Credit risk management continued

Impairment of financial assets continued

	Group			Group		
	31 March 2026			31 March 2025		
	Trade receivables ageing	Allowance for expected credit losses ageing	Average expected credit loss ratio	Trade receivables ageing	Allowance for expected credit losses ageing	Average expected credit loss ratio
The ageing of trade receivables at the reporting date was:	Rm	Rm	%	Rm	Rm	%
Current	4 561	144	3.2	4 799	188	3.9
21 to 60 days past due	574	201	35.0	941	228	24.2
61 to 90 days past due	261	177	67.8	281	177	63.0
91 to 120 days past due	209	144	68.9	234	133	56.8
121 days to 150 days past due	203	149	73.4	257	180	70.0
151 days to 240 days past due	413	349	84.5	569	422	74.2
241 days to 330 days past due	313	269	85.9	417	350	83.9
331 days to 361 days past due	111	96	86.5	128	107	83.6
361+ days past due	1 859	1 777	95.6	1 805	1 733	96.0
	8 504	3 306	38.9	9 431	3 518	37.3

	Company			Company		
	31 March 2026			31 March 2025		
	Trade receivables ageing	Allowance for expected credit losses ageing	Average expected credit loss ratio	Trade receivables ageing	Allowance for expected credit losses ageing	Average expected credit loss ratio
The ageing of trade receivables at the reporting date was:	Rm	Rm	%	Rm	Rm	%
Current	3 573	84	2.4	3 379	137	4.1
21 to 60 days past due	359	172	47.9	603	211	35.0
61 to 90 days past due	214	169	79.0	214	168	78.5
91 to 120 days past due	163	134	82.2	177	122	68.9
121 days to 150 days past due	131	113	86.3	170	159	93.5
151 days to 240 days past due	342	320	93.6	450	386	85.8
241 days to 330 days past due	278	250	89.9	355	320	90.1
331 days to 361 days past due	96	85	88.5	111	100	90.1
361+ days past due	1 657	1 621	97.8	1 587	1 541	97.1
	6 813	2 948	43.3	7 046	3 144	44.6

Significant changes within ageing brackets

The increase in the 21 to 60 and 151 to 240 ageing bracket for Group and Company is mainly due to the increased coverage rate in the bracket as a result of a higher specific provision in the current year.

The movement in the allowance for impairment in respect of trade receivables during the year is disclosed in [note 4.3](#). Included in the allowance for impairment are individually impaired receivables with a balance of R405 million (31 March 2025: R440 million) for Group and R181 million (31 March 2025: R204 million) for Company, which have been identified as unable to service their debt obligation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the future cash flows. The Group does not hold any collateral over these balances.

The Group and Company do not age the contract assets, as none of the amounts related to the contract assets are past due. Telkom uses one rate across all contract assets, and that rate is the average write-off of the contract assets that have run their full term.

Cash and cash equivalents

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.5 Liquidity risk management

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

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

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

31 March 2026	Notes	Group							>5 years
		Carrying amount	Contractual undiscounted cash flows	0 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	
		Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	6 593	8 304	2 536	1 551	997	600	912	1 708
Lease liabilities	6.3.2	7 556	9 206	2 643	2 121	1 791	1 180	644	827
Trade and other payables	4.5	8 764	8 764	8 764	—	—	—	—	—
Shareholders for dividend	9.4	17	17	17	—	—	—	—	—
Asset finance payables	7.3	302	359	200	121	34	4	—	—
Contingent consideration	7.1.2	30	30	30	—	—	—	—	—
Supplier finance arrangements	7.3	61	61	61	—	—	—	—	—
Derivative financial liabilities									
Interest rate swaps	7.3	23	23	23	—	—	—	—	—
Firm commitments	7.3	23	23	23	—	—	—	—	—
Forward exchange contracts	7.3	140	140	140	—	—	—	—	—
		23 509	26 927	14 437	3 793	2 822	1 784	1 556	2 535

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.5 Liquidity risk management continued

31 March 2026	Notes	Company							
		Carrying amount Rm	Contractual cash flows Rm	0 - 12 months Rm	1 - 2 years Rm	2 - 3 years Rm	3 - 4 years Rm	4 - 5 years Rm	>5 years Rm
Non-derivative financial liabilities									
Interest-bearing debt	6.4	6 593	8 304	2 536	1 551	997	600	912	1 708
Lease liabilities	6.3.2	6 111	7 461	2 141	1 685	1 398	1 010	475	752
Trade and other payables	4.5	8 243	8 243	8 243	—	—	—	—	—
Shareholders for dividend	9.4	17	17	17	—	—	—	—	—
Derivative financial liabilities									
Interest rate swaps	7.3	23	23	23	—	—	—	—	—
Firm commitments	7.3	13	13	13	—	—	—	—	—
Forward exchange contracts	7.3	99	99	99	—	—	—	—	—
		21 099	24 160	13 072	3 236	2 395	1 610	1 387	2 460

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

Supplier finance arrangements (SFA)

Supplier finance arrangement with no extended payment terms

The supplier's participation in the arrangement is entirely at the supplier's discretion. The arrangement allows suppliers to trade invoices and receive funding earlier than the invoice due date. During the current reporting period, invoices amounting to R7 006 million (31 March 2025: R6 013 million) were eligible for SFA and suppliers traded R4 177 million (31 March 2025: R3 714 million), which were paid by the funder to the suppliers. Of the traded invoices, the Group has settled R4 509 million (31 March 2025: R3 126 million) with the funders, with R743 million (31 March 2025: R1 076 million) being due after 31 March 2026. Refer to [note 4.5](#) for details.

Supplier finance arrangement with extended payment terms

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

During the current reporting period, the financier has paid the supplier invoices amounting to R347 million (31 March 2025: R514 million), representing the full amount subject to this type of SFA, of which BCX has settled R380 million (31 March 2025: R592 million) within the current financial period, with R61 million (31 March 2025: R94 million) being due after 31 March 2026.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposure. Market risks comprise four types of risk: interest rate risk, currency risk, commodity price risk and equity risk. The Group is not exposed to commodity price risk. Changes in the market prices have an impact on the values of the underlying financial instrument.

The Group is in the process of transitioning from the Johannesburg Interbank Average Rate (JIBAR) to the South African Rand Overnight Index Average (ZARONIA). The South African Reserve Bank (SARB) confirmed that JIBAR's final publication date will be 31 December 2026. Effective 1 April 2026, all new transactions will reference ZARONIA as no new JIBAR-linked transactions will be issued.

All the impacted stakeholders across the Group have been engaged and are currently identifying the impacted contracts. Legal teams with the expertise to assist in the necessary modification to the existing impacted contracts have been engaged. The Group is also implementing a system that will accommodate the use of ZARONIA and expects the implementation to be completed before 31 December 2026. At 31 March 2026, based on the information available, the Group does not expect the transition to have a material financial impact. The following contracts have been identified as being impacted by the transition:

- Interest-bearing debt amounting to R6 593 million for the Group and Company.
- Forward exchange contract assets amounting to R105 million and R90 million for the Group and Company, respectively.
- Forward exchange contract liabilities amounting to R140 million and R99 million for the Group and Company, respectively.

The Group also noted the indirect impact that is caused by the use of swap curves in the valuation of employee benefits and the determination of IFRS 16 incremental borrowing rates. The intercompany loans to subsidiaries will also be impacted.

Interest rate risk management

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

The Group's policy is to manage interest cost through the utilisation of a mix of fixed and floating rate debt. In order to manage this mix in a cost efficient manner and to hedge specific exposure in the interest rate repricing profile of the existing borrowings, the Group makes use of interest rate swaps. The Group policy sets a target for the fixed/floating debts, however in meeting this target management is required to consider the market conditions to ensure favourable and effective interest rate management. Fixed rate debt represents approximately 40% (2025: 22%) of the total debt. The debt has been maintained to limit the Group's exposure to interest rate increases.

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

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

	Group		Company	
	Average maturity	Notional amount Rm	Average maturity	Notional amount Rm
31 March 2026				
Interest rate swaps outstanding				
Pay fixed and receive floating	0.85 years	2 668	0.85 years	2 668
31 March 2025				
Interest rate swaps outstanding				
Pay fixed and receive floating	1.26 years	1 500	1.26 years	1 500

The floating rate is based on the three-month JIBAR, and is settled quarterly in arrears.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Foreign currency exchange rate risk management

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

The Group enters into forward exchange contracts to hedge foreign currency exposure.

Refer to [note 7.3](#) for the balances recognised relating to hedging instruments and hedged items.

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

	Group		Company	
	Foreign contract value	Contract value	Foreign contract value	Contract value
	m	Rm	m	Rm
Purchased				
31 March 2026				
<i>Currency</i>				
US dollar	217	3 668	165	2 790
Euro	28	548	11	216
British pound sterling	1	12	1	12
Chinese yuan	106	260	53	131
		4 488		3 149
31 March 2025				
<i>Currency</i>				
US dollar	183	3 367	163	2 991
Euro	18	357	13	254
British pound sterling ¹	—	2	—	1
Chinese yuan	52	132	52	132
Swiss franc ¹	—	1	—	1
		3 859		3 379

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

	Group		Company	
	Foreign contract value	Contract value	Foreign contract value	Contract value
	m	Rm	m	Rm
Sold				
31 March 2026				
<i>Currency</i>				
US dollar	—	—	29	491
Euro	—	—	10	191
Chinese yuan	—	—	53	130
		—		812
31 March 2025				
<i>Currency</i>				
US dollar	2	34	44	808
Euro	—	—	11	225
Chinese yuan	—	—	52	132
		34		1 165

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Foreign currency exchange rate risk management continued

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

	Group					Company		
	Euro Rm	US dollar Rm	Chinese yuan Rm	British pound sterling Rm	Other Rm	Euro Rm	US dollar Rm	Other Rm
31 March 2026								
Net foreign currency monetary liabilities								
Functional currency of company operation								
South African rand	(22)	(1 510)	(33)	(20)	(1)	(11)	(1 258)	(1)
31 March 2025								
Net foreign currency monetary liabilities								
Functional currency of company operation								
South African rand	(87)	(1 155)	(25)	(7)	—	(28)	(855)	—

Sensitivity analysis

Interest rate risk

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

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the profit/loss for the year ended 31 March 2026 would decrease/increase by R52 million (31 March 2025: decrease/increase by R13 million) for the Group and R35 million (31 March 2025: decrease/increase by R27 million) for the Company.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Sensitivity analysis continued

Interest rate risk continued

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

	Group movement		Company movement	
	+ 1% Profit Rm	- 1% Profit Rm	+ 1% Profit Rm	- 1% Profit Rm
Classes of financial instruments per statement of financial position				
31 March 2026				
Assets	77	(77)	57	(57)
Other financial assets	12	(12)	12	(12)
Forward exchange contracts	2	(2)	2	(2)
Interest rate swaps	10	(10)	10	(10)
Cash and cash equivalents	63	(63)	45	(45)
Finance lease receivables	2	(2)	—	—
Liabilities	(25)	25	(22)	22
Other financial liabilities	(20)	20	(17)	17
Interest rate swaps	(7)	7	(7)	7
Forward exchange contracts	(10)	10	(10)	10
Asset finance payable	(3)	3	—	—
Interest-bearing debt	(5)	5	(5)	5
	52	(52)	35	(35)
31 March 2025				
Assets	19	(19)	2	(2)
Other financial assets	2	(2)	2	(2)
Forward exchange contracts	2	(2)	2	(2)
Cash and cash equivalents	13	(13)	—	—
Finance lease receivables	4	(4)	—	—
Liabilities	(32)	32	(29)	29
Other financial liabilities	(21)	21	(18)	18
Interest rate swaps	(15)	15	(15)	15
Forward exchange contracts	(3)	3	(3)	3
Asset finance payable	(3)	3	—	—
Interest-bearing debt	(11)	11	(11)	11
	(13)	13	(27)	27

Foreign exchange currency risk

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

If foreign exchange rates had been 10% higher/lower and all other variables were held constant, the Group and Company's profit/loss for the year ended 31 March 2026 would increase/(decrease) by R116 million for Group (31 March 2025: increase/(decrease) by R49 million) and R250 million for Company (31 March 2025: increase/(decrease) by R49 million).

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.6 Market risk continued

Sensitivity analysis continued

Foreign exchange currency risk continued

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

	Group		Company	
	+ 10% movement (Depreciation)	- 10% movement (Appreciation)	+ 10% movement (Depreciation)	- 10% movement (Appreciation)
	Rm	Rm	Rm	Rm
Classes of financial instruments per statement of financial position				
31 March 2026				
Assets	362	(362)	244	(244)
Other financial assets	344	(344)	240	(240)
Firm commitments	207	(207)	159	(159)
Forward exchange contracts	137	(137)	81	(81)
Trade and other receivables	5	(5)	3	(3)
Cash and cash equivalents	13	(13)	1	(1)
Liabilities	(478)	478	(494)	494
Other financial liabilities	(330)	330	(373)	373
Firm commitments	(35)	35	(62)	62
Forward exchange contracts	(295)	295	(311)	311
Trade and other payables	(148)	148	(121)	121
	(116)	116	(250)	250
31 March 2025				
Assets	331	(331)	331	(331)
Other financial assets	331	(331)	331	(331)
Firm commitments	229	(229)	229	(229)
Forward exchange contracts	102	(102)	102	(102)
Liabilities	(380)	380	(380)	380
Other financial liabilities	(380)	380	(380)	380
Firm commitments	(98)	98	(98)	98
Forward exchange contracts	(282)	282	(282)	282
	(49)	49	(49)	49

7.1.7 Equity price risk

The Group's investments are susceptible to market price risk arising from uncertainties about the future values of the investment securities. Changes in the fair value of equity securities held by the Group will fluctuate because of changes in market prices caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded on the market. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board reviews and approves all equity investment decisions above R100 million.

At the reporting date, the total amount for local equity investments was R111 million (31 March 2025: R105 million). A 10% increase in the local equity portfolios at the reporting date would have increased profit or loss by R11 million (31 March 2025: R10 million) before tax. An equal and opposite change would have decreased profit or loss. A 10% fluctuation represents management's assessment of the reasonably possible changes in equity prices.

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.1 Financial instruments and risk management continued

7.1.8 Capital management

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

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

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Non-current portion of interest-bearing debt	4 524	9 368	4 524	9 368
Current portion of interest-bearing debt	2 069	2 249	2 069	2 249
Less: Cash and cash equivalents	(7 723)	(11 054)	(4 937)	(8 989)
Less: Restricted cash	(60)	(23)	(29)	—
Net debt	(1 190)	540	1 627	2 628
EBITDA	12 480	11 014	7 177	10 433

7.2 Investments

7.2.1 Investment in subsidiaries

	Company	
	31 March 2026 Rm	31 March 2025 Rm
Investment in subsidiaries	13 465	13 477
Openseve (Pty) Ltd	6 686	6 685
100% shareholding at cost	11 296	11 296
Accumulated impairment	(4 655)	(4 655)
Share-based compensation reserve (refer to note 9.2)	45	44
Trudon (Pty) Ltd	17	17
100% shareholding at cost	326	326
Accumulated impairment	(56)	(56)
Return on investment ¹	(253)	(253)
Business Connexion Group Ltd (BCX)	6 579	6 579
100% shareholding at cost	—	—
Gyro Properties (Pty) Ltd	129	129
100% shareholding at cost (R100)	—	—
Gyro Group (Pty) Ltd²	—	5
100% shareholding at cost (R100)	—	—
Investment in the FutureMakers Fund	54	62
Shareholding at cost	88	100
Disinvestment	(8)	(12)
Accumulated impairment	(26)	(26)

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

² In the current year, Gyro Group was divisionalised within Telkom.

Impairment considerations

The Company holds a 100% interest in BCX, Openseve, Gyro Properties and Trudon and accounts for these investments as subsidiaries in terms of IAS 27 (Separate Financial Statements). Under IAS 36 (Impairment of Assets), the Group is required to test investments in subsidiaries carried at cost for impairment if there is an indicator of impairment. Refer to [note 5.3](#) for the impairment disclosure.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.2 Investments continued

7.2.2 Loans to subsidiaries

	Company	
	31 March 2026 Rm	31 March 2025 Rm
Loans to subsidiaries	8 752	8 712
Loans to Openserve	8 752	8 712
Loans granted to Openserve	8 767	8 743
Non-current portion of loans granted to Openserve	7 889	8 363
Current portion of loans granted to Openserve	878	380
Accumulated impairment loss on loans to Openserve	(15)	(31)

Loans to Openserve

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

The first loan is a R4.2 billion loan which is payable over 5 years and 6 months and accrues interest at a rate of three-month JIBAR plus a margin of 1.65%. Quarterly interest payments is made against the loan. The capital is repayable in five instalments, with the next instalment of R500 million due on 31 March 2027.

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

In August 2022, Telkom and its wholly owned subsidiary, Openserve, entered a Revolving Credit Facility (RCF) agreement, in terms of which Telkom commits to set aside R1.2 billion for Openserve. The committed funds can be drawn by Openserve over 10 years, commencing from the date when Telkom notifies Openserve that the conditions precedent are met. Any amount drawn will incur interest at JIBAR plus an additional margin of 1.85%. On 31 March 2026, Openserve utilised R378 million which is included in the current portion of R878 million.

Loans to subsidiaries - key assumptions

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

Telkom used the general approach methodology to calculate the expected loss of 0.43% (31 March 2025: 0.88%) and 40% (31 March 2025: 40%) loss given default on the Openserve loans. The expected loss percentage is calculated using Telkom's rating agency credit risk rate percentage as a base, adjusted for the borrowing subsidiary's specific credit risk using the credit rating agency's notching analysis model. During the current financial year, the expected credit loss provision on the loans to Openserve decreased by R15 million (31 March 2025: R25 million).

BCX loan facility

In March 2024, Telkom and its wholly owned subsidiary, BCX, entered a term loan and RCF agreement, in terms of which Telkom committed to set aside R1 billion for BCX. The committed funds can be drawn by BCX over 3 years and 6 months, commencing from the date when Telkom notifies BCX that the conditions precedent are met. Any amount drawn will incur interest at JIBAR plus an additional margin of 1.65%. As at 31 March 2026, BCX had not drawn on either facility.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments

Significant accounting judgements, estimates and assumptions

Determination of an onerous contract

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

Summary of material accounting policies

FutureMakers Fund

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

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

Investment in associate

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

Investment in insurance first-party cell captive

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

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

Investment in insurance third-party cell captive

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

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

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

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

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

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

Classification

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

Contract boundary period

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

Measurement

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

Investment in insurance third-party cell captive continued

Measurement continued

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

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

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

Insurance liability measurement

The insurance cell recognises the insurance contracts with the policyholders at the earlier of:

- the beginning of the coverage period;
- the date when the first payment from a policyholder is due or when the first payment is received, if there is no due date; and
- the date when the insurance cell becomes onerous.

Liability for remaining coverage

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

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

Subsequently:

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

Insurance acquisition cash flows incurred

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

Liability for Incurred Claims

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

Acquisition costs

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

Insurance risk

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

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

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

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

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

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

Investment in insurance third-party cell captive continued

Insurance risk continued

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

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Non-current other investments				
Unlisted investment	111	106	—	—
FutureMakers Fund	102	96	—	—
Investment	102	96	—	—
Investment in associates	9	10	—	—
Current other investments	134	251	134	251
Insurance contract assets	134	251	134	251

7.2.3.1 Reconciliation of insurance contract assets

	Group and Company			
	31 March 2026		31 March 2025	
	Liability for remaining coverage - excluding loss component Rm	Liability for incurred claims Rm	Liability for remaining coverage - excluding loss component Rm	Liability for incurred claims Rm
Device insurance				
Insurance contract assets/(liabilities) balance as at 1 April	740	(499)	497	(362)
Insurance revenue	275	—	284	—
Insurance service expenses	(12)	(120)	(9)	(137)
Incurred claims and directly attributable costs	—	(89)	—	(75)
Insurance acquisition cash flows	(12)	—	(9)	—
Insurance operating costs	—	(31)	—	(32)
Preference dividends paid	—	—	—	(30)
Insurance service result	263	(120)	275	(137)
Insurance finance income	18	—	19	—
Taxation	(76)	32	(51)	—
Total recognised in the statement of profit or loss and other comprehensive income	205	(88)	243	(137)
Cash flows				
Premiums received	(275)	—	(284)	—
Premiums recognised	275	—	284	—
Incurred claims and directly attributable costs recognised	—	122	—	137
Incurred claims and directly attributable costs paid	—	(122)	—	(137)
Insurance acquisition cash flows recognised	12	—	9	—
Insurance acquisition cash flows paid	(12)	—	(9)	—
Preference dividends received	—	(240)	—	—
Total cash flows	—	(240)	—	—
Insurance contract assets/(liabilities) balance as at 31 March	945	(827)	740	(499)

There was no loss component in FY2025 and FY2026.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.2 Investments continued

7.2.3 Other investments continued

7.2.3.1 Reconciliation of insurance contract assets continued

	Group and Company			
	31 March 2026		31 March 2025	
	Liability for remaining coverage - excluding loss component	Liability for incurred claims	Liability for remaining coverage - excluding loss component	Liability for incurred claims
	Rm	Rm	Rm	Rm
Life insurance				
Insurance contract assets/(liabilities) balance as at 1 April	25	(15)	17	(11)
Insurance revenue	8	—	8	—
Insurance service expenses	—	(2)	—	(4)
Incurred claims and related costs	—	(1)	—	(4)
Insurance operating costs	—	(1)	—	—
Insurance service result	8	(2)	8	(4)
Insurance finance income	1	—	1	—
Taxation	(2)	1	(1)	—
Total recognised in the statement of profit or loss and other comprehensive income	7	(1)	8	(4)
Cash flows				
Premiums received	(7)	—	(8)	—
Premiums recognised	7	—	8	—
Incurred claims and directly attributable costs recognised	—	3	—	5
Incurred claims and directly attributable costs paid	—	(3)	—	(5)
Insurance contract assets/(liabilities) balance as at 31 March	32	(16)	25	(15)

There was no loss component in FY2025 and FY2026.

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

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.3 Other financial assets and liabilities

Significant accounting judgements, estimates and assumptions

Cash flow treatment of asset finance transactions

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

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

Summary of material accounting policies

Investment in equity fund

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

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

Asset finance payables

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

BCX supplier finance arrangements with extended payment terms

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

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

R61 million (31 March 2025: R94 million) of the total other financial liabilities is subject to supplier financing arrangements with extended payment terms. Refer to [note 7.1.5](#) for liquidity risk disclosure.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.3 Other financial assets and liabilities continued

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Other financial assets				
Non-current other financial assets	63	94	63	94
<i>Other financial assets at amortised cost</i>				
Non-current portion of SMME loans	46	77	46	77
<i>Other financial assets at fair value through profit or loss</i>	17	17	17	17
Investment in equity fund	10	10	10	10
Investment in first-party cell captive	7	7	7	7
Current other financial assets	196	63	164	46
<i>Other financial assets at amortised cost</i>				
Current portion of SMME loans	36	—	36	—
<i>Other financial assets at fair value through profit or loss</i>				
Derivative instruments used for hedging	160	63	128	46
Forward exchange contracts	105	35	90	22
Firm commitments	53	28	36	24
Interest rate swaps	2	—	2	—
Other financial liabilities				
Non-current other financial liabilities	(130)	(205)	—	—
<i>Other financial liabilities at amortised cost</i>				
Asset finance payables	(130)	(205)	—	—
Current other financial liabilities	(419)	(350)	(135)	(70)
<i>Other financial liabilities at amortised cost</i>				
Asset finance payables	(172)	(155)	—	—
Supplier finance arrangements	(61)	(94)	—	—
<i>Other financial liabilities at fair value through profit or loss</i>				
Derivative instruments used for hedging	(186)	(101)	(135)	(70)
Forward exchange contracts	(140)	(61)	(99)	(50)
Firm commitments	(23)	(31)	(13)	(11)
Interest rate swaps	(23)	(9)	(23)	(9)

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.3 Other financial assets and liabilities continued

SMME loans

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

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

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

Telkom has appointed Absa Group Ltd to act as its agent for the purposes of managing and administering the ESD funding loans. The loan amounts for the seven borrowers range from a minimum of R2.5 million to a maximum of R10 million. The loans are all at a zero-interest rate and have different instalments and period terms.

Aligned with IFRS 9 principles, the Group uses the general approach in calculating expected credit losses on loans. The SMMEs' credit risk scores are not publicly available and there is currently no history available in which the credit risk can be assessed. Based on the nature and size of the SMMEs, their credit risk is regarded as significant, thus a lifetime expected credit loss will be calculated. In the current and prior financial years, no expected credit losses were recognised on the SMME loans.

Derivatives

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

Derivatives that do not meet the hedge accounting requirements

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

Derivatives that meet the hedge accounting requirements

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

Fair value hedges

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

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

Hedge effectiveness is determined at inception of the hedge relationship and at each reporting period-end through an assessment of the hedged items and hedging instruments to determine whether there is still an economic relationship between the two. Hedge ineffectiveness arises from the impact of the counterparty's assessment of the Group's credit risk on the fair value of the forward exchange contracts, which is not reflected in the fair value of the hedged item, and the difference in the timing of the maturity of the derivatives, and the settlement of the hedged item.

Notes to the annual financial statements continued

for the year ended 31 March 2026

7. Financial risk continued

7.3 Other financial assets and liabilities continued

Derivatives that meet the hedge accounting requirements:

	Group				Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness Rm
	Nominal amount of the hedging instrument Rm	Carrying amount of the hedging instrument		Other financial assets and other financial liabilities		
		Assets Rm	Liabilities Rm			
31 March 2026						
Foreign exchange risk fair value hedging relationship						
Forward exchange contracts	4 488	105	(140)	Other financial assets and other financial liabilities	378	
31 March 2025						
Foreign exchange risk fair value hedging relationship						
Forward exchange contracts	3 859	35	(61)	Other financial assets and other financial liabilities	164	
	Company				Line item in the statement of financial position where the hedging instrument is located	Changes in fair value used for calculating hedge ineffectiveness Rm
	Nominal amount of the hedging instrument Rm	Carrying amount of the hedging instrument		Other financial assets and other financial liabilities		
		Assets Rm	Liabilities Rm			
31 March 2026						
Foreign exchange risk fair value hedging relationship						
Forward exchange contracts	3 149	90	(99)	Other financial assets and other financial liabilities	270	
31 March 2025						
Foreign exchange risk fair value hedging relationship						
Forward exchange contracts	3 379	22	(50)	Other financial assets and other financial liabilities	119	

In the current and prior financial year, the hedge ineffective portion was immaterial.

Notes to the annual financial statements continued

for the year ended 31 March 2026

8. Taxation

8.1 Income tax expense

Significant accounting judgements, estimates and assumptions

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

Summary of material accounting policies

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

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Taxation¹	(1 208)	(858)	(795)	(442)
Discontinued operation	—	(199)	—	—
Continuing operations	(1 208)	(659)	(795)	(442)
South African normal company taxation	(264)	(282)	(123)	(86)
Current taxation	(273)	(280)	(128)	(86)
Overprovision/(underprovision) for prior year	9	(2)	5	—
Deferred taxation (refer to note 8.2)	(944)	(376)	(672)	(357)
Capital allowances	(758)	(892)	(436)	(419)
Provisions and other allowances ²	106	674	276	350
Tax losses	(325)	(236)	(514)	(344)
Acquisition of BCX ³	23	9	—	—
Overprovision for prior year ⁴	10	69	2	56
Reconciliation of taxation rate	%	%	%	%
South African normal rate of taxation	27.0	27.0	27.0	27.0
Decreased by the following adjustments:	(1.6)	(7.9)	(7.1)	(21.2)
Non-taxable income	(1.6)	(7.4)	(6.9)	(23.2)
Dividends received	—	(0.2)	(5.4)	(4.5)
Profit on sale of assets and investments ⁵	(0.9)	(5.8)	(0.5)	(18.0)
Cell captive fair value adjustments	—	—	(1.0)	(0.7)
Other exempt income	(0.7)	(1.4)	—	—
Non-deductible expenditure	1.1	2.6	0.5	0.2
Capital expenditure	1.4	2.0	1.0	0.4
IFRS 2 share-based payment adjustments	(0.5)	(1.0)	(0.6)	(0.5)
Interest and penalties	0.1	0.3	—	—
Other disallowed expenditure	0.1	1.3	0.1	0.3
Prior year adjustments	(0.9)	(1.9)	(0.7)	(0.9)
Prior year underprovision tax expense ⁴	(0.9)	(1.9)	(0.7)	(0.9)
Other taxes	(0.2)	(1.2)	—	2.7
Discontinued operation effect	(0.2)	(9.9)	—	—
Capital gains tax	—	8.7	—	2.7
Effective rate ⁶	25.4	19.1	19.9	5.8

¹ The Group tax expense increased by R350 million to R1 208 million in the current year primarily due to the increase in the Group's taxable profits.

² The movement in the provisions and allowances is mainly due to the IFRS 16 lease liabilities that increased as a result of remeasurements and additions in the current year.

³ This relates to non-deductible write-offs in respect of the previous acquisition of BCX.

⁴ The decrease in overprovision/underprovision is mainly due to capital allowances on fixed assets that were recognised in the prior years.

⁵ The decrease in the Group tax rate relating to profit on sale of assets is mainly due to reduced profits in respect of property disposals that occurred in Gyro Properties compared to the prior year. The decrease in Company is mainly due to the sale of Swiftnet in the prior year which was subject to a capital gain inclusion of 80% compared to the full accounting profit that is non-taxable.

⁶ The increase of 6.3% in the effective tax rate for Group is primarily attributable to property disposals in the prior year that were subject to a capital gain inclusion rate of 80%. The increase in the effective tax rate for Telkom Company is mainly due to the impact of the reduced exempt income from the insurance cell captives, higher capital losses and reduced impact of the IFRS 2 share-based expense adjustment in the current year.

Notes to the annual financial statements continued

for the year ended 31 March 2026

8 Taxation continued

8.2 Deferred taxation

Significant accounting judgements, estimates and assumptions

Deferred taxation asset

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

Source of estimation uncertainty

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

Future taxable profits are determined based on business plans for individual entities in the Group and the probable future reversal of taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. In the current year, the Group recognised deferred tax assets amounting to R2 703 million (31 March 2025: R3 736 million).

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

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Deferred taxation¹	2 701	3 637	356	1 029
Opening balance	3 637	3 873	1 029	1 386
Profit and loss and opening balance movements	(967)	(385)	(672)	(357)
Capital allowances	(759)	(891)	(436)	(420)
Provisions and other allowances ²	106	673	276	351
Tax losses	(324)	(236)	(514)	(344)
Overprovision in the prior year	10	69	2	56
Common control transactions/business combinations	23	9	(7)	—
Sale of Swiftnet	—	143	—	—
Other comprehensive income deferred tax impact	8	(3)	6	—
	2 701	3 637	356	1 029
The balance comprises:				
Capital allowances ³	(3 057)	(2 305)	(3 410)	(2 966)
Provisions and other allowances ²	4 868	4 745	3 442	3 151
Business combination	—	(23)	—	—
Common control transaction	(1)	—	—	—
Tax losses ⁴	1 339	1 675	776	1 302
Other comprehensive income tax impact	(448)	(455)	(452)	(458)
	2 701	3 637	356	1 029
Deferred taxation balance is made up as follows: ¹				
Deferred taxation assets ¹	2 703	3 736	356	1 029
Deferred taxation liabilities	(2)	(99)	—	—

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

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

² The increase in provisions and other allowances is mainly driven by the IFRS 16 lease liabilities remeasurements and additions in the current year.

³ The increase in capital allowances is mainly due to the increase in the accounting base of property, plant and equipment and intangible assets as a result of higher acquisitions in the current year.

⁴ The decrease for Group and Company is mainly due to the utilisation of the tax losses accumulated in the prior years.

Notes to the annual financial statements continued

for the year ended 31 March 2026

8. Taxation continued

8.3 Taxation paid

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Taxation paid	(297)	(396)	(147)	(66)
Net tax (payable)/receivable at the beginning of the year	(2)	117	(20)	—
Current taxation	(265)	(610)	(123)	(86)
Interest, withholding taxes and other	2	20	—	—
Discontinued operation	—	75	—	—
Net tax (receivable)/payable at the end of the year	(32)	2	(4)	20

9. Equity structure

9.1 Share capital

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Authorised and issued share capital is made up as follows:				
Authorised				
1 000 000 000 ordinary shares of R10 each	10 000	10 000	10 000	10 000
Issued				
504 975 439 (31 March 2025: 504 975 439) ordinary shares of R10 each (fully paid up)	5 050	5 050	5 050	5 050
6 164 800 (31 March 2025: 6 164 800) shares of no consideration ¹	—	—	—	—

¹ This relates to shares issued in terms of the employee share scheme.

	Number of shares		Number of shares	
The following table illustrates the movement within the number of shares issued:				
Shares in issue at the beginning of the year	511 140 239	511 140 239	511 140 239	511 140 239
Shares repurchased and cancelled during the year	—	—	—	—
Shares in issue at the end of the year	511 140 239	511 140 239	511 140 239	511 140 239

There is only one class of shares, namely ordinary shares. Each share has the same right to receive dividends and the repayment of capital and represents one vote at the shareholders' meetings of Telkom. Other than voting rights, there are no other preferences attached to the shares.

The unissued shares are under the control of the Directors until the next AGM. The Directors have been given the authority by the shareholders to buy back Telkom's own shares up to a limit of 10% of the current issued share capital.

Capital management

Refer to [note 7.1.8](#) for the detailed capital management disclosure.

Notes to the annual financial statements continued

for the year ended 31 March 2026

9. Equity structure continued

9.2 Share-based compensation reserve

Telkom's shareholders approved the Telkom Group employee share scheme at the September 2013 AGM. The scheme covers certain operational and management employees and is aimed at giving shares to Group employees, at a Nil exercise price at the end of the vesting period. Although the number of shares awarded to employees was communicated at the grant date, the ultimate number of shares that vest may differ based on certain performance conditions being met (refer to [note 10.7](#)).

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
The movement within the share-based compensation reserve is:				
Balance at the beginning of the year	1 610	1 535	1 374	1 321
Net increase in equity	67	75	49	53
Employee expenses (refer to note 3.4.3)	67	69	48	38
Openserve share-based compensation reserve ¹	—	—	1	9
Transfer of Gyro share-based compensation reserve	—	6	—	6
Balance at the end of the year	1 677	1 610	1 423	1 374

¹ From 1 September 2022, Openserve is a 100% owned subsidiary of the Group. For shares granted before 1 September 2022, where Openserve does not have an obligation to pay for the shares, it has been assessed that these shares need to be equity-settled in Telkom Company. This is because Telkom has the obligation to settle for the services rendered to Openserve. For services rendered by the Openserve employees after the carve-out date, the share-based compensation reserve was increased in the current financial year by R1 million (31 March 2025: R9 million), with a corresponding entry to the investment in Openserve.

9.3 Non-distributable reserves

Summary of material accounting policies

Non-distributable reserves

Non-distributable reserves include reserves that have been grouped together as accounting reserves, which have arisen as a result of the specific requirements in the accounting standards.

Non-distributable reserves include the following:

- **Translation reserve:** This reserve comprises foreign currency translation differences arising from the translation of annual financial statements of the Group's foreign entities into South African rand.
- **Treasury shares:** This reserve represents the treasury shares as well as the amounts paid by Telkom to its subsidiary, Rossal No 65 (Pty) Ltd, for the acquisition of Telkom's shares to be utilised in terms of the Telkom Group employee share scheme.
- Shares repurchased for the purpose of the Telkom Group employee share scheme.

Treasury shares

Where the Group acquires shares for the Telkom Group employee share scheme, these shares are measured at acquisition cost and disclosed as a reduction of equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Such shares are not remeasured for changes in fair value. Any difference between the historical par value of the shares acquired and the consideration transferred for the acquisition of the shares is accounted for as an adjustment to retained earnings.

Where the Group chooses or is required to buy equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement by delivery of its own shares, the transaction is accounted for as equity-settled. This applies regardless of whether the employees' rights to the equity instruments were granted by the Group itself, or by its shareholders, or were settled by either the Group or its shareholders.

Notes to the annual financial statements continued

for the year ended 31 March 2026

9. Equity structure continued

9.3 Non-distributable reserves continued

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Non-distributable reserves	591	585	165	171
Opening balance	585	750	171	278
Movement during the year	6	(165)	(6)	(107)
Increase/(decrease) in foreign currency translation reserve	8	(13)	—	—
Movement in treasury shares for Telkom and subsidiaries share scheme	—	(107)	—	(107)
Escrow shares realised for settlement to employees	(2)	—	(6)	—
Increase in treasury shares from BCX	—	(45)	—	—

The reserve also represents amounts paid by Telkom to its subsidiary, Rossal No 65 (Pty) Ltd, for the acquisition of Telkom's shares to be utilised in terms of the Telkom Group employee share scheme.

	31 March 2026		31 March 2025	
	Number of shares	Rm	Number of shares	Rm
Fair value of ordinary shares in Telkom are held as follows:				
Treasury shares in Escrow	10 361 492	609	12 118 701	451
Rossal No 65 (Pty) Ltd	6 738 959	396	6 738 959	251
Total	17 100 451	1 005	18 857 660	702

All shares will be allocated to employees as part of the Telkom Group employee share scheme.

9.4 Dividend paid

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Dividend paid	(1 299)	(6)	(1 319)	(5)
Dividend payable at the beginning of the year	(19)	(24)	(19)	(24)
Declared during the year - dividend on ordinary shares	(1 294)	—	(1 317)	—
Dividends declared to non-controlling interests	(3)	(1)	—	—
Dividend payable at the end of the year	17	19	17	19

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits

10.1 Employee benefits summary

Significant judgements, estimates and assumptions

The Group provides defined benefit plans for certain post-employment benefits. The obligation and assets related to each of the post-retirement benefits are determined through an actuarial valuation. The actuarial valuation relies heavily on assumptions as disclosed in [note 10.1](#). The assumptions determined by management make use of information obtained from the Group's employment agreements with staff and pensioners, market-related returns on similar investments, market-related discount rates and other available information. The assumptions concerning the interest on assets and expected change in liabilities are determined on a uniform basis, considering long-term historical returns and future estimates of returns and medical inflation expectations. In the event that further changes in assumptions are required, the future amounts of post-employment benefits may be affected materially.

The discount rate reflects the average timing of the estimated defined benefit payments. The discount rate is based on long-term South African Government bonds with the longest maturity period as reported by the JSE debt market. The discount rate is expected to follow the trend of inflation.

The interest cost on the defined benefit obligation and the interest on assets are accounted for through the net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

The forfeitable share incentives are allocated to employees based on vesting conditions linked to time and performance measures. The total shareholder return is considered in estimating the fair value of the grant at grant date. The Group allocates the number of shares per employee based on a formula taking into account the annual guaranteed package, percentage of gross profit and share price at grant date. The shares to be allocated are limited to approximately 5% of the issued share capital and vest between three and five years. The additional share scheme award provides for the granting of shares to eligible participating employees, equivalent in value to the increase in share price from the grant date (based on the specific grant price) to the vesting date.

Summary of material accounting policies

Post-employment benefits

The Group provides defined benefit and defined contribution plans for the benefit of the employees. These plans are funded by the employees and the Group, taking into account the recommendations of the independent actuaries. The post-retirement telephone rebate liability is unfunded.

Defined benefit plans

The Group provides defined benefit plans for pension, post-retirement medical aid benefits and telephone rebates to qualifying employees. The Group's net obligation in respect of defined benefits is calculated separately for each plan by estimating the amount of future benefits earned in return for services rendered.

The amount reported in the statement of financial position represents the present value of the defined benefit obligations, using the projected credit unit method, reduced by the fair value of the related plan assets. To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised. The effects of this asset limitation and actuarial gains and losses are recognised in other comprehensive income. Interest, service cost, settlement gains or losses and curtailment gains or losses related to the defined benefit plan are recognised in the statement of profit or loss and other comprehensive income.

Defined contribution plan

Following a rule amendment on 1 July 2024, the Telkom Retirement Fund is now classified as a defined contribution plan, replacing its previous defined benefit status. Telkom no longer has any further obligations under IAS 19. Contributions made by Telkom are recognised as employee expenses. Refer to [note 3.4.3](#) for details regarding contributions.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Employee benefits				
Non-current assets	1 017	993	1 017	993
Telkom Pension Fund asset	—	13	—	13
Post-retirement medical aid recognition of net plan asset	1 017	980	1 017	980

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.1 Employee benefits summary continued

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Defined benefit plan actuarial (losses)/gains	(24)	(2)	(24)	2
Telkom Pension Fund net actuarial gain/(loss)	13	(5)	13	(5)
Telkom Retirement Fund net actuarial gain ¹	—	154	—	154
Medical aid net actuarial loss	(57)	(103)	(57)	(102)
Telephone rebate net actuarial gain/(loss)	20	(44)	20	(44)
Long service award net actuarial loss	—	(4)	—	(1)

¹ The net actuarial gain on the TRF is up until 1 July 2024, the date of the settlement of the TRF in the prior year.

The Group provides benefits for its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership to one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

Qualified actuaries performed actuarial valuations to determine the benefit obligation, plan asset and service costs for the pension fund for each of the financial years presented.

General information applicable to all funds

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Telkom Pension Fund duration	3.7 years	4.3 years	3.7 years	4.3 years
Medical aid duration	6.6 years	6.5 years	6.6 years	6.5 years
Telephone rebate duration	8.0 years	7.9 years	8.0 years	7.9 years
Long service award duration	4.4 years	4.1 years	4.4 years	4.1 years

The duration is impacted by the size of each liability. The next full valuations for all funds will be performed at 31 March 2027.

Principal actuarial assumptions were as follows:

Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Males over 65 (years)	17.10	17.00	17.10	17.00
Females over 65 (years)	21.50	21.30	21.50	21.30
Telkom Pension Fund discount rate (%)	8.50	9.20	8.50	9.20
Medical aid discount rate (%)	9.20	10.20	9.20	10.20
Telephone rebate discount rate (%)	9.50	10.80	9.50	10.80
Long service award discount rate (%)	8.80	9.10	8.80	9.10
Telkom Pension Fund interest on plan assets (%)	8.50	9.20	8.50	9.20
Medical aid interest on plan assets (%)	9.20	10.20	9.20	10.20
Salary inflation rate (%)	4.70	5.00	4.70	5.00
Telkom Pension Fund pension increase allowance (%)	2.40	6.30	2.40	6.30
Medical inflation rate (%)	6.00	6.70	6.00	6.70
Contractual retirement age	65	65	65	65
Average retirement age	58	56	58	56

The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) ultimate table, minus one year age rating, as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.2 The Telkom Pension Fund

The Telkom Pension Fund is a defined benefit fund that was created in terms of the Post Office Amendment Act, 85 of 1991.

The latest actuarial valuation performed at 31 March 2026 indicates that the pension fund is in a surplus position of R10 million (31 March 2025: R32 million). The recognition of the surplus is limited due to the application of the asset limitation criteria in IAS 19 (Employee Benefits). The Telkom Pension Fund is closed to new members. The pension plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The funded status of the Telkom Pension Fund is disclosed below.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
The Telkom Pension Fund				
The net periodic pension costs include the following components:				
Interest cost on projected benefit obligations	2	2	2	2
Service cost on projected benefit obligations	1	1	1	1
Settlement costs	8	—	8	—
Interest on plan assets after asset restriction	(2)	(2)	(2)	(2)
Net periodic pension expense recognised in profit or loss	9	1	9	1
The net periodic other comprehensive income includes the following components:				
Actuarial loss from financial assumptions changes	(1)	(2)	(1)	(2)
Actuarial gain due to demographic assumptions changes	3	1	3	1
Asset ceiling in terms of IAS 19.64	11	(4)	11	(4)
Net periodic pension income/(expense) recognised in other comprehensive income	13	(5)	13	(5)
Cumulative actuarial gain	44	31	44	31
The status of the pension plan obligation is as follows:				
At the beginning of the year	54	47	54	47
Interest cost	4	5	4	5
Current service cost	1	1	1	1
Benefits paid	(9)	—	(9)	—
Actuarial loss	6	1	6	1
Settlement	8	—	8	—
Transfers out	(39)	—	(39)	—
Benefit obligation at the end of the year	25	54	25	54

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued**10.2 The Telkom Pension Fund** continued

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Plan assets at fair value:				
At the beginning of the year	86	77	86	77
Interest on plan assets	5	9	5	9
Benefits paid	(9)	—	(9)	—
Actuarial gain	8	—	8	—
Transfers out	(55)	—	(55)	—
Plan assets at the end of the year	35	86	35	86
Present value of funded obligation	(25)	(54)	(25)	(54)
Fair value of plan assets	35	86	35	86
Fund surplus	10	32	10	32
Asset ceiling in terms of IAS 19.64	(10)	(19)	(10)	(19)
Recognised net asset	—	13	—	13
Interest on plan assets after asset restriction	2	2	2	2
Actuarial gain on plan assets	8	—	8	—
Actual return on plan assets	10	2	10	2
Plan assets balance comprises:				
Cash and cash equivalents	1	3	1	3
Equity securities	12	31	12	31
Property	3	2	3	2
Bonds	4	14	4	14
Commodities	—	1	—	1
Foreign investments	15	35	15	35
Total	35	86	35	86

Funding arrangements

The Telkom Pension Fund invests its funds in South Africa and internationally. Two fund managers invest in South Africa and globally through their balanced funds. The Telkom Pension Fund is a closed defined benefit fund that is no longer open to new employees.

There is no material investment in Telkom shares included in the Telkom Pension Fund assets.

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Funding level per statutory actuarial valuation (%)	100	100	100	100
The number of employees registered under the Telkom Pension Fund	6	14	6	14
The fund portfolio consists of the following percentages:				
Cash (%)	3	4	3	4
Equities (%)	36	36	36	36
Property (%)	7	3	7	3
Bonds (%)	10	16	10	16
Commodities (%)	1	1	1	1
Foreign Investments (%)	43	40	43	40
Total	100	100	100	100

The total estimated contributions to be paid to the pension fund by the employer for the year ending 31 March 2027 is R0.3 million.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.3 The Telkom Retirement Fund

Significant accounting judgement in the settlement of the TRF

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

Management considered whether Telkom has eliminated all further obligations for all the benefits provided under the TRF in order to achieve full derecognition of the obligation.

The rules of the TRF were amended to remove the employer's obligation to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account.

The amendment of the TRF rules has resulted in Telkom having no further obligation to fund any deficit unless it freely enters into a future agreement in writing, creating a future obligation. The views stipulated above were supported by both the pension fund specialist legal counsel and actuarial specialists.

Settlement of the TRF

The TRF was a hybrid fund which was established on 1 July 1995. The TRF was a defined contribution plan in respect of in-service members and a defined benefit plan in respect of pensioners, i.e. members' benefits accrue on a defined contribution basis until retirement. At retirement, members have the option to purchase a guaranteed pension from the TRF, at which point they become defined benefit pensioners. Prior to 1 July 2024, the option to purchase a pension from the fund was limited to those who joined employment before 1 September 2009, but a rule amendment in the TRF extended this benefit option to all retiring employees.

A rule amendment was registered by the FSCA with effect from 1 July 2024 to remove the employer's obligations to make special contributions to the TRF as may be necessary to eliminate any actuarial shortfalls in the pensions account by limiting the pensioner liability in the TRF to the balance in the pensions account.

As a result of the rule amendment, no obligation exists in any scenario for Telkom to make contributions or any other payments to fund any deficit in the fund as pension increase percentages and pensions itself may be adjusted to eliminate any shortfall. The rule amendment prescribes an investment strategy which mitigates against future deficits. Thus, the amounts available for in-fund pensions will always be equal to the amount available in the pensions account. Due to this matching, Telkom will never have any obligation towards the TRF. Therefore, Telkom settled the TRF liability as it had no further obligation for part or all of the benefits provided under a defined benefit plan.

Linked to the rule amendment was an in-principle decision made by the Telkom Board to pay a once-off amount to strengthen the pensioner reserves following the rule amendment. This resulted in Telkom having to pay the TRF the once-off amount on approval of the rule amendment by the FSCA. In prior year (November 2024), the once-off amount of R330 million was paid to the TRF, funded through the post-retirement medical aid (refer to [note 10.4](#)) to settle the provision raised in September 2024.

The gain or loss on settlement was determined as the difference between:

- The present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- The settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement. In Telkom's case, the R330 million will form part of the amount that the entity pays in connection with the settlement.

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

	31 March 2025
	Rm
Derecognition of the TRF plan asset as at 1 July 2024	(42 580)
Derecognition of the TRF obligation as at 1 July 2024	42 292
Settlement of the provision for payment to the TRF	(330)
Loss on settlement (refer to note 3.4.3)	(618)

Included in the loss on settlement of the TRF in the prior year was a non-cash portion of R288 million resulting from the recognition of the asset ceiling which was appropriately accounted for in the cash generated from operations note in the increase/decrease in provisions line item. Refer to [note 3.6](#). In the prior year, the loss on settlement after tax was R451 million.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.3 The Telkom Retirement Fund continued

The funded status of the Telkom Retirement Fund prior to 1 July 2024 is disclosed below:

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
The Telkom Retirement Fund				
The net periodic retirement costs include the following components:				
Interest cost on projected benefit obligations	—	1 346	—	1 346
Interest on plan assets	—	(1 356)	—	(1 356)
Service cost on projected benefit obligations	—	153	—	153
Net periodic pension expense recognised in profit or loss	—	143	—	143
The net periodic other comprehensive income includes the following components:				
Actuarial loss due to financial assumptions changes	—	(46)	—	(46)
Actuarial gain due to experience adjustments	—	517	—	517
Actuarial loss due to demographic assumptions changes	—	(29)	—	(29)
Actuarial loss due to the recognition of asset ceiling on derecognition	—	(288)	—	(288)
Net periodic pension income recognised in other comprehensive income	—	154	—	154
Cumulative actuarial loss	—	(398)	—	(398)
Benefit obligation:				
At the beginning of the year	—	41 702	—	41 702
Interest cost	—	1 346	—	1 346
Current service cost	—	153	—	153
Employee contributions	—	73	—	73
Benefits paid	—	(605)	—	(605)
Transfers in	—	44	—	44
Actuarial gain	—	(421)	—	(421)
Derecognition of the TRF obligation as at 1 July 2024	—	(42 292)	—	(42 292)
Benefit obligation at the end of the year	—	—	—	—

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Plan assets:				
At the beginning of the year	—	41 772	—	41 772
Interest on plan assets	—	1 358	—	1 358
Employer contributions ¹	—	278	—	278
Employee contributions	—	71	—	71
Benefits paid	—	(605)	—	(605)
Transfers in	—	44	—	44
Actuarial loss	—	(338)	—	(338)
Actuarial gain on asset ceiling	—	71	—	71
Movement in asset ceiling	—	(71)	—	(71)
Derecognition of the TRF plan assets as at 1 July 2024	—	(42 580)	—	(42 580)
Net liability	—	—	—	—
Interest on plan assets	—	1 358	—	1 358
Actuarial loss on plan assets	—	(338)	—	(338)
Actual return on plan assets	—	1 020	—	1 020

¹ This relates to contributions made before the derecognition of the TRF.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.4 Medical benefits

Telkom makes certain contributions to medical aid funds in respect of current and retired employees. The scheme is a defined benefit plan. The expense in respect of current employees' medical aid is disclosed in [note 3.4.3](#). The amounts due in respect of post-retirement medical benefits to current and retired employees have been actuarially determined and provided for as set out in [note 6.5](#). Telkom has terminated future post-retirement medical benefits in respect of employees joining after 1 July 2000.

There are three major categories of members entitled to the post-retirement medical aid: pensioners who retired before 1994 (Pre-94); those who retired after 2013; and the in-service members. The pensioners retiring post 2013 and the in-service members' liabilities are subject to a rand cap, which increases as per the Board's approval.

Eligible employees must remain employed by Telkom until retirement age to qualify for the post-retirement medical aid benefit. The most recent actuarial valuation of the benefit was performed as at 31 March 2026.

The medical aid plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Medical aid				
Benefit obligation:				
At the beginning of the year	1 306	1 262	1 284	1 240
Interest cost	116	136	116	136
Service cost	3	1	3	1
Actuarial loss	82	84	82	84
Benefits paid from plan assets	(181)	(177)	(159)	(177)
Benefit obligation at the end of the year	1 326	1 306	1 326	1 284
Plan assets at fair value:				
At the beginning of the year	2 286	2 528	2 286	2 528
Interest on plan assets	212	283	212	283
Benefits paid from plan assets	(180)	(178)	(180)	(178)
Employer withdrawal	—	(332)	—	(332)
Actuarial gain/(loss)	25	(15)	25	(15)
Plan assets at the end of the year	2 343	2 286	2 343	2 286
Present value of funded obligation	(1 326)	(1 306)	(1 326)	(1 284)
Fair value of plan assets	2 343	2 286	2 343	2 286
Fund surplus	1 017	980	1 017	1 002
Liability as disclosed in the statement of financial position (refer to note 6.5)	(6)	(7)	—	—
Asset as disclosed in the statement of financial position	1 011	973	1 017	1 002
The net periodic other comprehensive expense includes the following components:				
Actuarial loss due to financial assumptions changes	(36)	(74)	(36)	(74)
Actuarial gain/ (loss) due to experience adjustments	20	(17)	20	(17)
Actuarial loss due to demographic assumptions changes	(41)	(12)	(41)	(12)
Net periodic pension expense recognised in other comprehensive income	(57)	(103)	(57)	(103)
Cumulative actuarial loss	(1 736)	(1 679)	(1 742)	(1 685)
Plan assets at fair value:				
Interest on plan assets	212	283	212	283
Actuarial gain/(loss) on plan assets	25	(15)	25	(15)
Actual return on plan assets	237	268	237	268
Plan asset balance comprises:				
Cash and cash equivalents	53	57	53	57
Equity securities	1 189	1 081	1 189	1 081
Bonds	1 062	1 111	1 062	1 111
Foreign investments	39	37	39	37
Total	2 343	2 286	2 343	2 286

All equity securities and government bonds have quoted prices in active markets.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.4 Medical benefits continued

Funding arrangements

The general funding arrangements from the plan assets is to maximise long-term capital growth and long-term total return on Telkom's portfolios. The portfolios are managed as a segregated portfolio, including international investments. The investment objective is to provide an absolute return, measured over a 36-month period, in excess of CPI-X plus 5% per annum. The funding arrangements for the plan assets are managed by designated asset managers who apply a flexible investment approach to Telkom's portfolios. This approach includes investing in holding equities, property, fixed income and money market assets, in varying weightings at any point in time.

	Group		Company	
	31 March 2026 %	31 March 2025 %	31 March 2026 %	31 March 2025 %
The fund portfolio consists of the following percentages:				
Cash and money market investments	2	2	2	2
Equities	51	47	51	47
Bonds	45	49	45	49
Foreign investments	2	2	2	2
Total	100	100	100	100

The total estimated contributions to be paid to the post-retirement medical aid by the employer for the year ending 31 March 2027 is Rnil as the liability is currently significantly overfunded.

10.5 Telephone rebates

Telkom provides telephone rebates to its pensioners who joined prior to 1 August 2009. The most recent actuarial valuation was performed as at 31 March 2026. Eligible employees must be employed by Telkom until retirement age to qualify for the telephone rebates. The scheme is a defined benefit plan.

The telephone rebate benefit exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The status of the telephone rebate liability is disclosed below:

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Telephone rebates				
Benefit obligation:				
At the beginning of the year	370	316	370	316
Current service cost	1	1	1	1
Interest cost	36	39	36	39
Actuarial (gain)/loss	(20)	44	(20)	44
Benefits paid	(28)	(30)	(28)	(30)
Liability as disclosed in the statement of financial position (refer to note 6.5)	359	370	359	370
The net periodic other comprehensive expense includes the following components:				
Actuarial loss due to financial assumptions changes	(32)	(54)	(32)	(54)
Actuarial gain due to experience adjustments	43	10	43	10
Actuarial gain due to demographic assumptions changes	9	—	9	—
Net periodic pension income/(expense) recognised in other comprehensive income	20	(44)	20	(44)
Cumulative actuarial loss	161	141	161	141
Number of members	3 541	3 645	3 541	3 645
Number of pensioners	11 772	13 726	11 772	13 726

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.6 Sensitivity analysis

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
	Increase/(decrease) in the post-employment liability			
The Telkom Pension Fund				
Increase in discount rate by 0.5%	—	(1)	—	(1)
Decrease in discount rate by 0.5%	—	1	—	1
Increase in inflation rate by 1%	1	2	1	2
Decrease in inflation rate by 1%	(1)	(2)	(1)	(2)
Increase in salary inflation by 1%	1	2	1	2
Decrease in salary inflation by 1%	(1)	(2)	(1)	(2)
Change in post-retirement mortality rating from -1 to -3 years	—	1	—	1
Change in post-retirement mortality rating from -1 to 0 years	—	(1)	—	(1)
Medical benefits				
Increase in discount rate by 0.5%	(38)	(36)	(38)	(36)
Decrease in discount rate by 0.5%	40	38	40	38
Increase in inflation rate by 1%	62	59	62	59
Decrease in inflation rate by 1%	(56)	(53)	(56)	(53)
Change in post-retirement mortality rating from -1 to -3 years	59	56	59	56
Change in post-retirement mortality rating from -1 to 0 years	(57)	(55)	(57)	(55)
Telephone rebates				
Increase in discount rate by 0.5%	(13)	(12)	(13)	(12)
Decrease in discount rate by 0.5%	14	13	14	13
Increase in inflation rate to 5%	212	192	212	192
Change in post-retirement mortality rating from -1 to -3 years	6	6	6	6
Change in post-retirement mortality rating from -1 to 0 years	(6)	(6)	(6)	(6)
Increase in normal retirement age from 58 years to 60 years	(9)	(22)	(9)	(22)
Decrease in normal retirement age from 58 years to 50 years	33	16	33	16

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.7 Telkom Group employee share scheme

Summary of material accounting policies

The Group has a share-based payment compensation plan. The plan is an equity-settled plan, consisting of the long-term incentive plan (LTIP), the employee share ownership plan (ESOP) and an additional share award (ASA).

The expense relating to the services rendered by the employees, and the corresponding increase in equity, is measured at the fair value of the equity instruments at their grant date based on the market price at that date. This compensation cost is recognised over the vesting period, based on the best available estimate at each reporting date of the number of equity instruments that are expected to vest.

During the vesting period, participants have all the shareholders' rights, including the right to vote and share in any dividend distribution.

Telkom's shareholders approved the Telkom forfeitable share plan (FSP) and the ASA at the September 2013 AGM.

In the FSP, employees acquire shareholder rights on the grant date for the forfeitable shares (these include dividends and voting rights).

An employee turnover assumption of 3.1% to 7.0% has been used in calculating the expected number of shares that will vest. The turnover relates to the various entities within the Group.

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Telkom share scheme are as follows:

	Vesting financial year				
	2026	2027	2028	2029	2030
Telkom LTIP grants					
Telkom LTIP - 2022 financial year					
Vesting timelines	30%	20%	—	—	—
Probability of meeting non-market-related criteria	92%	92%	—	—	—
Telkom LTIP 2 - 2022 financial year					
Vesting timelines	30%	20%	—	—	—
Probability of meeting non-market-related criteria	93%	93%	—	—	—
Telkom LTIP - 2023 financial year					
Vesting timelines	50%	30%	20%	—	—
Probability of meeting non-market-related criteria	94%	94%	94%	—	—
Telkom LTIP 2 - 2023 financial year					
Vesting timelines	50%	30%	20%	—	—
Probability of meeting non-market-related criteria	94%	94%	94%	—	—
Telkom LTIP - 2025 financial year					
Vesting timelines	—	—	—	100%	—
Probability of meeting non-market-related criteria	—	—	—	40%	—
Telkom LTIP - 2026 financial year					
Vesting timelines	—	—	—	—	100%
Probability of meeting non-market-related criteria	—	—	—	—	70%
Telkom ESOP grants					
Telkom ESOP - 2023 financial year					
Vesting timelines	100%	—	—	—	—
Probability of meeting non-market-related criteria	94%	—	—	—	—

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.7 Telkom Group employee share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the BCX share scheme are as follows:

BCX LTIP grants	Vesting financial year				
	2026	2027	2028	2029	2030
BCX grant - 2022 financial year					
Vesting timelines	30%	20%	—	—	—
Probability of meeting non-market-related criteria	92%	92%	—	—	—
BCX grant - 2023 financial year					
Vesting timelines	50%	30%	20%	—	—
Probability of meeting non-market-related criteria	94%	94%	94%	—	—
BCX grant 2 - 2023 financial year					
Vesting timelines	50%	30%	20%	—	—
Probability of meeting non-market-related criteria	94%	94%	94%	—	—
BCX grant - 2025 financial year					
Vesting timelines	—	—	—	100%	—
Probability of meeting non-market-related criteria	—	—	—	40%	—
BCX grant - 2026 financial year					
Vesting timelines	—	—	—	—	100%
Probability of meeting non-market-related criteria	—	—	—	—	70%
BCX ESOP grants					
BCX grant - 2023 financial year					
Vesting timelines	100 %	—	—	—	—
Probability of meeting non-market-related criteria	94 %	—	—	—	—

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Trudon share scheme are as follows:

Trudon grants	Vesting financial year				
	2026	2027	2028	2029	2030
Trudon grant - 2023 financial year					
Vesting timelines	100%	—	—	—	—
Probability of meeting non-market-related criteria	94%	—	—	—	—

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Gyro share scheme are as follows:

Gyro LTIP grants	Vesting financial year			
	2026	2027	2028	2029
Gyro grant - 2022 financial year				
Vesting timelines	30%	20%	—	—
Probability of meeting non-market-related criteria	92%	92%	—	—
Gyro grant 2 - 2022 financial year				
Vesting timelines	30%	20%	—	—
Probability of meeting non-market-related criteria	93%	93%	—	—
Gyro grant - 2023 financial year				
Vesting timelines	50%	30%	20%	—
Probability of meeting non-market-related criteria	94%	94%	94%	—
Gyro ESOP grants				
Gyro grant - 2023 financial year				
Vesting timelines	100%	—	—	—
Probability of meeting non-market-related criteria	94%	—	—	—

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.7 Telkom Group employee share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Openserve share scheme are as follows:

	Vesting financial year				
	2026	2027	2028	2029	2030
Openserve LTIP grants					
Openserve grant - 2023 financial year					
Vesting timelines	50%	30%	20%	—	—
Probability of meeting non-market-related criteria	94%	94%	94%	—	—
Openserve grant - 2025 financial year					
Vesting timelines	—	—	—	100%	—
Probability of meeting non-market-related criteria	—	—	—	40%	—
Openserve grant - 2026 financial year					
Vesting timelines	—	—	—	—	100%
Probability of meeting non-market-related criteria	—	—	—	—	70%
Openserve ESOP grants					
Openserve grant - 2023 financial year					
Vesting timelines	100%	—	—	—	—
Probability of meeting non-market-related criteria	94%	—	—	—	—

The actuaries independently verified the probabilities.

Certain BCX employees were granted shares in terms of a BCX share scheme. Based on the BCX Group achieving the performance conditions, the shares will vest between the 2026 and 2030 financial years.

Certain Trudon employees were granted shares in terms of a Trudon share scheme. Based on Trudon achieving the performance conditions, the shares will vest in the 2026 financial year.

Certain Gyro employees were granted shares in terms of a Gyro share scheme. Based on Gyro achieving the performance conditions, the shares will vest between the 2026 and 2028 financial years.

Certain Openserve employees were granted shares in terms of an Openserve share scheme. Based on Openserve achieving the performance conditions, the shares will vest between the 2026 and 2030 financial years.

For the vesting to occur, the targets (including performance conditions) must be met. The targets are measured in each financial year after the grant date.

The weighted average remaining vesting period for all the shares outstanding as at 31 March 2026 is 1.52 years (31 March 2025: 0.54 years).

The following table illustrates the movement in the maximum number of shares that were granted to employees:

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
	Number of shares	Number of shares	Number of shares	Number of shares
Beginning of the year	12 118 701	17 008 725	7 562 095	10 736 908
Vested shares during the year	(580 675)	(5 538 227)	(499 509)	(4 048 687)
Forfeited shares and other movements during the year	(5 602 337)	(5 034 117)	(2 647 545)	(3 146 632)
Shares granted during the year	4 425 803	5 682 320	3 242 215	4 020 506
Outstanding at the end of the year	10 361 492	12 118 701	7 657 256	7 562 095

In relation to market-related performance criteria, IFRS 2 requires a fair value to be placed on employee share grants/options. Fair value is measured as the market price of the entity's share grants/options adjusted for the terms and conditions applicable to the grant/option. Since employee share grants/options are not traded, there is no market price available. For this reason, the fair value of the grants/options must be determined by using an option pricing model.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.7 Telkom Group employee share scheme continued

The following tables represent the assumptions used in the valuation of the share scheme:

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Telkom			
Grant 9 (2022 financial year)			
- Vesting 30 June 2024	48.11	40%	4.98%
- Vesting 30 June 2025	48.11	40%	5.51%
- Vesting 30 June 2026	48.11	40%	6.01%
Grant 10 (2022 financial year)			
- Vesting 30 June 2024	47.12	45%	5.99%
- Vesting 30 June 2025	47.12	45%	6.53%
- Vesting 30 June 2026	47.12	45%	6.94%
Grant 11 (2023 financial year)			
- Vesting 30 June 2025	36.20	50%	7.09%
- Vesting 30 June 2026	36.20	50%	7.40%
- Vesting 30 June 2027	36.20	50%	7.69%
Grant 11 (2) (2023 financial year)			
- Vesting 30 June 2025	33.79	52%	7.82%
- Vesting 30 June 2026	33.79	52%	7.90%
- Vesting 30 June 2027	33.79	52%	8.04%
Grant 12 (2025 financial year)			
- Vesting 30 June 2028	36.30	53%	7.14%
Grant 13 (2026 financial year) ¹			
- Vesting 29 June 2029	48.85	44%	6.63%
BCX			
Grant 4 (2022 financial year)			
- Vesting 30 June 2024	48.11	40%	4.98%
- Vesting 30 June 2025	48.11	40%	5.51%
- Vesting 30 June 2026	48.11	40%	6.01%
Grant 5 (2023 financial year)			
- Vesting 30 June 2025	36.20	50%	7.09%
- Vesting 30 June 2026	36.20	50%	7.40%
- Vesting 30 June 2027	36.20	50%	7.69%
Grant 5 (2) (2023 financial year)			
- Vesting 30 June 2025	32.80	52%	7.96%
- Vesting 30 June 2026	32.80	52%	8.10%
- Vesting 30 June 2027	32.80	52%	8.25%
Grant 6 (2025 financial year)			
- Vesting 30 June 2028	36.30	53%	7.14%
Grant 7 (2026 financial year) ¹			
- Vesting 29 June 2029	48.85	44%	6.63%

¹ On 1 December 2025, Telkom granted 4 425 803 shares to a certain group of employees in terms of the LTIP. The LTIP scheme provides for the granting of a fixed number of shares to eligible participating employees at the vesting date. The vesting date is 31 March 2029, at which point the award vests 100% if the performance conditions have been met and if the employee is still in the employment of the Telkom Group.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.7 Telkom Group employee share scheme continued

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Trudon			
Grant 5 (2023 financial year)			
- Vesting 30 June 2026	36.20	50%	7.09%
Gyro			
Grant 3 (2020 financial year)			
- Vesting 30 June 2024	93.82	35%	7.53%
Grant 4 (2022 financial year)			
- Vesting 30 June 2024	48.11	40%	4.98%
- Vesting 30 June 2025	48.11	40%	5.51%
- Vesting 30 June 2026	48.11	40%	6.01%
Grant 5 (2022 financial year)			
- Vesting 30 June 2024	47.12	45%	5.99%
- Vesting 30 June 2025	47.12	45%	6.53%
- Vesting 30 June 2026	47.12	45%	6.94%
Grant 6 (2023 financial year)			
- Vesting 30 June 2025	36.20	50%	7.09%
- Vesting 30 June 2026	36.20	50%	7.40%
- Vesting 30 June 2027	36.20	50%	7.69%
Openserve			
Grant 1 (2023 financial year)			
- Vesting 30 June 2025	36.20	50%	7.09%
- Vesting 30 June 2026	36.20	50%	7.40%
- Vesting 30 June 2027	36.20	50%	7.69%
Grant 2 (2025 financial year)			
- Vesting 30 June 2028	36.30	53%	7.14%
Grant 3 (2026 financial year) ¹			
- Vesting 29 June 2029	48.85	44%	6.63%

¹ On 1 December 2025, Telkom granted 4 425 803 shares to a certain group of employees in terms of the LTIP. This LTIP scheme provides for the granting of a fixed number of shares to eligible participating employees at the vesting date. The vesting date is 31 March 2029, at which point the award vests 100% if the performance conditions have been met and if the employee is still in the employment of the Telkom Group.

The key performance indicators related to all the share scheme grants are headline earnings per share, free cash flow, return on invested capital, social impact, emissions and total shareholder return.

The share price volatility is based on the five-year average volatility observed for the Telkom share price.

Notes to the annual financial statements continued

for the year ended 31 March 2026

11. Related parties

11.1 Directors' interest and Prescribed Officers

	Group and Company				Group and Company			
	31 March 2026				31 March 2025			
	Beneficial		Non-Beneficial		Beneficial		Non-Beneficial	
Directors' shareholding	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
Number of shares								
Executive								
S Taukobong (Group Chief Executive Officer)	322 283	—	—	—	265 689	—	—	—
N Dlamini (Group Chief Financial Officer)	—	—	—	—	—	—	—	—
	322 283	—	—	—	265 689	—	—	—
Non-executive								
B Kennedy	—	—	—	—	200	—	—	—
KA Rayner	2 500	—	—	—	2 500	—	—	—
M Booï	3 000	—	—	—	—	—	—	—
	5 500	—	—	—	2 700	—	—	—

There has been no change in the above since 31 March 2026 to the date of approval of the annual financial statements.

	Group and Company				
	Retainer fees	Committee fees	Performance bonus	Fringe and other benefits	Total
Emoluments per Director:	R	R	R	R	R
31 March 2026					
Non-executive	8 871 510	7 114 134	—	—	15 985 644
M Booï	520 643	196 110	—	—	716 753
O Ighodaro	520 643	889 829	—	—	1 410 472
B Kennedy	520 643	789 002	—	—	1 309 645
KP Lebina	520 643	602 542	—	—	1 123 185
PCS Luthuli	520 643	738 893	—	—	1 259 536
EG Matenge-Sebesho	520 643	621 975	—	—	1 142 618
M Msimang	520 643	196 110	—	—	716 753
MG Qhena	2 330 241	—	—	—	2 330 241
KA Rayner	520 643	986 704	—	—	1 507 347
IO Selele	520 643	485 623	—	—	1 006 266
SP Sibisi	520 643	530 164	—	—	1 050 807
H Singh	520 643	712 518	—	—	1 233 161
SH Yoon	814 196	364 664	—	—	1 178 860

	Remuneration ¹	Performance bonus	Fringe and other benefits	Total
	R	R	R	R
Executives who held office during 31 March 2026	17 736 863	16 359 756	12 588	34 109 207
S Taukobong (Group Chief Executive Officer)	10 468 238	10 000 000	12 292	20 480 530
N Dlamini (Group Chief Financial Officer)	7 268 625	6 359 756	296	13 628 677
Total emoluments - paid by Telkom				50 094 851

¹ Remuneration includes basic salary, company contribution to the TRF and flexible benefits.

Notes to the annual financial statements continued

for the year ended 31 March 2026

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

Emoluments per Director	Group and Company				Total R
	Retainer fees R	Committee fees R	Performance bonus R	Fringe and other benefits R	
31 March 2025					
Non-executive	8 261 582	5 657 538	—	—	13 919 120
M Booï	366 208	97 067	—	—	463 275
O Ighodaro	493 500	603 863	—	—	1 097 363
B Kennedy	493 500	669 458	—	—	1 162 958
KP Lebina	493 500	462 922	—	—	956 422
PCS Luthuli	493 500	565 838	—	—	1 059 338
EG Matenge-Sebeshe	493 500	515 083	—	—	1 008 583
M Msimang	366 208	97 067	—	—	463 275
MG Qhena	2 120 083	—	—	—	2 120 083
KA Rayner	493 500	817 984	—	—	1 311 484
IO Selele	493 500	354 909	—	—	848 409
SP Sibisi	493 500	396 026	—	—	889 526
H Singh	493 500	527 633	—	—	1 021 133
LL Von Zeuner	195 833	256 250	—	—	452 083
SH Yoon	771 750	293 438	—	—	1 065 188
			Performance bonus R	Fringe and other benefits R	Total R
Executives who held office during 31 March 2025					
S Taukobong (Group Chief Executive Officer)		16 747 500	16 142 461	12 589	32 902 550
N Dlamini (Group Chief Financial Officer)		9 922 500	10 000 000	12 293	19 934 793
		6 825 000	6 142 461	296	12 967 757
Total emoluments - paid by Telkom					46 821 670

¹ Remuneration includes basic salary, company contribution to the TRF and flexible benefits.

Refer to the Directors report for appointments and resignations.

Included in fringe and other benefits is motor car insurance for S Taukobong of R11 997 (31 March 2025: R11 997).

S Taukobong was granted 309 131 shares (31 March 2025: 418 002 shares) and the total IFRS 2 expense was R10 236 291 (31 March 2025: R7 296 183). N Dlamini was granted 143 097 shares (31 March 2025: 311 036 shares) and the total IFRS 2 expense was R2 702 091 (31 March 2025: 1 608 056). The IFRS 2 expense includes previously granted shares. The Group reassessed the estimated number of shares that will vest for executives based on the current performance against vesting targets. In terms of the Telkom share scheme rules and IFRS 2 (Share-based Payments), 66 711 (31 March 2025: 531 699) shares vested to Mr S Taukobong and may be exercised after the closed period and no shares vested to Ms N Dlamini.

Notes to the annual financial statements continued

for the year ended 31 March 2026

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

Emoluments per Prescribed Officer:	Group and Company				
	Remuneration ¹	Incentive bonus	Fringe and other benefits ²	Total	Pension - TRF 13% ³
	R	R	R	R	R
31 March 2026					
BN Apleni ⁴	4 500 000	5 640 015	9 219	10 149 234	339 300
PJ Bogoshi ⁵	5 678 869	—	3 032 160	8 711 029	553 690
NM Lekota	4 912 250	4 284 299	296	9 196 845	515 786
M McNamee	4 388 800	4 115 514	12 021	8 516 335	342 326
S Mmakau	4 618 263	4 087 741	417 626	9 123 630	360 225
LM Siyo	6 391 425	6 632 897	6 343 703	19 368 025	370 703
Total emoluments - granted by Telkom	30 489 607	24 760 466	9 815 025	65 065 098	2 482 030

Emoluments per Prescribed Officer:	Group and Company				
	Remuneration ¹	Incentive bonus	Fringe and other benefits ²	Total	Pension - TRF 13% ³
	R	R	R	R	R
31 March 2025					
AC Beukes ⁶	5 985 000	—	7 466 350	13 451 350	544 635
PJ Bogoshi	5 956 856	2 251 937	296	8 209 089	580 794
NM Lekota	4 656 161	4 190 767	296	8 847 224	488 897
M McNamee	2 855 244	2 740 642	2 999	5 598 885	225 165
S Mmakau	4 250 000	3 940 910	908 629	9 099 539	331 500
DJ Reyneke ⁷	6 420 960	4 367 627	12 293	10 800 880	726 211
LM Siyo	6 001 338	5 679 695	12 293	11 693 326	348 078
Total emoluments - granted by Telkom	36 125 559	23 171 578	8 403 156	67 700 293	3 245 280

¹ Remuneration includes basic salary and has been apportioned based on the period served by Prescribed Officers. Comparative information has been provided for members identified as Prescribed Officers.

² Fringe and other benefits include motor car insurance, retention bonus, separation packages and leave payments.

³ The pension contribution is a company contribution.

⁴ Appointed as the Chief Executive Officer of Openserve effective 1 July 2025.

⁵ Resigned as the BCX Chief Executive Officer effective 28 February 2026.

⁶ Resigned as the Openserve Chief Executive Officer effective 13 December 2024.

⁷ Resigned as Prescribed Officer effective 31 October 2025.

Notes to the annual financial statements continued

for the year ended 31 March 2026

11. Related parties continued

11.1 Directors' interest and Prescribed Officers continued

Share allocation per Prescribed Officer:	Total vested shares year to date	Number of shares FY2020/21	Number of shares FY2021/22	Number of shares FY2022/23	Number of shares FY2024/25	Number of shares FY2025/26	IFRS 2 expense R
31 March 2026							
BN Apleni	12 062	111 037	73 102	31 003	59 169	162 920	2 529 756
NM Lekota	290 648	380 816	76 230	75 899	130 766	96 707	4 449 648
M McNamee	—	—	—	—	112 338	86 402	1 182 503
S Mmakau	—	—	—	—	119 359	90 919	1 251 154
LM Siyo	344 712	404 449	171 051	97 827	168 544	250 474	6 331 526
	647 422	896 302	320 383	204 729	590 176	687 422	15 744 587

Share allocation per Prescribed Officer:	Total vested shares year to date	Number of shares FY2019/20	Number of shares FY2020/21	Number of shares FY2021/22	Number of shares FY2022/23	Number of shares FY2024/25	IFRS 2 expense R
31 March 2025							
AC Beukes	365 884	36 275	505 561	99 344	99 419	—	1 937 277
PJ Bogoshi	425 139	63 364	517 998	291 284	100 872	83 648	3 267 580
NM Lekota	278 070	46 583	380 816	76 230	75 899	130 766	2 234 598
M McNamee	—	—	—	—	—	112 338	580 787
S Mmakau	—	—	—	—	—	119 359	617 086
DJ Reyneke	259 282	14 900	345 893	108 146	106 660	108 198	2 194 743
LM Siyo	316 489	37 106	404 449	171 051	97 827	168 544	2 908 063
	1 644 864	198 228	2 154 717	746 055	480 677	722 853	13 740 134

11.2 Related party transactions and balances

The South African Government, represented by the Department of Communication and Digital Technologies, exercises significant influence over the Group. Telkom is classified as a Schedule 2 major public entity in terms of the Public Finance Management Act. Telkom is part of the national sphere of government, and its related parties in that sphere include national departments, constitutional institutions and public entities (schedule 1, 2 and 3). Telkom is therefore related to major public entities, national government departments and all other entities within the national sphere of government. A list of related parties is provided by National Treasury on its website (www.treasury.gov.za).

Related parties include subsidiaries and associates of the Group. It also includes Directors and key management personnel of Telkom and close family members of these related parties. Key management personnel and Directors for Telkom include the Group's Board of Directors and Exco.

The Group has applied the exemption in IAS 24 paragraph 25 in respect of related party transactions and outstanding balances with government-related entities. The nature of the Group's transactions with these entities are within the ordinary course of operations.

At 31 March 2026, the Government of South Africa held 40.5% (31 March 2025: 40.5%) of Telkom's shares and had the ability to exercise significant influence, and the Public Investment Corporation held 11.08% (31 March 2025: 8.44%) of Telkom's shares.

Notes to the annual financial statements continued

for the year ended 31 March 2026

11. Related parties continued

11.2 Related party transactions and balances continued

	Company	
	31 March 2026 Rm	31 March 2025 Rm
With subsidiaries:		
Business Connexion Group Ltd		
<i>Related party balances</i>		
Trade receivables	—	206
Other receivables	299	45
Trade and other payables	(1 335)	(1 487)
<i>Related party transactions</i>		
Revenue and other income	(789)	(640)
Expenses	668	620
Dividend received	(490)	(279)
Dividend paid	6	—
Openserve (Pty) Ltd		
<i>Related party balances</i>		
Other receivables	534	639
Loan receivables	8 767	8 743
Trade and other payables	(203)	(625)
<i>Related party transactions</i>		
Revenue and other income	(998)	(800)
Expenses	5 277	5 286
Interest received	(817)	(903)
Interest expense	11	—
Trudon (Pty) Ltd		
<i>Related party balances</i>		
Trade and other payables	(2)	(7)
Swiftnet SOC Ltd¹		
<i>Related party transactions</i>		
Expenses	—	339
Dividend received	—	(365)
Interest received	—	(35)
Interest expense	—	1
Acajou Investments (Pty) Ltd t/a VS Gaming²		
<i>Related party balances</i>		
Other receivables	—	(92)
Trade and other payables	—	92
Telkom Foundation		
<i>Related party balances</i>		
Trade and other payables	(11)	(12)
<i>Related party transactions</i>		
Expenses	59	55
Interest expense	1	2
Rossal No 65 (Pty) Ltd		
Dividend paid	18	—

Notes to the annual financial statements continued

for the year ended 31 March 2026

11. Related parties continued

11.2 Related party transactions and balances continued

	Company	
	31 March 2026 Rm	31 March 2025 Rm
Gyro Group (Pty) Ltd³		
<i>Related party balances</i>		
Trade receivables	—	8
Other receivables	—	38
Trade and other payables	5	(116)
<i>Related party transactions</i>		
Other income	—	(92)
Interest expense	3	5
Gyro Properties (Pty) Ltd		
<i>Related party balances</i>		
Other receivables	1	13
Trade and other payables	(69)	(20)
<i>Related party transactions</i>		
Interest expense	4	2
Dividend received	(312)	(586)

¹ In the prior year, Swiftnet was sold effective 31 January 2025. Refer to [notes 12.2](#) and [12.3](#) for details.

² Deregistered in the current year.

³ Divisionalised in the current year.

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Key management personnel compensation (including Directors and Prescribed Officers' remuneration):				
<i>Related party transactions</i>				
Short-term employee benefits	325	270	256	208
Post-employment benefits	15	15	12	11
Termination benefits	12	9	7	7
Equity compensation benefits	35	21	31	24

Terms and conditions of transactions and balances with related parties

Except as indicated above, outstanding balances at 31 March 2026 are unsecured, include interest and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Except as indicated above, for the year ended 31 March 2026, the Group has not impaired any of the amounts owed by the related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

Notes to the annual financial statements continued

for the year ended 31 March 2026

12. Group composition

12.1 Group interest in subsidiaries and associates

Set out below is a list of the significant subsidiaries and associates of the Group at 31 March 2026, held directly by Telkom SA SOC Ltd. Unless otherwise stated, the entities as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interest held equals to the voting rights held by the Group.

	Country of incorporation	Issued share capital	Interest in issued ordinary share capital	Ownership interest held by non-controlling interest	Issued share capital	Interest in issued ordinary share capital	Ownership interest held by non-controlling interest
		31 March 2026	31 March 2026	31 March 2026	31 March 2025	31 March 2025	31 March 2025
		R	%	%	R	%	%
Business Connexion Group Ltd	RSA	2 280 500	100	—	2 280 500	100	—
Openserve (Pty) Ltd	RSA	11 212 194 372	100	—	11 212 194 372	100	—
Trudon (Pty) Ltd	RSA	100 000	100	—	100 000	100	—
Rossal No 65 (Pty) Ltd	RSA	100	100	—	100	100	—
Acajou Investments (Pty) Ltd t/a VS Gaming ¹	RSA	—	—	—	100	100	—
Number Portability Company ²	RSA	100	20	—	100	20	—
Gyro Properties (Pty) Ltd	RSA	100	100	—	100	100	—
Gyro Group (Pty) Ltd ³	RSA	—	—	—	100	100	—

¹ Deregistration was finalised in the current year.

² There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

³ Gyro Group was divisionalised into Telkom Company in the current financial year.

	31 March 2026	31 March 2025
	Rm	Rm
The disclosure of the interest in Number Portability Company is as follows:		
Closing carrying value	13	12

The total non-controlling interest for the year is R15 million (31 March 2025: R16 million) and relates to Business Connexion and Trudon and is not considered material to the Group.

Interest in operating profits, before eliminations, from subsidiaries	Revenue	EBITDA	EBIT	Net profit/(loss)
	Rm	Rm	Rm	Rm
31 March 2026				
Business Connexion Group Ltd	11 412	1 104	614	472
Openserve (Pty) Ltd	12 632	4 219	1 863	649
Telkom Foundation ¹	71	(2)	(2)	(1)
Gyro Properties (Pty) Ltd	1	92	91	103
Gyro Group (Pty) Ltd	—	(18)	(24)	(18)
31 March 2025				
Business Connexion Group Ltd	12 345	1 189	599	406
Openserve (Pty) Ltd	12 349	4 005	1 525	363
Swiftnet SOC Ltd ²	1 221	912	819	576
Telkom Foundation ¹	74	5	5	7
Gyro Properties (Pty) Ltd	8	544	534	453
Gyro Group (Pty) Ltd	161	(12)	(24)	(19)

¹ Non-profit making trust.

² In the prior year, Telkom sold its 100% shareholding in Swiftnet effective 31 January 2025. The above interest in operating profits, before eliminations, is for a period of 10 months up until 31 January 2025. Refer to [note 12.2](#).

None of the Group's equity-accounted investees are publicly listed entities and consequently do not have published price quotations.

Notes to the annual financial statements continued

for the year ended 31 March 2026

12. Group composition continued

12.2 Changes in shareholding

Disposal of Swiftnet

31 March 2025

In the prior year, 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 was recognised in profit from discontinued operation for Group and other income for Company in the statement of profit or loss and other comprehensive income. The Group and Company recognised a gain on disposal of R4 408 million and R4 998 million, respectively. Refer to [notes 3.3](#) and [12.3](#). The gain on disposal of Swiftnet, after tax, for Group and Company was R4 347 million and R4 795 million, respectively.

TowerCo BidCo paid R6 618 million cash consideration and R21 million non-cash consideration for the purchase of the shares and loan claims of the Swiftnet loan from Telkom Company. Of the R6 618 million, R6 259 million related to the purchase of the shares while the balance related to the settlement of the loan.

The carrying amounts of major classes of assets and liabilities disposed in the prior year are as follows:

	31 January 2025 Rm
Assets	2 284
Property, plant and equipment	1 563
Right-of-use assets	250
Intangible assets	11
Trade and other receivables	283
Cash and cash equivalents	177
Liabilities	649
Lease liabilities	243
Deferred taxation	61
Trade and other payables	230
Provisions	2
Deferred revenue	41
Current tax liability	72

Notes to the annual financial statements continued

for the year ended 31 March 2026

12. Group composition continued

12.3 Discontinued operation

Discontinued operation assessment

Prior to the Swiftnet disposal date of 31 January 2025, Swiftnet was confirmed to be a separate component of Telkom Group and classified as discontinued operation. This is as Swiftnet represented a separate major line of business.

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

	31 January 2025
	Rm
Statement of profit or loss and other comprehensive income	
Operating revenue	692
Gain on disposal of Swiftnet (refer to notes 3.3 and 12.2)	4 408
Other expenses	1
Maintenance	(1)
Employee expenses	(23)
Service fees	(150)
Lease-related expenses	(2)
EBITDA	4 925
Write-offs and impairments of property, plant and equipment and intangible assets	(5)
Operating profit	4 920
Investment income	13
Net finance charges and fair value movements	(14)
Profit from discontinued operation before taxation	4 919
Taxation	(199)
Profit from discontinued operation¹	4 720

¹ Presented net of intercompany transactions between Swiftnet and other Telkom Group entities.

	31 January 2025
	Rm
Statement of cash flows	
Cash flows generated by Swiftnet for the reporting period under review are as follows:	
Cash flows from operating activities	405
Cash flows utilised for investing activities	(398)
Cash flows from financing activities	(22)
Net decrease in cash and cash equivalents from discontinued operation	(15)
Cash and cash equivalents at 1 April	192
Net cash and cash equivalents at the end of the year of the discontinued operation	177

13. Events after the reporting date

Dividend declaration

On 29 May 2026, the Board approved an ordinary dividend of R1 381 million (270.10 cents per share) for the 2026 financial year.

Update on the Special Investigating Unit – Appeal against High Court judgement setting aside Proclamation

The Supreme Court of Appeal hearing in respect of the Special Investigating Unit matter relating to the High Court judgement setting aside the Proclamation was held on 28 May 2026, and judgement has been reserved. Refer to [note 6.8](#).

Other matters

The Directors are not aware of any other matter or circumstance since the financial year ended 31 March 2026 and up to the date of this report, or otherwise dealt with in the annual financial statements, which significantly affects the financial position of the Group and the results of its operations.

Annexures to the financial statements 3

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Annexure A – Shareholder analysis

	Number of shareholders	Percentage	Holdings	Percentage
Range of shareholders				
1 - 100 shares	60 135	72.48	1 874 716	0.37
101 - 1 000 shares	20 198	24.34	5 299 473	1.04
1 001 - 10 000 shares	2 019	2.43	5 422 813	1.06
10 001 - 50 000 shares	290	0.35	6 891 594	1.35
50 001 - 100 000 shares	102	0.12	7 441 168	1.46
100 001 - 1 000 000 shares	173	0.21	51 116 005	10.00
1 000 001 shares and over	49	0.07	433 094 470	84.72
	82 966	100	511 140 239	100
Type of shareholder				
Banks/brokers	99	0.12	93 887 030	18.37
Close corporations	29	0.03	56 065	0.01
Endowment funds	88	0.11	520 365	0.10
Individuals	79 548	95.88	14 478 685	2.83
Insurance companies	40	0.05	12 537 632	2.45
Investment companies	3	—	1 158 965	0.23
Medical schemes	14	0.02	807 022	0.16
Mutual funds	248	0.30	76 514 831	14.97
Other corporations	107	0.13	207 085 919	40.51
Private companies	142	0.17	752 156	0.15
Retirement funds	270	0.33	79 231 321	15.50
Sovereign Wealth Funds	4	—	1 154 422	0.23
Telkom treasury stock	4	—	22 107 686	4.33
Trusts	2 370	2.86	848 140	0.16
	82 966	100	511 140 239	100
Geographical holdings by owner				
South Africa	82 690	99.67	407 044 768	79.63
United States	60	0.07	79 460 030	15.55
United Kingdom	34	0.04	7 114 331	1.39
Europe	43	0.05	11 086 834	2.17
Other	139	0.17	6 434 276	1.26
	82 966	100	511 140 239	100

	Holdings	%
Beneficial shareholders of more than 2%		
Government of the Republic of South Africa	207 038 059	40.51
Government Employees Pension Fund	56 619 564	11.08
Telkom SA Soc Ltd	22 107 686	4.33
Vanguard	10 683 272	2.09
M&G Investments	17 792 122	3.48
Old Mutual	11 386 588	2.23
	325 627 291	63.72
Foreign custodians holding 2% or more		
Citibank (Custodian)	22 615 092	4.42
State Street Bank & Trust Co (Custodian)	28 234 025	5.52
	50 849 117	9.94

Annexure A – Shareholder analysis continued

Public and non-public shareholders	Number of shareholders	Percentage	Holdings	Percentage
Non-public shareholders	17	0.02	229 779 966	44.95
Government of the Republic of South Africa	1	0.00	207 038 058	40.51
Government buffer account	1	0.00	9 461	0.00
Telkom Treasury Stock	4	0.00	22 107 686	4.33
Executive and Non-executive Directors and Prescribed Officers ¹	4	0.01	327 783	0.06
Subsidiaries' Directors ¹	7	0.01	296 978	0.05
Public shareholders				
Institutional and retail investors	82 949	99.98	281 360 273	55.05
	82 966	100	511 140 239	100

¹ Directors' holdings comprise direct and indirect beneficial holdings.

The information above is based on registered shareholders, except where only beneficial shareholders' information was available as at 31 March 2026.

Abbreviations

AGM	Annual general meeting
ASA	Additional share award
B-BBEE	Broad-Based Black Economic Empowerment
BCX	Business Connexion Group Ltd
CAE	Chief Internal Audit Executive
Capex	Capital expenditure
CGU	Cash-generating unit
CODM	Chief operating decision maker
CPE	Customer premises equipment
CPI	Consumer price index
CWIP	Capital work in progress
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation, write-offs, impairments and losses
ECA	Export Credit Agency
ESD	Enterprise and supplier development
ESOP	Employee share ownership plan
Exco	Group Executive Committee
FCF	Free cash flow
FECs	Foreign exchange contracts
FSCA	Financial Sector Conduct Authority
FSP	Forfeitable share plan
FVTPL	Fair value through profit or loss
GCFO	Group Chief Financial Officer
IAS	International Accounting Standard

IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IRBA	Independent Regulatory Board of Auditors
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
JSE LR	JSE Listings Requirements
LTIP	Long-term incentive plan
MFRF	Mutual and Federal Risk Finance
PAA	Premium allocation approach
PABX	Private automatic branch exchange
ROU	Right-of-use
SAA	Strategic asset allocation
SAICA	South African Institute of Chartered Accountants
SARB	South African Reserve Bank
SFAs	Supplier finance arrangements
SMB	Small and Medium Business
SME	Small and medium enterprise
SMME	Small, medium and micro enterprise
SMS	Short Message Service
TKG	The Telkom Group's JSE share code
TRF	Telkom Retirement Fund
VAT	Value-added tax
ZARONIA	South African Rand Overnight Index Average

Administration

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