Telkom

Telkom SA SOC Ltd

# Interim Results

For the six months ended
30 September 2026

**Seamlessly connecting our customers to a better life**



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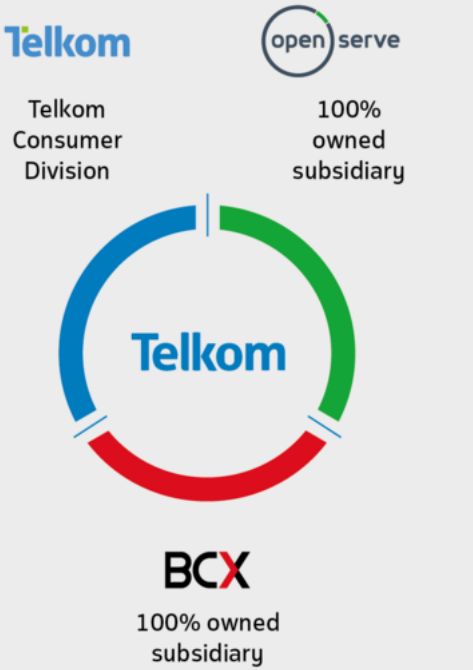
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## Telkom operating structure

Telkom SA SOC Ltd or Telkom Group comprises the main operations of Telkom Consumer, Openserve and BCX.

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

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

BCX is a systems integrator and digital transformation partner, delivering end-to-end information and communications technology (ICT) solutions across cloud, cybersecurity, Internet of Things (IoT), data analytics and converged communications.




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

- **SDG 4** Quality education
- **SDG 8** Decent work and economic growth
- **SDG 9** Industry, innovation and infrastructure
- **SDG 12** Responsible consumption and production

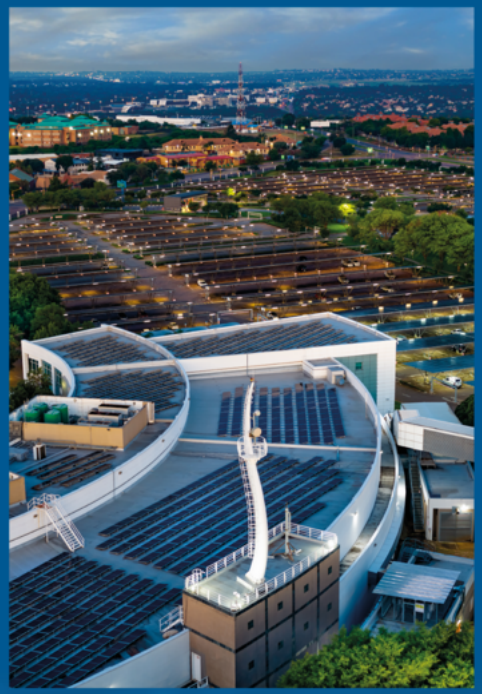
Telkom can further support and influence the following SDGs:

- **SDG 1** No poverty
- **SDG 6** Clean water and sanitation
- **SDG 10** Reduced inequalities
- **SDG 16** Peace, justice and strong institutions

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



Telkom's data-led strategy sustains solid data revenue growth, delivers improved free cash flow



## Group highlights

**Group data revenue**
up 6.6% to R13 929 million,
contributing 61.8% to total revenue

**EBITDA**
up 5.8% to R6 375 million

**EBITDA margin**[1]
28.3% a 1.1 ppts expansion

**Net debt to EBITDA**[1]
0.6x FY2026: 0.5x

**Free cash flow**[1]
R998 million up 37.8%

**Headline earnings per share**[1]
334.1 cents up 9.3%

**Basic earnings per share**
359.6 cents up 10.4%

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

## Business unit highlights

Telkom Consumer

**Pre-paid data revenue** up 12.0%

**Pre-paid service revenue** up 6.1%



**Mobile data subscribers** grew 13.6% to 21.0 million

Openserve

**Openserve overall revenue** up 4.2%



**Homes connected** up **15.1%** to 870 856

**Active fibre connectivity rate** up **2.8 ppts** to 54.8%

BCX

**Cybersecurity revenue** up 8.7%

**Cloud revenue** up 16.2%

**Operational expenditure** down 5.0% due to cost discipline



Telkom announced its Group interim results for the six months ended 30 September 2026 (H1 FY2027 or the period) on 17 November 2026 in Centurion, South Africa.

# Message from the Group CEO



## Serame Taukobong
Group Chief Executive Officer

Over the past several years, we have made deliberate choices to strengthen Telkom's position in data and digital infrastructure, simplify our operations and build a more efficient, financially disciplined business. The first half of FY2027 demonstrates the progress we are making in translating these choices into stronger economic outcomes, while reinforcing the work that remains.

Quality growth is now the defining measure of our execution. Our focus is increasingly on generating stronger earnings from our operations, improving returns from the infrastructure we have built and ensuring that our commercial and investment decisions create sustainable long-term value.

Our data-led strategy remains central to this transition. Consumer is improving the profitability of its growing data business, while Openserve is increasingly focused on converting existing network capacity into revenue-generating connections. These developments demonstrate the value of our strategic choices and the structural efficiencies embedded in our operations.

However, progress remains uneven. Traditional voice revenues continue to decline, mobile service revenue growth has moderated, and BCX continues to strengthen the foundations of its enterprise technology business. Growth in Cloud and Cybersecurity and continued discipline in operating expenditure demonstrate progress in areas where the business has relevant capabilities and opportunities to create value. Our focus is on building these strengths, sharpening our portfolio and improving commercial execution as customer requirements and the enterprise technology market evolve.

The next phase of our transformation will therefore be defined not simply by growth in customers, infrastructure or capabilities, but by the quality and sustainability of the earnings and cash generation they produce.

## A stronger earnings profile, anchored in data and financial discipline

Group revenue increased by 2.0%, while data revenue grew by 6.6% to R13 929 million, now contributing 61.8% of total revenue compared with 59.1% in the prior period. The Group's data-led businesses continue to support the evolution of our revenue mix, while BCX is advancing a more focused, services-led commercial model. Together, these priorities reinforce our commitment to improving the quality and sustainability of Group earnings.

Group EBITDA[1] increased by 5.8% to R6 375 million, with the margin[1] expanding by 1.1 percentage points (ppts) to 28.3%.

The improvement in profitability reflects revenue growth, the cumulative benefit of structural cost optimisation measures implemented over successive reporting periods, alongside the evolving composition of our business.

Headline earnings per share[1] increased by 9.3% to 334.1 cents, reinforcing the progress made in strengthening the Group's earnings performance.

Free cash flow[1] increased by 37.8% to R998 million, a significant first-half achievement reflecting continued financial discipline. While this improvement was supported by capital investment decisions and lower financing and taxation payments, our focus remains on sustaining cash generation alongside the investment required for future growth.

These results demonstrate that our strategy is producing stronger economic outcomes. The next priority is to sustain this progress while improving the contribution of those parts of the business where performance remains under pressure.

## Investing for returns, not expansion alone

Capital expenditure (capex) decreased by R647 million to R2 223 million during the period, reflecting a combination of more selective investment and the timing of planned network activity.

Our capital allocation approach is increasingly focused on improving the productivity of existing infrastructure while directing new investment towards opportunities supported by identifiable customer demand and commercial returns.

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

Investment during the period continued to support Mobile network modernisation, fibre infrastructure, customer experience and the digital platforms required to strengthen operational efficiency.

Our objective is not simply to reduce expenditure, but to ensure that the capital we deploy strengthens Telkom's long-term competitiveness and earnings capacity. Investment activity is expected to increase in the second half as we progress planned network and technology programmes.

## Where our strategy is creating value and where execution must improve

Consumer continues to demonstrate the commercial value of our data-led strategy. Mobile service revenue increased by 4.0%, supported by pre-paid data revenue growth of 12.0%. Importantly, Mobile EBITDA[1] increased by 17.1%, with the EBITDA margin[1] reaching 30.8%, the highest reported level for the business, reflecting improved operating leverage.

Behind this performance is a deliberate evolution in our commercial model. We are increasingly aligning our propositions with customers' demand for data while managing the transition away from traditional voice services. Disruptions in informal distribution channels affected recharge activity and moderated service revenue growth during the period. Our response is to broaden customer access, strengthen distribution resilience and improve the value generated from active customer relationships.

Openserve is demonstrating the next phase of value creation from our national fibre infrastructure. Revenue increased by 4.2%, supported by broadband revenue growth of 10.1%, while the fibre connectivity rate improved to 54.8%.

Having invested substantially in building network capacity, our commercial priority is increasingly to convert that infrastructure into revenue-generating connections, grow external wholesale relationships and improve network utilisation. Opportunities in enterprise and carrier connectivity provide additional avenues for growth beyond residential fibre.

At BCX, Cloud revenue grew by 16.2% and Cybersecurity services revenue by 8.7%, demonstrating positive momentum in strategically relevant capabilities. IT services revenue declined by 1.1% in a challenging market, while operational expenditure declined by 5.0%, reflecting continued cost discipline. These developments provide a foundation for the next phase of BCX's commercial and portfolio focus.

While our data-led businesses are demonstrating stronger commercial momentum, BCX requires a more focused operating model and improved execution to restore its contribution to the Group.

## BCX IT portfolio repositioning and reassessment

BCX is taking a more deliberate approach to the capabilities and markets where it can compete effectively and generate sustainable value. Its portfolio assessment is guiding decisions around strategic fit, market relevance and scalability, with the identified core portfolio representing approximately 70% of revenue. The core portfolio is centred on connectivity, cloud and infrastructure, platforms, security and IT services.

This focus is supported by stronger customer engagement, a more co-ordinated approach to enterprise and mid-market opportunities and continued development of service-led propositions.

By combining its technology expertise with the broader connectivity capabilities of OneTelkom, BCX is positioning itself to serve customers more effectively and deepen its contribution to the Group.

Our priority is to build on the progress in strategic services and operating discipline, while translating sharper portfolio choices into more consistent commercial and financial outcomes.

## Sustainability

Sustainability is integral to Telkom's ability to create long-term economic value. As a national digital infrastructure provider, our responsibility extends beyond connecting customers to enabling economic participation, developing future-ready skills and operating our networks responsibly.

Our ongoing network transformation demonstrates the connection between commercial and environmental priorities. Network simplification, the retirement of legacy infrastructure and more efficient energy and resource management support our efforts to reduce our environmental impact while strengthening operational efficiency.

Equally important is our contribution to digital inclusion, enterprise development and the communities in which we operate. These priorities, supported by responsible governance and investment in our people, reinforce the long-term resilience and competitiveness of our business.

Our sustainability strategy, organised around Prosperity, People, Planet and Practice, provides the framework through which we measure these commitments. The dedicated sustainability section of this booklet sets out our progress and the work that remains.

For Telkom, sustainability is not separate from quality growth. It is fundamental to protecting the long-term value of our infrastructure, strengthening stakeholder trust and ensuring that our progress contributes to broader economic opportunity.



[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

## Outlook and priorities: what we must deliver next

The next phase of Telkom's transformation will be defined by execution and our ability to translate strategic progress into more consistent economic outcomes across the Group.

In **Consumer**, our focus will be on sustaining profitable data-led growth, strengthening pre-paid distribution and deepening customer engagement. While competitive initiatives and seasonal investment may moderate margins, we remain focused on protecting the long-term economics of the business.

In **Openserve**, we will accelerate the commercialisation of our national fibre infrastructure, increase network utilisation and expand external revenue opportunities across residential, enterprise and carrier markets. Investment decisions will remain focused on identifiable demand and sustainable returns.

**BCX** will continue to strengthen its core services portfolio, develop relevant enterprise technology propositions and improve commercial execution. Building on the growth in Cloud and Cybersecurity, the business will focus on customer relationships, operating discipline and the ongoing evolution of its connectivity offering. Portfolio assessments will progress through the appropriate governance processes, with material outcomes communicated when decisions are finalised.

Across the Group, we will maintain disciplined cost management, prudent capital allocation and focus on free cash flow generation.

These priorities are connected by the strategic opportunity of OneTelkom. Consumer provides customer reach and compelling digital value, Openserve provides national infrastructure, and BCX provides enterprise technology expertise. Our responsibility is to translate these complementary capabilities into differentiated customer propositions, more efficient delivery and additional economic value.

We remain confident in our strategic direction, supported by the progress demonstrated in our operating businesses and a clear understanding of the challenges that remain.

The next phase of Telkom's transformation is not simply about proving that our business can withstand a changing market. It is about demonstrating that we can consistently convert our customer relationships, infrastructure and capabilities into sustainable earnings, cash generation and long-term value.

That is the essence of quality growth and the standard against which we will measure our execution.

## Cautionary announcement

On 16 November 2026, the Group issued a cautionary announcement on SENS following an approach by MTN Group Limited ("MTN") to acquire Telkom's entire issued share capital. Discussions are at an early stage, and there is no certainty that a transaction will materialise.

To read the above-mentioned cautionary statement, visit: group.telkom.co.za/ir/

## Medium-term guidance

Halfway through our medium-term plan, we remain confident that the guidance provided on 10 June 2025 captures our commitment to disciplined execution in an evolving market. Some of the external assumptions underpinning the guidance plan when we announced it have changed materially. Global energy shocks, rising fuel prices, higher inflation and geopolitical tensions have weighed, and continue to weigh, on revenue growth across certain segments of the consumer and enterprise markets.

| | **Medium-term guidance FY2026 – FY2028** | H1 FY2027 Reported |
|---|---|---|
| Revenue growth | **Mid-single digit** | 2.0% |
| EBITDA margin[1] | **25% – 27%** | 28.3% |
| Capex intensity | **12% – 15%** | 9.9% |
| Net debt to EBITDA[1] | **0.5x – 1.5x** | 0.6x |

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

**Serame Taukobong**
Group Chief Executive Officer



# Financial overview

**EBITDA[1]** up 5.8% to R6 375 million, with EBITDA margin[1] improving to **28.3%**

**BEPS and HEPS[1]** up by **10.4%** and **9.3%**, respectively

**Balance sheet** remains robust, with **net debt to EBITDA[1]** stable at **0.6x**

**FCF[1]** up by **37.8%** to **R998 million**

## Group key performance indicators

| | Reported September 2026 Rm | Reported September 2025 Rm | Variance % |
|---|---|---|---|
| Revenue | **22 537** | 22 104 | 2.0 |
| Data revenue | **13 929** | 13 072 | 6.6 |
| Total expenses | **(16 591)** | (16 765) | 1.0 |
| EBITDA[1] | **6 375** | 6 023 | 5.8 |
| EBITDA margin[1] (%) | **28.3** | 27.2 | 1.1 |
| Capex | **2 223** | 2 870 | (22.5) |
| FCF[1] | **998** | 724 | 37.8 |
| BEPS (cents) | **359.6** | 325.7 | 10.4 |
| HEPS[1] (cents) | **334.1** | 305.6 | 9.3 |
| Net debt to EBITDA[1] (times) | **0.6** | 0.7 | (0.1) |

## Group revenue

Revenue grew by 2.0% to R22 537 million, reflecting the continued resilience of the Group's data-led strategy despite a challenging operating environment. Growth was driven by an 8.7% increase in mobile data revenue and consistent growth in fibre-related data revenue of 4.2%. The contribution of mobile and fibre-related data to Group revenue increased to 60.7% (H1 FY2026: 57.7%), reinforcing the Group's evolving revenue mix. Revenue growth was also supported by a 10.3% increase in mobile handset and equipment revenue.

This performance was partially offset by continued pressure on traditional voice services, with mobile voice revenue declining by 13.1%. Fixed-voice and subscription revenue declined by 18.3%, reflecting the ongoing structural migration away from legacy fixed services.

IT revenue declined by 5.6%, primarily driven by a 16.7% decrease in IT hardware and software revenue, as geopolitical uncertainty delayed customer purchasing decisions and the conversion of the sales pipeline. Information technology services revenue held steady amid the macro-economic headwinds, following a decline in the prior period.

## Group EBITDA

EBITDA[1] continued to outperform revenue growth, increasing by 5.8% to R6 375 million. As a result, the Group EBITDA margin[1] expanded by 1.1 ppts to 28.3%, demonstrating the Group's ability to consistently deliver sustained profitability through disciplined cost management and operational efficiencies.

Total expenses decreased by 1.0%, while operating expenses decreased by 0.1%, remaining well below the prevailing inflation rate. Key cost initiatives included ongoing maintenance optimisation, network simplification and IT and property footprint efficiencies. Mobile network cost efficiencies were supported by the continued migration of traffic onto our own network and roaming optimisation initiatives, contributing to a 19.2% reduction in payments to other operators. Maintenance expenses also declined 8.3%, reflecting ongoing optimisation efforts despite continued network expansion. Impairments of receivables and contract assets decreased significantly by 59.6%, reflecting improved collections and the continued effectiveness of enhanced credit vetting and re-vetting measures.

These cost savings were partially offset by a 6.6% increase in employee expenses, largely reflecting the annual salary increase, and a 10.8% increase in sales commissions, incentives and logistical costs, aligned with growth in the Mobile business. Other income decreased by 37.3%, primarily due to lower gains on the disposal of properties compared to the prior period.

Our property rationalisation programme also progressed, with 135 properties sold for R222 million during the period, while 18 properties valued at R9 million were transferred, and 124 properties valued at R277 million are in conveyancing. Out of the seven properties that were in conveyancing at the end of FY2026, two have transferred in the period.

## Earnings per share

HEPS[1] increased by 9.3% to 334.1 cents while BEPS rose by 10.4% to 359.6 cents. This was primarily driven by a 10.8% increase in profit after tax, underpinned by a 5.8% rise in Group EBITDA[1]. Earnings were further supported by a 12.9% reduction in finance charges, benefiting from lower interest-bearing borrowings. These positive contributions were partially offset by a 5.4% increase in depreciation, amortisation, impairment and write-offs, as well as a 12.4% increase in tax expense.

Headline earnings growth was further impacted by the proceeds from the disposal of property, plant and equipment being below their remaining tax value, resulting in a tax loss.

The weighted average number of ordinary shares increased by 0.3% to 494 156 688.

[1] *Non-IFRS financial measure. Refer to Appendix A: Non-IFRS Financial Measures for the basis of presentation on page 16.*

## Capital allocation

Capital expenditure decreased by 22.5% to R2 223 million, primarily reflecting a 35.1% reduction in fibre investment as we adopt a more disciplined approach to capital allocation, with greater emphasis on commercial opportunities and returns on investment. Mobile capital expenditure declined by 9.5%, as we continued to modernise and optimise our mobile network through various technologies that improve network performance and increase data speeds, while limiting the need for additional capital investment. Capex intensity stood at 9.9% for the first half and is expected to return to our 12% to 15% guidance range for the full year as investment spending ramps up in the second half.

The Group remains committed to investing in state-of-the-art infrastructure and high-demand, data-led growth areas, underpinned by disciplined capital allocation and an increased focus on optimising returns on invested capital. Investment decisions continue to prioritise commercially attractive opportunities that support revenue growth, strengthen competitive positioning and deliver sustainable long-term value for stakeholders.

| **Capex** | **September 2026 Rm** | September 2025 Rm | Variance % |
|---|---|---|---|
| Fibre | **759** | 1 170 | (35.1) |
| Mobile | **1 247** | 1 378 | (9.5) |
| IT solutions | **80** | 40 | >100.0 |
| IT products and services | **43** | 143 | (69.9) |
| Property management | **65** | 54 | 20.4 |
| Shared services and other | **29** | 85 | (65.9) |
| **Group capex** | **2 223** | 2 870 | (22.5) |
| Capex intensity (%) | **9.9** | 13.0 | (3.1)[1] |

[1] *Percentage point difference.*

## Statement of financial position

Bank and cash balances decreased by 17.2% to R6 393 million from 31 March 2026, primarily reflecting the distribution of R1 363 million to shareholders in June 2026, incentive payment and net repayment of debt of R824 million. This decrease was partially offset by ongoing cash generation during the period.

As a result of the lower cash balances, net debt[1] increased by 22.3% to R7 783 million (FY2026: R6 366 million), resulting in a net debt to Group EBITDA ratio of 0.6x (FY2026: 0.5x). This remains well within the medium-term guidance range of 0.5x to 1.5x.

The Group's strong balance sheet, sound liquidity position and prudent leverage provide strategic flexibility to invest in high-return growth opportunities, optimise its capital structure and navigate market volatility.

| **Net debt** | **September 2026 Rm** | March 2026 Rm | Variance % |
|---|---|---|---|
| Bank and cash balances | **6 393** | 7 723 | (17.2) |
| Restricted cash | **56** | 60 | (6.7) |
| Current borrowings | **(3 974)** | (4 268) | 6.9 |
| Non-current borrowings | **(10 258)** | (9 881) | (3.8) |
| **Net debt** | **(7 783)** | (6 366) | 22.3 |
| **Net debt to Group EBITDA[1] (times)** | **0.6** | 0.5 | 0.1 |

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

## Free cash flow

FCF[1] increased by 37.8% to R998 million (H1 FY2026: R724 million). The increase was supported by disciplined capital allocation, structural cost improvements, lower financing costs, taxation paid and a continued focus on cash conversion, slightly offset by repayment of principal lease liabilities.

The Group's dividend policy provides for annual dividend payout. No interim dividend has been declared for these results.

| **Free cash flow[1]** | **September 2026 Rm** | September 2025 Rm | Variance % |
|---|---|---|---|
| Cash receipts from customers | **22 192** | 22 941 | (3.3) |
| Cash paid to suppliers and employees | **(16 594)** | (17 316) | 4.2 |
| Cash generated from operations | **5 598** | 5 625 | (0.5) |
| Repayment of principal lease liability | **(1 103)** | (942) | (17.1) |
| Interest received | **288** | 244 | 18.0 |
| Dividend received from the cell captive | **30** | 90 | (66.7) |
| Finance charges paid | **(646)** | (841) | 23.2 |
| Taxation paid | **(155)** | (265) | 41.5 |
| Cash generated from operations before dividend paid after lease payments | **4 012** | 3 911 | 2.6 |
| Cash paid for capex | **(3 014)** | (3 187) | 5.4 |
| **Free cash flow[1]** | **998** | 724 | 37.8 |

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

## Segment reporting

Segment reporting is provided in note 4 of the reviewed condensed consolidated interim financial statements.

## Results from operations

Group profit after tax increased by 10.8% to R1 777 million (H1 FY2026: R1 604 million). This is mainly attributable to a 5.8% increase in Group EBITDA[1] to R6 375 million, a 12.9% decrease in finance charges and fair value movements. The profit increase was partially offset by higher depreciation, amortisation, impairments, write-offs and tax. This resulted in a 9.3% increase in HEPS[1] and a 10.4% increase in BEPS to 334.1 and 359.6 cents per share, respectively. HEPS was impacted by the proceeds from the disposal of property, plant and equipment being below their remaining tax value, resulting in a tax loss.

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*



# Business unit performance



Telkom

## Highlights

**12.0%** Pre-paid data revenue growth

**8.7%** Mobile data revenue growth

**30.8%** Mobile EBITDA margin

**Telkom Consumer, underpinned by the Mobile business, continued to deliver solid performance through increased subscribers, revenue growth and improved earnings. Performance remained resilient, supported by our data-led strategy, innovative customer centric value propositions and the expansion of our sales and distribution footprint. Targeted investments in digital innovation, advanced data analytics and network resilience continue to strengthen operations, enabling long-term scalable growth.**

## Accelerated Mobile growth

Mobile revenue grew by 4.7% to R13 316 million, driven by a 4.0% increase in mobile service revenue to R11 470 million and a 10.3% increase in handset and device revenue. Mobile revenue was resilient despite consumers remaining under pressure, coupled with the acceleration of services and technologies away from traditional mobile voice services. Mobile voice revenue declined by 13.1%, while it was relatively flat in the prior period. The decline forms part of our strategy of proactively reducing voice revenues by shifting users to mobile data. As a result, we initiated the market shift of providing customers free access to voice calls when purchasing data bundles. Significantly positive, mobile data revenue increased by 8.7% to R9 411 million and contributed 82.0% (H1 FY2026: 78.5%) of mobile service revenue.

Pre-paid remained the primary engine of growth, with pre-paid revenue increasing by 6.1% to R7 938 million and pre-paid data revenue grew 12.0% to R6 435 million. This demonstrates the continued strength and value of our data-led product offerings supported by our AI capabilities, customer value management platforms (Mo'Nice and Mo'Town), which contributed 54.0% to pre-paid service revenue, as well as refined propositions and advancement of the country-wide regional expansion strategy. Our regions delivered high single-digit revenue growth, outperforming metro markets. Pre-paid performance was affected by civil demonstrations, particularly across our informal distribution channels, which disrupted recharge activity. To counter the effects of potential future disruptions in the informal market, we are increasing our distribution scope in national chains, gaining share of sales and shelf space.

Mobile subscribers grew by 7.2% to 26.3 million subscribers, underpinned by pre-paid subscriber growth of 7.5% to 23.2 million. ARPU was stable in pre-paid at R59, (H1 FY2026: R60), achieved through targeted customer acquisition initiatives and improved value extraction from our existing base. Post-paid subscribers increased by 5.5% to 3.2 million at an ARPU of R184 (H1 FY2026: R190), reflecting our ability to preserve high-value customers, enhancing long-term revenue realisation.

The EBITDA of Mobile increased by 17.1% and the EBITDA margin expanded by 3.2 ppts to 30.8%. At a business unit level, Consumer delivered a similar improvement, with EBITDA increasing by 17.3% to R3 634 million, driving a 2.9 ppts improvement in the EBITDA margin to 24.6%. This reflects the growing strength and resilience of the business, supported by sustained structural cost efficiencies, including lower roaming costs. Stringent credit vetting contributed to a 48.5% reduction in impairment of receivables.

## Drive for broadband adoption

Our data-led strategy reflects strong demand for seamless connectivity and value-focused plans tailored to our customers' needs. This was supported by mobile data traffic growth of 17.6% to 1 168 petabytes, highlighting the continued acceleration in data consumption. Mobile data subscribers grew by 13.6% to 21.0 million, representing 79.8% of the total mobile subscriber base.

Fibre revenue increased by 7.8%, supported by subscriber growth of 14.8% and enhanced by the attachment of value-added services. Our pre-paid fibre portfolio is scaling at pace, reinforcing our ambition to lead the high-speed connectivity market. We are systematically removing barriers to adoption through compelling pre-paid fibre propositions, simplified installation journeys and greater customer flexibility and control over household connectivity.

## Mobile network expansion

We invested R1 247 million in mobile capex and expanded our mobile footprint to 8 662 sites. We modernised our network capacity and efficiency with extended coverage, enabling improved network performance and faster data speeds. Importantly, we improved customer experience, while protecting top revenue generating sites and reducing roaming costs, despite higher traffic volumes.

As part of our strategic intent of a data-driven future and the migration of voice traffic, we implemented capacity upgrades in VoLTE, resulting in 100% subscriber provisioning. This positions us to migrate all our voice subscribers to VoLTE, providing the flexibility and option to decommission the remaining 3G sites. VoLTE traffic penetration utilisation amounts to 80% of total voice traffic.

We continued to strengthen network availability while proactively de-risking the business against the escalating threat of infrastructure vandalism and battery theft. More than 95% of the most critical Radio Access Network (RAN) sites have backup power, which is a combination of lithium batteries, generators and Power-as-a-Service. We maintained network availability of 99.9% for our core network across all major network elements.

## Leveraging digital and financial services to grow revenue

Our strengthened beyond connectivity efforts delivered R856 million to overall revenue. Airtime advance lending continues to demonstrate strong resilience, accounting for 25.6% of total pre-paid recharge value. We continue to manage this prudently, with the ceiling targeted at 30%. User adoption remained robust and consistent over the period, with approximately 4.6 million unique customers actively utilising airtime advance.

Our insurance portfolio generated R132 million in revenue, underpinned by sustained device insurance uptake, enhanced policy management and customer retention strategies.

## Highlights

openserve

**11.9%**
External revenue growth

**5.6%**
increase in EBITDA

**54.8%**
Industry-leading connectivity rate

**Openserve continued to deliver sustained revenue and earnings growth by increasing utilisation of its fibre network, supported by external wholesale demand, while maintaining disciplined capital allocation. The strategic focus on converting existing network capacity into revenue-generating connections, supported by disciplined cost management and targeted investment, is strengthening infrastructure productivity and positioning Openserve to deliver sustainable earnings and improved long-term growth.**

## Performance overview

Openserve delivered revenue growth of 4.2% to R6 590 million, supported by continued demand for fibre connectivity and expansion of the external wholesale business. Broadband revenue increased by 10.1%, reflecting growth in connected customers and improved utilisation of existing infrastructure, while external revenue increased by 11.9% to R2 917 million, demonstrating continued progress in diversifying the customer and revenue base.

Fibre-related data revenue increased by 6.3% to R5 382 million, resulting in fibre-led revenue contributing 89.7% to operating revenue and reinforcing the increasing importance of fibre-based connectivity services to the revenue mix.

The commercial momentum translated into stronger profitability, with EBITDA increasing by 5.6% to R2 225 million and the EBITDA margin improving to 33.8%. This performance reflects the combined benefits of revenue growth, disciplined cost management, network simplification and operational efficiencies.

## Commercialising the network

Openserve continued to unlock value from its national fibre infrastructure, with homes connected increasing to 870 856, representing an additional 114 447. The industry-leading connectivity rate improved to 54.8%, demonstrating continued progress in converting existing network coverage into revenue-generating connections.

Product innovation continues to support our commercial strategy, with enhancements to our pre-paid fibre proposition, which gained momentum during the period. This broadens access to affordable connectivity and creates opportunities to attract additional customers.

The development of our Openserve ISP capability provides an additional route to market, with the potential to broaden customer reach, accelerate fibre adoption and improve network utilisation, while maintaining our strategic commitment to an open-access model.

## Investing in a scalable network

Openserve continued to strengthen its capital discipline, with capital expenditure declining by 35.2% to R815 million, while maintaining investment in network capacity, resilience and targeted fibre expansion. In order to balance network expansion with greater utilisation of existing infrastructure, we increasingly prioritise commercially attractive opportunities, including connecting customers within the existing fibre footprint, improving network utilisation and directing investment towards areas with identifiable demand. The fibre network expanded to 1 590 530 homes passed, while homes connected increased by 15.1%, reflecting continued progress in commercialising our infrastructure investment.

## Transforming service delivery through automation

Openserve continued to strengthen operational efficiency through network simplification and modernisation, process automation and digitisation, thereby supporting a more scalable and cost-efficient service delivery model.

Network availability remained strong at 99.95% across the access network, 99.92% across the transport network and 100.00% across the core network, reflecting continued investment in network resilience and proactive infrastructure management.

Customer experience continues to be a strategic priority, with Openserve achieving a Net Promoter Score of 80.4 (H1 FY2026: 79.6).

Continued improvements in digital customer interactions, service fulfilment and fault management are strengthening service delivery and supporting customer retention.

Network modernisation, legacy infrastructure retirement and process automation remain central to simplifying the operating model, improving productivity and managing structural costs. These initiatives are intended to support sustainable profitability by enabling Openserve to accommodate growing demand while maintaining service quality, operational efficiency and network reliability.





## Highlights

BCX

**5.0%** decline in operational expenditure

**16.2%** increase in Cloud revenue

**8.7%** growth in Cybersecurity services revenue

**Constrained enterprise spend and delayed customer decisions continued as customers prioritised cost optimisation. In response, the business moved decisively into a self-help programme focused on factors within management's control. Underperforming businesses are now managed through an intensive performance programme, with executive reviews of revenue, margin and recovery plans every two weeks. Pipeline quality and conversion receive weekly executive focus, with deals approved only at appropriate margins. We focused on protecting margins, cash, working capital management, pipeline management and growing the strategic services portfolio.**

## Performance overview

Despite a challenging operating environment, the business demonstrated resilience and encouraging signs of recovery, with a marked rebound in performance in the second quarter compared to Q1, as revenue grew 7.6%. Total revenue for the period declined by 8.2% to R5 385 million, primarily reflecting continued pressure in the Converged Communications business and lower revenue from IT hardware and software. Strategic growth areas continued to deliver strong momentum, with Cybersecurity services and Cloud revenue growing, reinforcing progress in shifting the revenue mix towards higher-growth opportunities and positioning the business for improved performance.

EBITDA declined by 22.7% to R449 million and EBITDA margin contracted by 1.6 ppts to 8.3%, mainly reflecting a decline in high-margin revenue in Converged Communications. The focus on cost discipline continued, resulting in operational expenditure declining by 5.0% due to disciplined spend control, lower maintenance and service costs, and a decrease in impairment of receivables.

## Information technology

IT services revenue has demonstrated resilience to the headwinds experienced during the period, decreasing by only 1.1%. This was mainly driven by a decline in internal revenue, while external revenue increased marginally by 0.6%. The business improved margins as we continue to focus on the execution of cost discipline.

Total IT business revenue declined by 6.3%, largely due to a 15.7% decrease in IT hardware and software revenue due to constrained market behaviour and stock delivery delays emanating from supply chain disruptions caused by geopolitical instability.

Cybersecurity services and Cloud revenue remain key focus areas and delivered solid growth, increasing by 8.7% and 16.2%, respectively.

## Converged Communications

Converged Communications revenue declined by 11.0%, mainly reflecting the managed transition from legacy to fibre-based platforms, the loss of a key client contract and the transfer of a major government contract to Openserve. Voice revenue was further affected by the deliberate repricing of key client contracts, with per-minute rates reduced by more than 85% as businesses increasingly adopt bundled and IP-based communication services. Due to the structural decline in voice across the industry, we opted to retain these clients and their associated connectivity spend rather than defend legacy pricing. Fibre-related data revenue decreased by 8.9% and contributed 82.2% of total data revenue, reflecting a more modern, fibre-led connectivity revenue base.

We have made progress in repositioning our connectivity, with some capabilities already commercialised and others still in development. The key gap is in small and medium businesses and mid-market customers (the “missing middle”). The team has been restructured on the basis of a segment-led approach that prioritises the missing middle enterprises alongside large enterprises, with stronger account ownership and industry focus. We continue to stabilise connectivity through disciplined renewal defence, targeted retention actions and stronger pipeline conversion, supported by improved service resilience, tighter priority customer governance, fewer critical incidents and closer alignment between sales and service delivery.





# Sustainability performance

**Sustainability is embedded in how we execute our strategy and create long-term value. Through our focus on the Prosperity, People, Planet and Practice pillars, we integrate sustainable growth, people development, environmental stewardship, and responsible business into how we operate and create value for our stakeholders.**

Following the publication of our inaugural sustainability report at the close of FY2026, this update provides our first interim review of progress against selected sustainability measures.








**Progress reported as cumulative figures.*

*Note: This section was previously disclosed under the natural, human, social and relationship, and intellectual capital. To align with our 2030 Sustainability Strategy, it is now disclosed according to the four pillars outlined on this page. The detailed strategy, baselines and methodology are in the sustainability report published in FY2026.*

## Prosperity

### Creating economic value through expanded and new forms of connectivity

| Measure | H1 FY2027 | 2030 target |
|---|---|---|
| Township and rural entrepreneurs supported* | **46** | 100 |
| Jobs enabled through support for entrepreneurial businesses* | **9 567** | 25 000 |
| % of total spend with micro and small enterprises | **7.8%** | 11.0% |

Through FutureMakers, Telkom continued to support township and rural entrepreneurs through initiatives such as the Township Innovation Incubator, Consumer Small Business (CSB) regionalisation and dealer support programmes.

These interventions provide entrepreneurs with business support, market access and growth opportunities, helping to unlock economic participation and create jobs.

We are expanding the entrepreneur pipeline by prioritising businesses with strong job creation potential and identifying additional procurement opportunities for micro and small enterprises to support inclusive economic growth.

## People

### Connecting and empowering our people and communities to thrive in a digital world

| Measure | H1 FY2027 | 2030 target |
|---|---|---|
| Women in leadership positions* | **37.5%** | 50.0% |
| Beneficiaries reached through our digital skills and connectivity* | **167 725** | 491 141 |
| Training and development spend | **R73.5m** | |

We continued to strengthen the representation of women in leadership positions through targeted acquisition, focused development, talent management and succession planning initiatives. These efforts support a more diverse and inclusive leadership pipeline and contribute to Telkom's broader commitment to gender equality and equal opportunity.

Through our social impact programmes, we supported communities by expanding digital access, developing digital skills and supporting communities through initiatives that enable greater participation in the digital economy.

We will continue working with partners to broaden the reach and long-term impact of these interventions.

## Planet

### Environmental stewardship for a low-carbon, circular and resource-efficient future

| Measure | H1 FY2027 | 2030 target |
|---|---|---|
| Reduction in Scope 1 and 2 emissions | **1.7% to 219 304 $tCO_2e$** | 50% reduction from FY2022 baseline; carbon neutral: 2035; Net-zero: 2040 |
| Renewable energy consumed | **3.4 GWh (1.3% of total energy consumed)** | 50% of energy consumption from renewable sources |
| Reduction in water consumption | **36.1% to 268 000 kL** | 25% reduction from FY2025 baseline |

Scope 1 emissions reduced due to continued replacement of legacy R22 refrigerants and decreased diesel use by standby generators. Scope 2 emissions decreased due to lower electricity consumption following network simplification and site decommissioning. We continued to strengthen our value-chain emissions reporting by refining calculation methodologies across relevant categories to enhance the accuracy and completeness of our Scope 3 disclosures.

We will continue phasing out legacy refrigerants, improving generator efficiency, optimising the network and advancing our renewable energy programme to increase renewables in the energy mix.

The reduction in water consumption was primarily driven by site disposals, account terminations and network simplification. Longer-term interventions, including smart metering, leak detection and improved consumption monitoring, are underway to achieve more sustainable water savings.

## Practice

### Stewardship, responsible business and innovative ways of working

| Measure | H1 FY2027 | 2030 target |
|---|---|---|
| Annual completion of ethics and fraud training | **70.0%** | 99.9% |
| Supplier Code of Conduct compliance | **75.0%** | 95.0% of our Top 200 suppliers |

Responsible business practices remain key priorities, supported by supplier engagement, ethics awareness initiatives and ongoing enhancement of governance controls.

Efforts are underway across the business to improve Supplier Code of Conduct compliance and increase completion of the ethics and fraud training through targeted engagement and awareness campaigns.

We also continue to strengthen our cybersecurity environment through enhanced security measures, incident response capabilities and ongoing remediation activities to support operational resilience and stakeholder trust.

# Summary financial statement

## Summary of the Condensed consolidated interim statement of profit or loss and other comprehensive income

| | Reported September 2026 Rm | Reported September 2025 Rm | Variance % | |
|---|---|---|---|---|
| **Revenue** | **22 537** | 22 104 | 2.0 | |
| **Other income** | **429** | 684 | (37.3) | A |
| **Direct expenses** | **(5 432)** | (5 590) | 2.8 | |
| Payments to other operators | **(1 079)** | (1 336) | 19.2 | B |
| Cost of handsets, equipment, software and directories | **(2 502)** | (2 583) | 3.1 | C |
| Sales commission, incentives and logistical costs | **(1 851)** | (1 671) | (10.8) | D |
| **Operating expenses** | **(11 159)** | (11 175) | 0.1 | |
| Insurance service expenses | **(86)** | (100) | 14.0 | |
| Employee expenses | **(4 548)** | (4 268) | (6.6) | |
| Other expenses | **(1 255)** | (1 176) | (6.7) | |
| Maintenance | **(2 289)** | (2 496) | 8.3 | E |
| Marketing | **(505)** | (501) | (0.8) | |
| Impairment of receivables, contract assets and loans | **(227)** | (562) | 59.6 | F |
| Service fees | **(2 079)** | (1 913) | (8.7) | G |
| Lease-related expenses | **(170)** | (159) | (6.9) | |
| **EBITDA**[1] | **6 375** | 6 023 | 5.8 | |
| Depreciation, amortisation, impairments and write-offs | **(3 443)** | (3 268) | (5.4) | H |
| **Operating profit** | **2 932** | 2 755 | 6.4 | |
| Investment income | **214** | 250 | (14.4) | |
| **Net finance charges and fair value movements** | **(709)** | (814) | 12.9 | I |
| Finance charges on lease liabilities | **(342)** | (305) | (12.1) | |
| Net finance charges - other | **(296)** | (422) | 29.9 | |
| Foreign exchange and fair value movements | **(71)** | (87) | 18.4 | |
| **Profit before taxation** | **2 437** | 2 191 | 11.2 | |
| Taxation | **(660)** | (587) | (12.4) | J |
| **Profit for the period** | **1 777** | 1 604 | 10.8 | |

[1] *Non-IFRS financial measure. Refer to Appendix: Non-IFRS Financial Measures for the basis of presentation on page 16.*

## Notes

**A** **Other income** decreased primarily due to lower property sales compared to the prior period. In the prior period, the Group recorded a significant profit from sale of properties previously included in the Gyro Properties portfolio, which had been earmarked for auction.

**B** **Payments to other operators** decreased primarily due to the optimisation of the mobile roaming and interconnect costs to support the mobile growth strategy. This was mainly driven by the rollout of mobile sites as the Group continues to migrate traffic to the Telkom network, as well as maintenance of stringent roaming traffic thresholds.

**C** **Cost of handsets, equipment, software and directories** decreased largely due to lower Integrated Technology Solution Sales costs in BCX aligned with reduced operating activity, partially offset by higher handset costs in Telkom Consumer due to increased customer premises equipment revenue.

**D** **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.

**E** **Maintenance** decreased primarily due to cost optimisation initiatives across the Group and the positive foreign exchange currency impact resulting from the strengthening of the rand compared to the prior period.

**F** **Impairment of receivables and contract assets** decreased mainly due to re-vetting existing customers together with improved device management.

**G** **Service fees** increased primarily due to tariff increases in municipal rates and electricity during the period.

**H** **Depreciation, amortisation, impairments and write-offs** increased mainly due to higher additions to property, plant and equipment as well as additions arising from business growth and lease renewals.

**I** **Net finance charges and fair value movements** decreased mainly due to the repayment of interest-bearing debt using the Swiftnet proceeds in the prior period.

**J** **Taxation** increased due to an increase in the Group's taxable profits and a 0.3% increase in the effective tax rate (ETR) to 27.1%. The increase in the ETR is mainly due to the permanent differences from the IFRS 2 share-based expenses.

## Summary of the Condensed consolidated interim statement of financial position

| | September 2026 Rm | March 2026 Rm | Variance % | |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | **46 173** | 45 852 | 0.7 | |
| Property, plant and equipment | **28 981** | 29 009 | (0.1) | |
| Right-of-use assets | **7 760** | 6 871 | 12.9 | A |
| Intangible assets | **5 553** | 5 627 | (1.3) | |
| Other investments | **110** | 111 | (0.9) | |
| Other receivables | **124** | 160 | (22.5) | |
| Employee benefits | **1 098** | 1 017 | 8.0 | |
| Other financial assets | **58** | 63 | (7.9) | |
| Finance lease receivables | **325** | 291 | 11.7 | |
| Deferred taxation | **2 164** | 2 703 | (19.9) | B |
| **Current assets** | **17 641** | 18 566 | (5.0) | |
| Inventories | **569** | 544 | 4.6 | |
| Income tax receivable | **65** | 32 | >100.0 | |
| Finance lease receivables | **163** | 180 | (9.4) | |
| Trade and other receivables | **7 068** | 6 818 | 3.7 | C |
| Contract assets | **2 373** | 2 247 | 5.6 | D |
| Other current assets | **659** | 632 | 4.3 | |
| Other financial assets | **139** | 196 | (29.1) | |
| Insurance contract assets | **156** | 134 | 16.4 | |
| Cash and cash equivalents | **6 393** | 7 723 | (17.2) | |
| Restricted cash | **56** | 60 | (6.7) | |
| **Total assets** | **63 814** | 64 418 | (0.9) | |
| **Equity and liabilities** | | | | |
| **Equity attributable to owners of the parent** | **36 446** | 35 906 | 1.5 | |
| Share capital | **5 050** | 5 050 | — | |
| Share-based compensation reserve | **1 746** | 1 677 | 4.1 | |
| Non-distributable reserves | **585** | 591 | (1.0) | |
| Retained earnings | **29 065** | 28 588 | 1.7 | |
| Non-controlling interests | **(20)** | (15) | 33.3 | |
| **Total equity** | **36 426** | 35 891 | 1.5 | |
| **Non-current liabilities** | **11 839** | 11 560 | 2.4 | |
| Interest-bearing debt | **3 983** | 4 524 | (12.0) | E |
| Lease liabilities | **6 275** | 5 357 | 17.1 | F |
| Provisions | **324** | 366 | (11.5) | G |
| Other financial liabilities | **79** | 130 | (39.2) | |
| Deferred revenue | **1 166** | 1 181 | (1.3) | |
| Deferred taxation | **12** | 2 | >100.0 | |

## Summary of the Condensed consolidated interim statement of financial position

| | September 2026 Rm | March 2026 Rm | Variance % | |
|---|---|---|---|---|
| **Current liabilities** | **15 549** | 16 967 | (8.4) | |
| Trade and other payables | **8 102** | 8 764 | (7.6) | |
| Shareholders for dividend | **17** | 17 | — | |
| Interest-bearing debt | **1 786** | 2 069 | (13.7) | |
| Lease liabilities | **2 188** | 2 199 | (0.5) | F |
| Provisions | **1 295** | 1 579 | (18.0) | G |
| Deferred revenue | **1 839** | 1 920 | (4.2) | |
| Income tax payable | **2** | — | 100.0 | |
| Other financial liabilities | **320** | 419 | (23.6) | |
| **Total liabilities** | **27 388** | 28 527 | (4.0) | |
| **Total equity and liabilities** | **63 814** | 64 418 | (0.9) | |

## Notes

A **Right-of-use assets** increased mainly due to consumer price index adjustments, lease renewals and extensions, as well as additions for network equipment to support the mobile growth strategy.

B **Net deferred taxation asset** decreased due to the utilisation of assessed tax losses and the deferred taxation asset arising from the impairment of property, plant and equipment and intangible assets during the 2023 financial year.

C **Trade and other receivables** increased mainly due to higher prepayments arising from the timing of software licence renewals and a lower impairment allowance on trade receivables, reflecting reduced credit risk following the consistent application of stringent vetting processes. This increase was partially offset by lower gross trade receivables, driven by improved collections and lower post-paid sales in Telkom Consumer and BCX, partly offset by increased operating activity in Openserve.

D **Contract assets** increased mainly due to a reduction in expected credit losses, reflecting lower credit risk as a result of declining default rates.

E **Interest-bearing debt** decreased primarily due to the settlement of a R623 million bond and the repayment of term loans of R201 million.

F **Lease liabilities** net increased mainly due to consumer price index adjustments, lease renewals and extensions, as well as additions for network equipment to support the mobile growth strategy.

G **Provisions** decreased mainly due to a lower bonus provision in the current period. Provisions for the 2027 financial year will be finalised in March 2027. The decrease was also attributable to a reduction in the telephone rebate liability, primarily driven by fewer eligible beneficiaries due to natural attrition within the ageing pensioner demographic.

## Summary of the Condensed consolidated interim statement of cash flows

| | September 2026 Rm | September 2025 Rm | Variance % | |
|---|---|---|---|---|
| **Cash flows from operating activities** | **3 683** | 3 494 | 5.4 | |
| Cash receipts from customers | **22 192** | 22 941 | (3.3) | A |
| Cash paid to suppliers and employees | **(16 594)** | (17 315) | 4.2 | B |
| Cash generated from operations | **5 598** | 5 626 | (0.5) | |
| Interest received | **288** | 244 | 18.0 | |
| Dividend received | **30** | 90 | (66.7) | |
| Finance charges paid | **(646)** | (841) | 23.2 | C |
| Taxation paid | **(155)** | (265) | 41.5 | D |
| Repayment of derivatives – FECs | **(126)** | (96) | (31.3) | |
| Proceeds from derivatives – FECs | **57** | 33 | 72.7 | |
| Cash generated from operations before dividend paid | **5 046** | 4 791 | 5.3 | |
| Dividend paid | **(1 363)** | (1 297) | 5.1 | |
| **Cash flows (utilised for)/generated from investing activities** | **(3 079)** | (3 090) | (0.4) | |
| Proceeds on disposal of property, plant and equipment | **24** | 208 | (88.5) | E |
| Additions to property, plant and equipment and intangible assets | **(3 014)** | (3 187) | 5.4 | |
| Investment made in FutureMakers | **(6)** | (5) | (20.0) | |
| SMME loans repaid by external parties | **10** | 7 | 42.9 | |
| Repayment of derivatives – FECs | **(173)** | (96) | (80.2) | |
| Proceeds from derivatives – FECs | **76** | 33 | 130.3 | |
| Restricted cash | **4** | (50) | 108.0 | |
| **Cash flows utilised for financing activities** | **(1 934)** | (5 776) | (66.5) | |
| Loans raised | **—** | 1 594 | (100.0) | |
| Loans repaid | **(824)** | (6 428) | 87.2 | F |
| Repayment of principal lease liabilities | **(1 103)** | (942) | (17.1) | G |
| Repayment of derivatives – interest rate swaps | **(87)** | (62) | (40.3) | |
| Proceeds from derivatives – interest rate swaps | **80** | 62 | 29.0 | |
| **Net decrease in cash and cash equivalents** | **(1 330)** | (5 372) | (75.2) | |
| Net cash and cash equivalents at 1 April | **7 723** | 11 054 | (30.1) | |
| **Net cash and cash equivalents at the end of the period** | **6 393** | 5 682 | 12.5 | |

## Notes

A **Cash receipts from customers** mainly due to lower operating activity in BCX driven by the continued transition from legacy to fibre-based platforms, the loss of a key client contract and deliberate repricing of key client contracts, as well as long-outstanding debtors collection in the prior period in Openserve and BCX .

B **Cash paid to suppliers and employees** decreased due to lower operating costs, reflecting the continued realisation of cost optimisation initiatives and reduced operating activity within BCX.

C **Finance charges paid** decreased primarily due to the lower debt levels in the current period, resulting from the repayment of debt using the proceeds received from the sale of Swiftnet in the prior year.

D **Taxation paid** decreased due to a higher estimation of taxable profits in the prior year, resulting in higher provisional tax payments during the first half of the prior year.

E **Proceeds on disposal of property, plant and equipment and intangible assets** decreased mainly due to significantly lower volumes of properties disposed of in the current period, following higher sales in the prior period. The properties sold in H1 FY2026 were included in the Gyro Properties portfolio and were sold through auction.

F **Loans repaid** of R824 million relate to the repayment of a maturing bond of R623 million in June 2026 and term loans amounting to R201 million. The prior period includes the repayment of debt following the proceeds received from the sale of Swiftnet.

G **Repayment of principal lease liabilities** increased due to consumer price index adjustments, lease renewals and extensions, as well as additions for network equipment to support the mobile growth strategy.

# **Appendix:** Non-IFRS Financial Measures



Certain financial information presented in this results announcement constitutes non-IFRS financial measures in terms of the JSE Listings Requirements. The Group presents various non-IFRS financial measures in the results announcement for both the current and prior periods to provide additional insight into its financial performance, cash generation and financial position. These measures supplement the financial information prepared in accordance with IAS 34.

These measures constitute pro forma financial information and are annotated throughout the results announcement. The non-IFRS financial information is the responsibility of the Board of Directors, and has been prepared for illustrative purposes only and, due to its nature, may not fairly present the financial position, changes in equity and results of operations or cash flows of Telkom.

The following non-IFRS financial measures are presented in this results announcement:

| Financial measure | Basis of presentation |
|---|---|
| EBITDA | Earnings before investment income and finance costs (including gains and losses on foreign exchange transactions), tax, depreciation, amortisation, write-offs and impairments of property, plant and equipment and intangible assets. EBITDA is also presented inclusive of interest revenue and interest on overdue accounts.<br><br>EBITDA is presented on an unadjusted basis for both the current and comparative reporting periods. |
| EBITDA margin | Calculated as EBITDA expressed as a percentage of revenue. |
| FCF | Free cash flow is cash generated from operations before dividend paid, less cash paid for capital expenditure and repayment of principal lease liabilities. |
| HEPS | Calculated in accordance with the SAICA Circular on Headline Earnings and the applicable JSE Listings Requirements. |
| Net debt to EBITDA | Net debt is calculated as total current and non-current borrowings, less bank and cash balances and restricted cash. Current borrowings relates to current interest-bearing debt and lease liabilities, while non-current borrowings relates to non-current interest-bearing debt and lease liabilities.<br><br>EBITDA is annualised for the interim reporting period to ensure comparability between EBITDA and the cumulative balance of net debt when determining the net debt to EBITDA ratio. |

# Reviewed condensed consolidated interim financial statements

for the six months ended 30 September 2026

## Board approval

These condensed consolidated interim financial statements were authorised for issue on 16 November 2026 by the Telkom SA SOC Ltd Board of Directors and published on 17 November 2026.

## Directors' responsibility and audit review report

The Directors of the Company take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been reviewed by our independent external auditor (hereafter referred to as "auditor"), PricewaterhouseCoopers Inc.

## Preparer and supervisor of the condensed consolidated interim financial statements

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

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# Independent Auditor's Review Report on Condensed Consolidated Interim Financial Statements

## To the Shareholders of Telkom SA SOC Limited

We have reviewed the condensed consolidated interim financial statements of Telkom SA SOC Limited, set out on pages 19 to 37, which comprise the condensed consolidated interim statement of financial position as at 30 September 2026 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended, and selected explanatory notes.

## Directors' Responsibility for the Condensed Consolidated Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements in accordance with the International Accounting Standard No.34, Interim Financial Reporting (IAS 34), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Telkom SA SOC Limited for the six months ended 30 September 2026 are not prepared, in all material respects, in accordance with IAS 34, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.



PricewaterhouseCoopers Inc.
Director: SN Madikane
Registered Auditor
Johannesburg, South Africa
16 November 2026

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

# Condensed consolidated interim statement of profit or loss and other comprehensive income

for the period ended 30 September 2026

| | Notes | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|---|
| Revenue | 4 | **22 537** | 22 104 |
| *Operating revenue* | | **22 193** | 21 748 |
| *Interest revenue* | | **212** | 210 |
| *Insurance revenue* | | **132** | 146 |
| Other income[1] | | **429** | 684 |
| Payments to other operators | 5.1 | **(1 079)** | (1 336) |
| Cost of handsets, equipment, software and directories | 5.2 | **(2 502)** | (2 583) |
| Sales commission, incentives and logistical costs | 5.3 | **(1 851)** | (1 671) |
| Insurance service expenses | | **(86)** | (100) |
| Employee expenses | 5.4 | **(4 548)** | (4 268) |
| Other expenses | | **(1 255)** | (1 176) |
| Maintenance | 5.5 | **(2 289)** | (2 496) |
| Marketing | | **(505)** | (501) |
| Impairment of receivables, contract assets and loans | 16 | **(227)** | (562) |
| Service fees | 5.6 | **(2 079)** | (1 913) |
| Lease-related expenses | | **(170)** | (159) |
| **EBITDA** | | **6 375** | 6 023 |
| Depreciation of property, plant and equipment | 5.7 | **(1 959)** | (1 790) |
| Depreciation of right-of-use assets | 5.8 | **(1 120)** | (1 001) |
| Amortisation of intangible assets | | **(293)** | (307) |
| Write-offs and impairments of property, plant and equipment and intangible assets | | **(71)** | (170) |
| **Operating profit** | | **2 932** | 2 755 |
| Investment income | | **214** | 250 |
| Net finance charges and fair value movements | | **(709)** | (814) |
| *Finance charges on lease liabilities* | | **(342)** | (305) |
| *Net finance charges - other*[2] | | **(296)** | (422) |
| *Foreign exchange and fair value movements* | | **(71)** | (87) |
| **Profit before taxation** | | **2 437** | 2 191 |
| Taxation | 10.1 | **(660)** | (587) |
| **Profit for the period** | | **1 777** | 1 604 |

| | Notes | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|---|
| **Other comprehensive income/(loss)** | | | |
| **Items that will be reclassified subsequently to profit or loss** | | | |
| Exchange (loss)/gain on translating foreign operations[3] | | **(6)** | 3 |
| **Items that will not be reclassified to profit or loss** | | | |
| Defined benefit plan actuarial gains/(losses) | | **78** | (45) |
| Income tax relating to other comprehensive (gains)/losses | | **(21)** | 12 |
| **Other comprehensive income/(loss) for the period, net of taxation** | | **51** | (30) |
| **Total comprehensive income for the period** | | **1 828** | 1 574 |
| **Profit attributable to:** | | | |
| Owners of Telkom | | **1 777** | 1 604 |
| Non-controlling interests | | **—** | — |
| **Profit for the period** | | **1 777** | 1 604 |
| **Total comprehensive income attributable to:** | | | |
| Owners of Telkom | | **1 828** | 1 574 |
| Non-controlling interests | | **—** | — |
| **Total comprehensive income for the period** | | **1 828** | 1 574 |
| Basic earnings per share (cents) | 6 | **359.6** | 325.7 |
| Diluted earnings per share (cents) | 6 | **355.4** | 322.7 |

1 *The decrease in other income is mainly due to lower property sales compared to the prior period. In the prior period, the Group recorded a significant profit from sale of properties previously included in the Gyro Properties portfolio, which had been earmarked for auction.*

2 *The decrease in net finance charges - other is mainly driven by the repayment of interest-bearing debt from Swiftnet proceeds in the first half of the 2026 financial year.*

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

## Condensed consolidated interim statement of financial position

as at 30 September 2026

| | Notes | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | **46 173** | 45 852 |
| Property, plant and equipment | 7 | **28 981** | 29 009 |
| Right-of-use assets | 9.1 | **7 760** | 6 871 |
| Intangible assets | 7 | **5 553** | 5 627 |
| Other investments | | **110** | 111 |
| Other receivables[1] | | **124** | 160 |
| Employee benefits | | **1 098** | 1 017 |
| Other financial assets | 11 | **58** | 63 |
| Finance lease receivables | | **325** | 291 |
| Deferred taxation | 10.3 | **2 164** | 2 703 |
| **Current assets** | | **17 641** | 18 566 |
| Inventories | | **569** | 544 |
| Income tax receivable | | **65** | 32 |
| Finance lease receivables | | **163** | 180 |
| Trade and other receivables | 16.1 | **7 068** | 6 818 |
| Contract assets | 16.2 | **2 373** | 2 247 |
| Other current assets | | **659** | 632 |
| Other financial assets | 11 | **139** | 196 |
| Insurance contract assets | | **156** | 134 |
| Cash and cash equivalents | 8 | **6 393** | 7 723 |
| Restricted cash | | **56** | 60 |
| **Total assets** | | **63 814** | 64 418 |

| | Notes | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity attributable to owners of the parent** | | **36 446** | 35 906 |
| Share capital | | **5 050** | 5 050 |
| Share-based compensation reserve | | **1 746** | 1 677 |
| Non-distributable reserves | | **585** | 591 |
| Retained earnings | | **29 065** | 28 588 |
| Non-controlling interests | | **(20)** | (15) |
| **Total equity** | | **36 426** | 35 891 |
| **Non-current liabilities** | | **11 839** | 11 560 |
| Interest-bearing debt | 13 | **3 983** | 4 524 |
| Lease liabilities | 9.2 | **6 275** | 5 357 |
| Provisions | 14 | **324** | 366 |
| Other financial liabilities | 11 | **79** | 130 |
| Deferred revenue | | **1 166** | 1 181 |
| Deferred taxation | 10.3 | **12** | 2 |
| **Current liabilities** | | **15 549** | 16 967 |
| Trade and other payables[2] | | **8 102** | 8 764 |
| Shareholders for dividend | | **17** | 17 |
| Interest-bearing debt | 13 | **1 786** | 2 069 |
| Lease liabilities | 9.2 | **2 188** | 2 199 |
| Provisions | 14 | **1 295** | 1 579 |
| Deferred revenue | | **1 839** | 1 920 |
| Income tax payable | | **2** | – |
| Other financial liabilities | 11 | **320** | 419 |
| **Total liabilities** | | **27 388** | 28 527 |
| **Total equity and liabilities** | | **63 814** | 64 418 |

[1] *The other receivables relate to prepayment of services or goods that will not be received within the next 12 months. The current portion of prepayments is disclosed in trade and other receivables (refer to note 16.1).*

[2] *Supplier finance arrangements (SFA) that do not result in extended payment terms are classified as trade payables based on management's judgement. A total of R1 051 million of the trade payables is subject to SFA. The Group continues to pay its suppliers based on the agreed payment terms and provides no guarantees to the participating funders. The arrangement does not have an impact on the Group's trade payables, net debt and cash flows. The Group also participates in SFA with extended payment terms, which are transferred to other financial liabilities. The carrying amount transferred to other financial liabilities is R89 million. Refer to note 11 for details. Trade and other payables decreased primarily due to the settlement of network equipment capital expenditure invoices and lower operating activity in BCX.*

# Condensed consolidated interim statement of changes in equity

for the period ended 30 September 2026

| | Attributable to equity holders of Telkom | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Non-distributable reserves | Share-based compensation reserves | Retained earnings | Total | Non-controlling interests | Total equity |
| | Rm | Rm | Rm | Rm | Rm | Rm | Rm |
| **Balance at 1 April 2025** | 5 050 | 585 | 1 610 | 26 356 | 33 601 | (16) | 33 585 |
| **Total comprehensive income** | — | 3 | — | 1 571 | 1 574 | — | 1 574 |
| Profit for the period | — | — | — | 1 604 | 1 604 | — | 1 604 |
| Other comprehensive income/(loss) | — | 3 | — | (33) | (30) | — | (30) |
| Exchange gains on translating foreign operations | — | 3 | — | — | 3 | — | 3 |
| Net defined benefit plan remeasurements | — | — | — | (33) | (33) | — | (33) |
| **Transactions with owners recorded directly in equity** | | | | | | | |
| Escrow shares realised for settlement to employees | — | (9) | — | — | (9) | — | (9) |
| Increase in share-based compensation reserve | — | — | 25 | — | 25 | — | 25 |
| Increase in subsidiaries' share-based compensation reserve | — | — | 13 | — | 13 | — | 13 |
| Dividend declared | — | — | — | (1 294) | (1 294) | (3) | (1 297) |
| **Balance at 30 September 2025** | 5 050 | 579 | 1 648 | 26 633 | 33 910 | (19) | 33 891 |
| **Balance at 1 April 2026** | **5 050** | **591** | **1 677** | **28 588** | **35 906** | **(15)** | **35 891** |
| **Total comprehensive (loss)/income** | **—** | **(6)** | **—** | **1 834** | **1 828** | **—** | **1 828** |
| Profit for the period | **—** | **—** | **—** | **1 777** | **1 777** | **—** | **1 777** |
| Other comprehensive (loss)/income | **—** | **(6)** | **—** | **57** | **51** | **—** | **51** |
| Exchange losses on translating foreign operations | **—** | **(6)** | **—** | **—** | **(6)** | **—** | **(6)** |
| Net defined benefit plan remeasurements | **—** | **—** | **—** | **57** | **57** | **—** | **57** |
| **Transactions with owners recorded directly in equity** | | | | | | | |
| Increase in share-based compensation reserve | **—** | **—** | **51** | **—** | **51** | **—** | **51** |
| Increase in subsidiaries' share-based compensation reserve | **—** | **—** | **18** | **—** | **18** | **—** | **18** |
| Dividend declared | **—** | **—** | **—** | **(1 357)** | **(1 357)** | **(5)** | **(1 362)** |
| **Balance at 30 September 2026** | **5 050** | **585** | **1 746** | **29 065** | **36 446** | **(20)** | **36 426** |

# Condensed consolidated interim statement of cash flows

for the period ended 30 September 2026

| | Notes | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|---|
| **Cash flows from operating activities** | | **3 683** | 3 494 |
| Cash receipts from customers | | **22 192** | 22 941 |
| Cash paid to suppliers and employees | | **(16 594)** | (17 315) |
| Cash generated from operations | 19 | **5 598** | 5 626 |
| Interest received | | **288** | 244 |
| Dividend received | | **30** | 90 |
| Finance charges paid[1] | | **(646)** | (841) |
| Taxation paid | 10.2 | **(155)** | (265) |
| Repayment of derivatives - FECs | | **(126)** | (96) |
| Proceeds from derivatives - FECs | | **57** | 33 |
| Cash generated from operations before dividend paid | | **5 046** | 4 791 |
| Dividend paid | | **(1 363)** | (1 297) |
| **Cash flows utilised for investing activities** | | **(3 079)** | (3 090) |
| Proceeds on disposal of property, plant and equipment | | **24** | 208 |
| Additions to property, plant and equipment and intangible assets | | **(3 014)** | (3 187) |
| Investment made in FutureMakers | | **(6)** | (5) |
| SMME loans repaid by external parties | | **10** | 7 |
| Repayment of derivatives - FECs | | **(173)** | (96) |
| Proceeds from derivatives - FECs | | **76** | 33 |
| Restricted cash | | **4** | (50) |
| **Cash flows utilised for financing activities** | | **(1 934)** | (5 776) |
| Loans raised | 13 | **—** | 1 594 |
| Loans repaid | 13 | **(824)** | (6 428) |
| Repayment of principal lease liabilities[2] | | **(1 103)** | (942) |
| Repayment of derivatives - interest rate swaps | | **(87)** | (62) |
| Proceeds from derivatives - interest rate swaps | | **80** | 62 |
| **Net decrease in cash and cash equivalents** | | **(1 330)** | (5 372) |
| Cash and cash equivalents at 1 April | | **7 723** | 11 054 |
| **Cash and cash equivalents at the end of the period** | 8 | **6 393** | 5 682 |

[1] *The decrease in finance charges paid is primarily driven by the lower debt levels in the current period, resulting from the repayment of debt using the proceeds received from the sale of Swiftnet in the prior year.*

[2] *The increase in repayment of lease liabilities is mainly due to increased lease balances as a result of additions and lease renewals.*

# Notes to the condensed consolidated interim financial statements

for the period ended 30 September 2026

## 1. Independent review

The Directors of the Company take full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements for the period ended 30 September 2026 have been reviewed by the auditor, PricewaterhouseCoopers Inc., who has expressed an unmodified conclusion thereon. The auditor has performed its review in accordance with International Standards on Review Engagements (ISRE) 2410.

## 2. 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 and debt securities are publicly traded on the JSE Ltd. The main objective of the Group and its associates is to supply telecommunication, multimedia, technology, information, mobile communication services and other related IT services to the Group's customers in Africa.

## 3. Basis of preparation, significant accounting judgements, estimates and assumptions and new accounting pronouncements

### 3.1 Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 (Interim Financial Reporting) and in compliance with the JSE Listings Requirements, the South African Companies Act, 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The condensed consolidated interim financial statements have been prepared on the going concern basis.

The condensed consolidated interim financial statements are disclosed 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 to the nearest million.

The condensed consolidated interim financial statements are prepared on the historical cost basis, with the exception of certain financial instruments subsequently measured at fair value. Details of the Group's material accounting policy information are consistent with those applied in the previous financial year, except for the adopted standards and amendments as listed in note 3.3.1, which did not have a material impact on the Group.

The results for the period are not necessarily indicative of the results for the entire year. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 March 2026, which have been prepared in accordance with IFRS® Accounting Standards.

### 3.2 Significant accounting judgements, estimates and assumptions

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated annual financial statements for the year ended 31 March 2026.

### 3.3 New accounting pronouncements

#### 3.3.1 Other standards, amendments to standards and interpretations

The standards and amendments to standards listed below were adopted, effective 1 April 2026, and did not have a material impact on the Group.

| Consideration | Effective date |
|---|---|
| **IFRS 7 (Financial Instruments: Disclosures) and IFRS 9 (Financial Instruments)**<br>Amendment regarding classification and measurement of financial instruments.<br>- Updating disclosures for equity instruments designated at fair value through other comprehensive income.<br>- Clarifying the classification of financial assets with ESG and similar features.<br>- Clarifying the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.<br>This amendment does not have a material impact on the Group. | Annual periods beginning on or after 1 January 2026 |
| **IFRS 7 (Financial Instruments: Disclosures) and IFRS 9 (Financial Instruments)**<br>Amendment regarding contracts referencing nature-dependent on electricity. This amendment does not have a material impact on the Group. | Annual periods beginning on or after 1 January 2026 |
| **Annual Improvements to IFRS® Accounting Standards - Volume 11**<br>The IASB has issued various amendments and clarifications to existing IFRS, none of which have a material impact on the Group's financial statements. | Annual periods beginning on or after 1 January 2026 |

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 3.3 New accounting pronouncements continued

### 3.3.1 Other standards, amendments to standards and interpretations continued

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

| Consideration | Effective date |
|---|---|
| **IFRS 18 (Presentation and Disclosure in Financial Statements)**<br>IFRS 18 focuses on a structure of the statement of profit or loss by prescribing categories and subtotals. It also requires detailed disclosures of management-defined performance measures (MPMs) in the notes to the financial statements and enhanced principles of aggregation and disaggregation across all the primary financial statements and notes in general.<br><br>The Group has progressed with the impact assessment of all the key changes and is in the process of updating the systems to support the changes.<br><br>Even though IFRS 18 will not affect the recognition or measurement of items in the financial statements, its presentation and disclosure principles are expected to have an impact. In particular, the impact of adoption will include:<br>- The presentation of new subtotals in the statement of profit or loss;<br>- The introduction of new line items on the face of the primary statements; and<br>- Additional detailed disclosures for MPMs. | Annual periods beginning on or after 1 January 2027 |
| **IAS 21 (The Effects of Changes in Foreign Exchange Rates)**<br>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. | Annual periods beginning on or after 1 January 2027 |

## 4. 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 period, the reportable segments have been determined as Openserve, Telkom Consumer and BCX. Included in "other" is Gyro, Telkom Foundation and Corporate Centre, which are not reportable segments but support reportable segments.

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 costs (which includes gains and losses on foreign exchange transactions and fair value movements), tax, depreciation, amortisation and write-offs and impairments of property, plant and equipment and intangible assets, and is also presented inclusive of the following items:

- Interest revenue
- Interest on overdue accounts

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

The CODM reviews the performance of the operating segments on an adjusted EBITDA basis. EBITDA is adjusted for significant once-off costs and income, when applicable. There are no significant once-off costs and income that have been adjusted for in the current or prior period.

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 4. Segment information continued

| 30 September 2026 | Openserve Rm | Telkom Consumer Rm | BCX Rm | Other Rm | Eliminations Rm | IFRS 16 reversal Rm | Consolidated Rm |
|---|---|---|---|---|---|---|---|
| Revenue from external customers[1] | 2 917 | 14 749 | 4 871 | — | — | — | 22 537 |
| *Revenue from contracts with customers recognised over time*[2] | 2 473 | 12 955 | 3 897 | — | — | — | 19 325 |
| Voice | — | 2 073 | 628 | — | — | — | 2 701 |
| Interconnection | 87 | 186 | — | — | — | — | 273 |
| Data | 2 386 | 10 417 | 1 126 | — | — | — | 13 929 |
| Information technology services | — | — | 1 837 | — | — | — | 1 837 |
| Customer premises equipment related services | — | 35 | 287 | — | — | — | 322 |
| Interest revenue | — | 193 | 19 | — | — | — | 212 |
| Sundry revenue | — | 51 | — | — | — | — | 51 |
| *Revenue from contracts with customers recognised at a point in time* | 347 | 1 637 | 929 | — | — | — | 2 913 |
| Customer premises equipment | — | 1 637 | 110 | — | — | — | 1 747 |
| Information technology hardware and software | — | — | 819 | — | — | — | 819 |
| Sundry revenue | 347 | — | — | — | — | — | 347 |
| Lease revenue | 97 | 25 | 45 | — | — | — | 167 |
| Insurance revenue | — | 132 | — | — | — | — | 132 |
| Intersegmental operating revenue | 3 673 | 48 | 514 | 195 | (4 389) | (41) | — |
| Other income | 104 | 279 | 50 | 903 | (907) | — | 429 |
| Total expenses | (4 469) | (11 442) | (4 986) | (990) | 5 296 | — | (16 591) |
| Cost of handsets, equipment, software and directories | — | (1 910) | (713) | — | 121 | — | (2 502) |
| Sales commission, incentives and logistical costs | (11) | (1 834) | (6) | — | — | — | (1 851) |
| Payments to other operators | (237) | (853) | (154) | — | 165 | — | (1 079) |
| Employee expenses | (1 697) | (751) | (1 647) | (453) | — | — | (4 548) |
| Other expenses | (209) | (3 148) | (1 912) | (138) | 4 152 | — | (1 255) |
| Insurance service expenses | — | (86) | — | — | — | — | (86) |
| Maintenance | (873) | (1 182) | (335) | (213) | 314 | — | (2 289) |
| Marketing | (36) | (428) | (30) | (11) | — | — | (505) |
| Impairment of receivables, contract assets and loans | (6) | (304) | 77 | 6 | — | — | (227) |
| Service fees | (1 295) | (848) | (262) | (146) | 472 | — | (2 079) |
| Lease-related expenses | (105) | (98) | (4) | (35) | 72 | — | (170) |
| **EBITDA for reportable segments including intersegmental transactions** | 2 225 | 3 634 | 449 | 108 | — | (41) | 6 375 |
| Depreciation, amortisation, impairments and write-offs | | | | | | | (3 443) |
| **Operating profit** | | | | | | | 2 932 |
| Investment income | | | | | | | 214 |
| Net finance charges and fair value movements | | | | | | | (709) |
| **Profit before taxation** | | | | | | | 2 437 |
| **Other segment information** | | | | | | | |
| Capital expenditure of property, plant and equipment and intangible assets | 815 | 1 256 | 66 | 86 | — | — | 2 223 |

[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. Group revenue increased, driven by an increase in mobile data and pre-paid sales revenue as a result of an increase in subscribers. This was partially offset by the decline in revenue from BCX and offset by a decrease in voice revenue, reflecting the continued migration away from legacy fixed-voice services and ongoing declines in non-fibre data.*

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

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 4. Segment information continued

| 30 September 2025 | Openserve Rm | Telkom Consumer Rm | BCX Rm | Other Rm | Eliminations Rm | IFRS 16 reversal Rm | Consolidated Rm |
|---|---|---|---|---|---|---|---|
| Revenue from external customers[1] | 2 606 | 14 196 | 5 302 | — | — | — | 22 104 |
| *Revenue from contracts with customers recognised over time*[2] | 2 313 | 12 543 | 4 157 | — | — | — | 19 013 |
| Voice | — | 2 353 | 757 | — | — | — | 3 110 |
| Interconnection | 94 | 273 | — | — | — | — | 367 |
| Data | 2 219 | 9 628 | 1 225 | — | — | — | 13 072 |
| Information technology services | — | — | 1 826 | — | — | — | 1 826 |
| Customer premises equipment related services | — | 42 | 320 | — | — | — | 362 |
| Interest revenue | — | 181 | 29 | — | — | — | 210 |
| Sundry revenue | — | 66 | — | — | — | — | 66 |
| *Revenue from contracts with customers recognised at a point in time* | 208 | 1 445 | 1 101 | — | — | — | 2 754 |
| Customer premises equipment | — | 1 441 | 118 | — | — | — | 1 559 |
| Information technology hardware and software | — | — | 983 | — | — | — | 983 |
| Sundry revenue | 208 | 4 | — | — | — | — | 212 |
| Lease revenue | 85 | 62 | 44 | — | — | — | 191 |
| Insurance revenue | — | 146 | — | — | — | — | 146 |
| Intersegmental operating revenue | 3 721 | 54 | 566 | 187 | (4 487) | (41) | — |
| Other income | 115 | 335 | 39 | 1 035 | (840) | — | 684 |
| Total expenses | (4 334) | (11 486) | (5 326) | (946) | 5 327 | — | (16 765) |
| Cost of handsets, equipment, software and directories | — | (1 843) | (814) | — | 74 | — | (2 583) |
| Sales commission, incentives and logistical costs | — | (1 671) | — | — | — | — | (1 671) |
| Payments to other operators | (298) | (1 053) | (184) | — | 199 | — | (1 336) |
| Employee expenses | (1 503) | (719) | (1 640) | (406) | — | — | (4 268) |
| Other expenses | (119) | (3 043) | (1 976) | (181) | 4 143 | — | (1 176) |
| Insurance service expenses | — | (100) | — | — | — | — | (100) |
| Maintenance | (962) | (1 324) | (408) | (220) | 418 | — | (2 496) |
| Marketing | (32) | (402) | (60) | (6) | (1) | — | (501) |
| Impairment of receivables, contract assets and loans | 6 | (590) | 21 | 1 | — | — | (562) |
| Service fees | (1 324) | (651) | (261) | (108) | 431 | — | (1 913) |
| Lease-related expenses | (102) | (90) | (4) | (26) | 63 | — | (159) |
| **EBITDA for reportable segments including intersegmental transactions** | 2 108 | 3 099 | 581 | 276 | — | (41) | 6 023 |
| Depreciation, amortisation, impairments and write-offs | | | | | | | (3 268) |
| **Operating profit** | | | | | | | 2 755 |
| Investment income | | | | | | | 250 |
| Net finance charges and fair value movements | | | | | | | (814) |
| **Profit before taxation** | | | | | | | 2 191 |
| **Other segment information** | | | | | | | |
| Capital expenditure of property, plant and equipment and intangible assets | 1 257 | 1 385 | 166 | 62 | — | — | 2 870 |

[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 condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 4. 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 above.

For the purpose of assessing revenue contribution per customer, management does not treat government departments as a single customer.

## 5. Expenses

| | | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|---|
| 5.1 | **Payments to other operators** | **(1 079)** | (1 336) |
| | The decrease is mainly due to the optimisation of the mobile roaming and interconnect costs to support the mobile growth strategy. This was mainly driven by the rollout of Telkom mobile sites as the Group continues to migrate traffic to the Telkom network as well as maintenance of stringent roaming traffic thresholds. | | |
| 5.2 | **Cost of handsets, equipment, software and directories** | **(2 502)** | (2 583) |
| | The decrease is primarily driven by lower Integrated Technology Solution Sales (ITSS) costs in BCX aligned with reduced operating activity, partially offset by higher handset costs in Telkom Consumer due to increased customer premises equipment sales. | | |
| 5.3 | **Sales commission, incentives and logistical costs** | **(1 851)** | (1 671) |
| | 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. | | |
| 5.4 | **Employee expenses** | **(4 548)** | (4 268) |
| | Employee expenses increased mainly due to the annual salary increases in the current period. | | |
| 5.5 | **Maintenance** | **(2 289)** | (2 496) |
| | The decrease in maintenance costs is primarily due to cost optimisation initiatives across the Group and positive foreign exchange currency impact driven by the strengthening of the rand relative to the prior year. | | |
| 5.6 | **Service fees** | **(2 079)** | (1 913) |
| | The increase is primarily driven by tariff increases in municipal rates and electricity during the period. | | |
| 5.7 | **Depreciation of property, plant and equipment** | **(1 959)** | (1 790) |
| | The increase is mainly due to additions to property, plant and equipment. | | |
| 5.8 | **Depreciation of right-of-use assets** | **(1 120)** | (1 001) |
| | The increase is mainly due to additions and lease renewals. | | |

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 6. Earnings and dividend per share

| | Reviewed six months ended 30 September 2026 Cents | Reviewed six months ended 30 September 2025 Cents |
|---|---|---|
| Basic earnings per share | **359.6** | 325.7 |
| Diluted earnings per share | **355.4** | 322.7 |
| Headline earnings per share[1] | **334.1** | 305.6 |
| Diluted headline earnings per share[1] | **330.2** | 302.8 |
| Dividend per share [2] | **270.1** | 260.9 |

| **Reconciliation of weighted average number of ordinary shares:** | Number of shares | Number of shares |
|---|---|---|
| Weighted ordinary shares in issue | **511 140 239** | 511 140 239 |
| Weighted average number of treasury shares | **(16 983 551)** | (18 686 255) |
| Weighted average number of shares outstanding | **494 156 688** | 492 453 984 |
| **Reconciliation of diluted weighted average number of ordinary shares:** | | |
| Weighted average number of shares outstanding | **494 156 688** | 492 453 984 |
| Expected future vesting of shares related to Group employee share scheme incentive plans | **5 823 149** | 4 564 068 |
| Diluted weighted average number of shares outstanding | **499 979 837** | 497 018 052 |

| | Reviewed six months ended 30 September 2026 Rm | | Reviewed six months ended 30 September 2025 Rm | |
|---|---|---|---|---|
| | Gross | Net | Gross | Net |
| *Reconciliation between earnings and headline earnings:* | | | | |
| Profit for the period | | **1 777** | | 1 604 |
| Non-controlling interests | | **—** | | — |
| Profit attributable to owners of Telkom | | **1 777** | | 1 604 |
| Profit on disposal of property, plant and equipment[3] | **(1)** | **(181)** | (185) | (231) |
| Write-offs and impairments of property, plant and equipment and intangible assets | **71** | **55** | 170 | 132 |
| **Headline earnings** | | **1 651** | | 1 505 |

[1] *The disclosure of headline earnings is a requirement of the JSE Listings Requirements. It has been calculated in accordance with the South African Institute of Chartered Accountants' circular 1/2023 issued in this regard as well as the requirements of IAS 33 (Earnings Per Share).*

[2] *The calculation of dividend per share is based on the ordinary dividend declared on 2 June 2026 and paid on 29 June 2026 of R1 381 million. A total of 511 140 239 ordinary shares were outstanding on the date of the dividend declaration. In the prior period, an ordinary and special dividend of R833 million and R500 million, respectively, were declared. The difference between the total dividend of R1 381 million and the dividend amount per the statement of changes in equity of R1 362 million is the intercompany dividend declared to BCX, related to treasury shares.*

[3] *The net amount exceeds the gross amount due to the disposal proceeds being lower than the remaining tax value resulting in a tax loss.*

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 7. Capital additions and disposals

| | Reviewed six months ended 30 September 2026 Rm | Audited 31 March 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|---|
| **Property, plant and equipment** | | | |
| Additions | **2 012** | 5 626 | 2 596 |
| Disposals | **(22)** | (101) | (68) |
| **Intangible assets** | | | |
| Additions | **211** | 808 | 271 |
| Disposals | **—** | (33) | — |

Finance charges of R23 million (31 March 2026: R57 million) were capitalised to property, plant and equipment and intangible assets in the current financial period.

## 8. Cash and cash equivalents

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Cash and cash equivalents** | **6 393** | 7 723 |
| Cash and bank balances | **2 687** | 2 822 |
| Short-term deposits | **3 706** | 4 901 |
| Undrawn borrowing facilities | **6 422** | 6 422 |

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 the drawdown. These facilities are subject to annual review and are in place to ensure liquidity. At 30 September 2026, R5 672 million (31 March 2026: R5 672 million) of these undrawn facilities were committed by the banks.

The uncommitted portion of R750 million (31 March 2026: R750 million) is subject to bank approval.

Refer to the statement of cash flows for the movement in the cash balance.

## 9. Right-of-use assets and lease liabilities

### 9.1. Right-of-use assets

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Opening carrying amount** | **6 871** | 6 384 |
| New leases entered into | **1 549** | 1 193 |
| Lease remeasurements | **839** | 1 417 |
| Cancelled leases | **(379)** | (65) |
| Depreciation | **(1 120)** | (2 058) |
| **Closing carrying amount** | **7 760** | 6 871 |

The increase in right-of-use assets is mainly due to consumer price index increases, lease renewals and lease extensions together with additions for network equipment in support of the mobile growth strategy.

### 9.2. Lease liabilities

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Opening balance** | **7 556** | 6 920 |
| New leases entered into | **1 547** | 1 193 |
| Lease remeasurements | **839** | 1 417 |
| Cancelled leases | **(385)** | (67) |
| IFRS 16 interest capitalised | **342** | 630 |
| Repayment of lease liabilities | **(1 440)** | (2 581) |
| Accrued lease payments | **4** | 44 |
| **Closing balance** | **8 463** | 7 556 |

Included in the lease liabilities balance are the non-current and current portions of R6 275 million and R2 188 million (31 March 2026: R5 357 million and R2 199 million), respectively.

Lease liabilities increased mainly due to consumer price index increases, lease renewals and lease extensions together with additions for network equipment in support of the mobile growth strategy.

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 10. Taxation and deferred taxation

### 10.1 Taxation

| | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|
| Taxation | **(660)** | (587) |

The taxation expense increased mainly due to an increase in the Group's profit before tax and a 0.3% increase in the effective tax rate (ETR) to 27.1%. The increase in the ETR is mainly due to the permanent differences from the IFRS 2 share-based expenses.

### 10.2 Taxation paid

| | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|
| Taxation paid | **(155)** | (265) |

Taxation paid in the current financial period decreased due to a higher estimation of taxable profits in the prior year, resulting in higher provisional tax payments in the first half of that year.

### 10.3 Deferred taxation

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| Deferred taxation balance is made up as follows: | **2 152** | 2 701 |
| Deferred taxation assets | **2 164** | 2 703 |
| Deferred taxation liabilities | **(12)** | (2) |

The decrease in the net deferred tax asset (DTA) is attributable to the utilisation of assessed tax losses and the utilisation of the DTA that arose from the impairment of property, plant and equipment and intangible assets during the 2023 financial year.

The Group considered the following factors in assessing whether it is probable that the Group will have future taxable profits against which the 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 over approximately five years through the use of the assets.

## 11. Other financial assets and liabilities

| | Reviewed six months ended 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Other financial assets** | | |
| **Non-current other financial assets** | **58** | 63 |
| *Other financial assets at amortised cost* | | |
| Non-current portion of SMME loans | **41** | 46 |
| *Other financial assets at fair value through profit or loss* | **17** | 17 |
| Investment in equity fund | **10** | 10 |
| Investment in first-party cell captive | **7** | 7 |
| **Current other financial assets** | **139** | 196 |
| *Other financial assets at amortised cost* | | |
| Current portion of SMME loans | **39** | 36 |
| *Other financial assets at fair value through profit or loss* | | |
| Derivative instruments used for hedging | **100** | 160 |
| Forward exchange contracts | **36** | 105 |
| Firm commitments | **61** | 53 |
| Interest rate swaps | **3** | 2 |
| **Other financial liabilities** | | |
| **Non-current other financial liabilities** | **(79)** | (130) |
| *Other financial liabilities at amortised cost* | | |
| Asset finance payables | **(79)** | (130) |
| **Current other financial liabilities** | **(320)** | (419) |
| *Other financial liabilities at amortised cost* | **(244)** | (233) |
| Asset finance payables | **(155)** | (172) |
| Supplier finance arrangements | **(89)** | (61) |
| *Other financial liabilities at fair value through profit or loss* | | |
| Derivative instruments used for hedging | **(76)** | (186) |
| Forward exchange contracts | **(58)** | (140) |
| Firm commitments | **(15)** | (23) |
| Interest rate swaps | **(3)** | (23) |

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 12. Financial risk management

Continuously changing market conditions make the management of financial risk critical for the Group. The Board regularly monitors treasury policies, risk limits and control procedures through its Audit Committee and Risk Committee.

### 12.1 Fair value measurement

#### 12.1.1 Fair value of financial instruments

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

| Type of financial instrument | Fair value at 30 September 2026 Rm | Valuation technique | Significant inputs |
|---|---|---|---|
| Derivative assets | **100** | Discounted cash flows | Yield curves and market interest rates |
| Derivative liabilities | **(76)** | | |
| Investment in FutureMakers entities | **101** | 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 14) | **(23)** | Discounted cash flows | Weighted average cost of capital |
| Interest-bearing debt | **(5 773)** | Discounted cash flows and quoted bond prices | Market interest rates |

#### 12.1.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value and amortised cost by hierarchy level.

The different levels are 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.

| | Hierarchy levels[1] | Fair value Reviewed 30 September 2026 Rm | Fair value Audited 31 March 2026 Rm |
|---|---|---|---|
| **Assets measured at fair value** | | | |
| Derivative assets | | | |
| Forward exchange contracts | Level 2 | **36** | 105 |
| Firm commitments | Level 2 | **61** | 53 |
| Interest rate swaps | Level 2 | **3** | 2 |
| Investment in FutureMakers entities | Level 3 | **101** | 102 |
| Investment in equity fund | Level 3 | **10** | 10 |
| Investment in first-party cell captive | Level 3 | **7** | 7 |
| **Liabilities measured at fair value** | | | |
| Derivative liabilities | | | |
| Forward exchange contracts | Level 2 | **(58)** | (140) |
| Firm commitments | Level 2 | **(15)** | (23) |
| Interest rate swaps | Level 2 | **(3)** | (23) |
| Contingent consideration | Level 3 | **(23)** | (30) |
| **Liabilities measured at amortised cost** | | | |
| Interest-bearing debt[2] | Level 2 | **(5 773)** | (6 680) |

[1] *There have been no transfers between the fair value levels during the period under review.*

[2] *The carrying amount of interest-bearing debt is R5 769 million (31 March 2026: R6 593 million). 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 condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 12. Financial risk management continued

### 12.2 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 and capital commitments.

The Group's treasury department manages liquidity risk in accordance with the policies and guidelines formulated by the Group Exco. The Group maintains sufficient borrowing facilities to meet its immediate obligations. Short-term liquidity gaps may be funded through undrawn facilities and commercial paper bills.

- The Group continuously monitors its short and long-term liquidity needs, taking into consideration its cash balances, cash generated from operations and available borrowing facilities.
- The Group continues to generate positive cash flows from its core business activities, as evidenced by cash generated from operating activities of R3 683 million for the period ended 30 September 2026 (30 September 2025: R3 494 million).
- During the current reporting period, the Group did not raise any borrowings and repaid a portion of its debt. It had liquidity of R6 422 million in the form of undrawn borrowing facilities.
- The Group had cash and cash equivalents of R6 393 million (31 March 2026: R7 723 million).

The table below summarises the maturity profile of the Group's interest-bearing debt and lease liabilities based on undiscounted contractual cash flows at the reporting date:

| **30 September 2026** | **Carrying amount** | **Contractual undiscounted cash flows** | **0 - 12 months** | **1 - 2 years** | **2 - 3 years** | **3 - 4 years** | **4 - 5 years** | **>5 years** |
|---|---|---|---|---|---|---|---|---|
| | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** | **Rm** |
| Interest-bearing debt (note 13) | **5 769** | **7 266** | **2 201** | **1 497** | **1 048** | **573** | **455** | **1 492** |
| Lease liabilities | **8 463** | **10 512** | **2 715** | **2 318** | **1 837** | **1 200** | **794** | **1 648** |

| 31 March 2026 | Carrying amount | Contractual undiscounted cash flows | 0 - 12 months | 1 - 2 years | 2 - 3 years | 3 - 4 years | 4 - 5 years | >5 years |
|---|---|---|---|---|---|---|---|---|
| | Rm | Rm | Rm | Rm | Rm | Rm | Rm | Rm |
| Interest-bearing debt (note 13) | 6 593 | 8 304 | 2 536 | 1 551 | 997 | 600 | 912 | 1 708 |
| Lease liabilities | 7 556 | 9 206 | 2 643 | 2 121 | 1 791 | 1 180 | 644 | 827 |

### 12.3 Interest rate risk management

The Group's policy is to manage interest costs through a mix of fixed and floating rate debt. To manage this mix cost effectively and hedge specific exposure in the interest rate repricing profile of its existing borrowings, the Group uses interest rate swaps.

**Transition from Johannesburg Interbank Average Rate (JIBAR) to South African Rand Overnight Index Average (ZARONIA)**

The Group has identified all impacted contracts and is in the process of transitioning them to ZARONIA. The JIBAR reform meets the requirements for applying the IFRS 9 practical expedient. Accordingly, the Group will apply it by updating effective interest rates prospectively without derecognition or recognition of any gain or loss. Based on this, the transition is not expected to have a material financial impact.

System updates to support ZARONIA are scheduled for completion prior to 31 December 2026. The following balances have been identified as being impacted by the transition:

- Interest-bearing debt amounting to R5 769 million (31 March 2026: R6 593 million)
- Forward exchange contract assets amounting to R36 million (31 March 2026: R105 million)
- Forward exchange contract liabilities amounting to R58 million (31 March 2026: R140 million)

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

| | **30 September 2026** | | 31 March 2026 | |
|---|---|---|---|---|
| | **Average maturity** | **Notional amount** | Average maturity | Notional amount |
| Interest rate swaps outstanding | | **Rm** | | Rm |
| Pay fixed and receive floating | **0.55 years** | **2 045** | 0.85 years | 2 668 |

### 12.4 Foreign currency exchange rate risk management

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

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 12. Financial risk management continued

### 12.4 Foreign currency exchange rate risk management continued

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

| | 30 September 2026 | | 31 March 2026 | |
|---|---|---|---|---|
| | Foreign contract value | Contract value | Foreign contract value | Contract value |
| **Purchased** | **m** | **Rm** | m | Rm |
| *Currency* | | | | |
| US dollar | **252** | **4 135** | 217 | 3 668 |
| Euro | **26** | **490** | 28 | 548 |
| British pound sterling[1] | **—** | **5** | 1 | 12 |
| Chinese yuan | **150** | **366** | 106 | 260 |
| | | **4 996** | | 4 488 |

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

## 13. Interest-bearing debt

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Non-current interest-bearing debt** | | |
| Local debt | **3 983** | 4 524 |
| **Current portion of interest-bearing debt** | | |
| Local debt | **1 786** | 2 069 |
| **Total interest-bearing debt** | **5 769** | 6 593 |

The current portion of interest-bearing debt as at 30 September 2026 of R1 786 million (31 March 2026: R2 069 million) is expected to be repaid from available cash, operational cash flows or the issue of new debt instruments.

**Debt covenants applicable to Telkom loans require the following for the Group:**
- Net debt to EBITDA of less than 3:1
- EBITDA to finance charges of at least 3.5:1

As at 30 September 2026, Telkom's net debt to EBITDA ratio was 0.6:1 (31 March 2026: 0.5:1) and EBITDA to finance charges was 14.8:1 (31 March 2026: 12.8:1). The next measurement date for the covenants will be 31 March 2027. EBITDA is annualised to ensure comparability between EBITDA and the cumulative balance of net debt when determining the net debt to EBITDA ratio.

During the period, Rnil (30 September 2025: R1 594 million) debt was raised and R824 million (30 September 2025: R6 428 million) debt was repaid for the Group. The decrease in interest-bearing debt was primarily driven by the settlement of a R623 million bond and the repayment of term loans of R201 million.

## 14. Provisions

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Non-current provisions** | **324** | 366 |
| ***Non-current employee-related provisions*** | **281** | 322 |
| Subsidiary defined benefit plans | **6** | 6 |
| Telephone rebates[1] | **275** | 316 |
| ***Non-current non-employee-related provisions*** | | |
| Other | **43** | 44 |
| **Current provisions** | **1 295** | 1 579 |
| ***Current portion of employee-related provisions*** | **1 010** | 1 308 |
| Annual leave | **455** | 411 |
| Telephone rebates | **43** | 43 |
| Bonus, termination packages and other benefits[2] | **512** | 854 |
| ***Current portion of non-employee-related provisions*** | | |
| Other | **285** | 271 |

[1] *The decrease in the telephone rebate liability is primarily driven by a reduction in eligible beneficiaries due to natural attrition within the ageing pensioner demographic.*

[2] *The decrease in bonus, termination packages and other benefits is primarily attributable to a lower bonus provision in the current period. Provisions for the 2027 financial year will be finalised in March 2027.*

**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 2026: 22 - 30 days), which must be taken within a 12 - 19 month (31 March 2026: 12 - 19 month) leave cycle. The leave cycle is reviewed annually and is in accordance with legislation.

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

**Non-employee-related provisions**
Other provisions relate to the ICASA licence fee provision, onerous contracts, labour disputes, contingent consideration from the acquisition of Dotcom Software Solutions (Pty) Ltd, and other general provisions.

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 15. Commitments

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm | Reviewed 30 September 2025 Rm |
|---|---|---|---|
| **Capital commitments authorised** | **7 399** | 9 748 | 4 657 |
| Commitments against authorised capital expenditure | **2 134** | 1 204 | 2 674 |
| Authorised capital expenditure not yet contracted | **5 265** | 8 544 | 1 983 |

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

The increase in commitments against authorised capital expenditure is due to the approvals for projects planned for execution in the current financial year. The decrease in authorised capital expenditure not yet contracted is mainly due to fewer long-term orders starting after one year from the end of the current period.

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

## 16. Trade and other receivables and contract assets

### 16.1 Trade and other receivables

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Trade and other receivables** | **7 068** | 6 818 |
| Trade receivables | **5 150** | 5 198 |
| Gross trade receivables | **8 134** | 8 504 |
| Impairment of trade receivables | **(2 984)** | (3 306) |
| Other receivables | **810** | 823 |
| Gross other receivables | **838** | 852 |
| Impairment of other receivables | **(28)** | (29) |
| Prepayments | **1 108** | 797 |
| **Allowance account for expected credit losses - trade receivables** | **2 984** | 3 306 |
| Opening balance | **3 306** | 3 518 |
| Charged to statement of profit or loss and other comprehensive income | **141** | 616 |
| Reclassification (to)/from finance lease receivables | **(15)** | 19 |
| Receivables written off | **(448)** | (847) |

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.

Gross trade receivables decreased mainly due to improved collections and lower post-paid sales in Telkom and BCX, offset by the increase in operating activity in Openserve.

The global energy shock negatively impacts the South African inflation and gross domestic product (GDP) outlook. Given that the Group mainly operates in South Africa, a forward-looking adjustment of 0.1% to 1.5% of the exposure based on the outlook of the inflation and GDP has been recognised in the current period. The decrease in the impairment of receivables and contract assets for the Group is mainly due to the reduced credit risk resulting from the stringent vetting process. This is slightly offset by the forward-looking adjustment. Refer to note 16.2 for contract assets.

The receivables written off during the current period amounted to R448 million compared with R847 million written off during the 12 months of the prior year. The decrease in write-offs is consistent with the continued application of stringent credit vetting processes, which are designed to limit exposure to customers with higher credit risk.

The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected future cash flows. The Group does not hold any collateral over these balances.

Trade receivables are written off 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 negative feedback from debt collectors regarding debtors, a debtor's failure to engage in a repayment plan with the Group and failure to make contractual payments confirm that the amounts are unlikely to be recoverable.

During the current financial period, R448 million (31 March 2026: R847 million) of trade receivables and R193 million (31 March 2026: R340 million) of contract assets were written off and are still subject to enforcement activity, such as external debt collection processes and credit bureau listings.

The increase in prepayments is mainly due to the timing of software licence renewals that occurred in June and July, which will be amortised over the period of 12 months.

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Post write-off recoveries credited within the impairment of receivables, contract assets and loans** | | |
| Post write-off recoveries | **220** | 258 |

The Group's receivables' book data indicates that a large proportion of receivables 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 condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 16. Trade and other receivables and contract assets continued

### 16.2 Contract assets

| | Reviewed 30 September 2026 Rm | Audited 31 March 2026 Rm |
|---|---|---|
| **Contract assets** | **2 373** | 2 247 |
| Gross contract assets | **3 060** | 3 044 |
| Impairment of contract assets | **(687)** | (797) |
| **Allowance account for expected credit losses - contract assets** | **687** | 797 |
| Opening balance | **797** | 741 |
| Charged to statement of profit or loss and other comprehensive income | **83** | 396 |
| Contract assets written off | **(193)** | (340) |

While the gross contract assets increased slightly, the expected credit loss on contract assets decreased, mainly due to the reduced credit risk resulting from stringent credit vetting process. This also reduced the amount charged to the statement of profit or loss.

**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 R517 million (30 September 2025: R669 million).

Telkom accounted for a derecognition gain of R98 million (30 September 2025: R98 million) within other income in the statement of profit or loss and other comprehensive income.

Based on the structure of the agreements, the IFRS 9 (Financial Instruments) "pass through" criteria for derecognition of the contract assets were met. Accordingly, the contract asset portfolio was derecognised in its entirety as significant risks and rewards had been transferred. The total cash inflows related to the derecognition are included in cash flows from operating activities in the statement of cash flows.

In terms of the arrangements, Telkom retains the contractual right to receive the cash flows and assumes the contractual obligation to pay cash received to the financial institutions.

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

## 17. Contingencies

**Contingent liabilities**

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

**High Court**

*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 still 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.

**Arbitration**

*Masstores (Pty) Ltd (Masstores)*

During November 2021, Masstores launched arbitration proceedings against BCX. Following an amendment, the claims from 2021 changed from approximately R166 million to approximately R213 million for alleged breach of contract. The matter is proceeding, with the hearing currently scheduled to resume in April 2027.

**Supreme Court**

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

On 19 July 2023, the Pretoria High Court handed down judgment, 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 was heard on 28 May 2026, and judgment remains reserved.

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

## Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

### 18. Related parties

The South African Government, represented by the Department of Communication and Digital Technologies, has the ability to exercise 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 (schedules 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 the 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 of 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.

The Group does not have any individually significant transactions and balances with related parties.

At 30 September 2026, the Government of South Africa held 40.5% (31 March 2026: 40.5%) of Telkom's shares and had the ability to exercise significant influence, and the Public Investment Corporation held 11.08% (31 March 2026: 11.08%) of Telkom's shares.

| | **Reviewed six months ended 30 September 2026** | Audited 31 March 2026 | Reviewed six months ended 30 September 2025 |
|---|---|---|---|
| | **Rm** | Rm | Rm |
| **Key management personnel compensation (including Directors and Prescribed Officers' remuneration):** | | | |
| *Related party transactions* | | | |
| Short-term employee benefits | **101** | 325 | 138 |
| Post-employment benefits | **8** | 15 | 8 |
| Termination benefits | **3** | 12 | 1 |
| Equity compensation benefits | **40** | 35 | 19 |

**Terms and conditions of transactions with related parties**

Except as indicated above, outstanding balances as at 30 September 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. For the period ended 30 September 2026, the Group has not impaired any of the amounts owed by the related parties. This assessment is undertaken in each financial period by examining the financial position of the related party and the market in which the related party operates.

# Notes to the condensed consolidated interim financial statements continued

for the period ended 30 September 2026

## 19. Reconciliation of profit before tax to cash generated from operations

| | Reviewed six months ended 30 September 2026 Rm | Reviewed six months ended 30 September 2025 Rm |
|---|---|---|
| **Cash generated from operations** | **5 598** | 5 626 |
| Profit before tax | **2 437** | 2 191 |
| Net finance charges and fair value movements | **709** | 814 |
| Investment income | **(214)** | (250) |
| Interest received from trade receivables and finance lease receivable | **(78)** | (87) |
| **Adjusted for:** | **3 159** | 3 466 |
| Depreciation, amortisation, impairments and write-offs | **3 443** | 3 268 |
| Impairment of receivables, contract assets and loans | **227** | 562 |
| Decrease in provisions | **(330)** | (256) |
| Insurance revenue | **(132)** | (146) |
| Insurance service expenses | **86** | 100 |
| Gain on termination of leases | **(7)** | (2) |
| Profit from disposal of property, plant and equipment | **(1)** | (185) |
| Gain on sale of contract assets | **(98)** | (98) |
| Foreign exchange movements | **—** | (7) |
| Share-based payment expenses | **69** | 38 |
| Movement in deferred revenue | **(98)** | 192 |
| **Movement in working capital** | **(415)** | (508) |
| Increase in inventories | **(25)** | (50) |
| (Increase)/decrease in trade and other receivables, contract assets and finance lease receivables | **(360)** | 478 |
| Decrease in trade and other payables and prepayments | **(30)** | (936) |

## 20. Significant events

**Dividends**

The Telkom Board declared an ordinary dividend of 270.1 cents per share on 2 June 2026. This dividend was paid on 29 June 2026 to shareholders registered at the close of business on 23 June 2026.

## 21. Events after the reporting date

**Cautionary announcement: discussions between Telkom and MTN Group Limited (MTN)**

On 16 November 2026, the Group issued a cautionary announcement through the Johannesburg Stock Exchange News Service (SENS), following an approach by MTN to acquire the entire issued share capital of Telkom SA SOC Limited. The transaction discussions are at an early stage and there is no certainty that this will result in a transaction or any specific outcome.

**Other matters**

The Directors are not aware of any other matter or circumstance since the financial period ended on 30 September 2026 and the date of this report, or otherwise dealt with in the condensed consolidated interim financial statements, which significantly affects the financial position of the Group and the results of its operations.

# Abbreviations and definitions

| | |
|---|---|
| AI | Artificial intelligence |
| ARPU | Average revenue per user |
| BCX | Business Connexion (Pty) Ltd |
| BEPS | Basic earnings per share |
| Capex | Capital expenditure |
| Capex intensity | Measures capital expenditure as a percentage of revenue |
| Cost-to-income | Total expenses as a percentage of revenue and other income, excluding the profit on disposal of property, plant and equipment. |
| EBITDA | Earnings before investment income and finance costs (including gains and losses on foreign exchange transactions), tax, depreciation, amortisation, write-offs and impairments of property, plant and equipment and intangible assets. EBITDA is also presented inclusive of interest revenue and interest on overdue accounts. |
| ESG | Environmental, social and governance |
| FCF | Free cash flow is cash generated from operations before dividend paid, less cash paid for capital expenditure and repayment of principal lease liabilities. |
| FECs | Forward exchange contracts |
| HEPS | Headline earnings per share |
| IAS | International Accounting Standard |
| IASB | International Accounting Standards Board |
| ICASA | Independent Communications Authority of South Africa |
| IFRS | International Financial Reporting Standards |
| IT | Information technology |
| JSE | Johannesburg Stock Exchange |
| ppts | Percentage points |
| SAICA | South African Institute of Chartered Accountants |
| SDGs | Sustainable Development Goals |
| SMMEs | Small, medium and micro enterprises |
| VoLTE | Voice over LTE |



## Special note regarding forward-looking statements

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

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

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

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

Any forward-looking financial information disclosed in these Group interim results for the six-month period ended 30 September 2026 ("results announcement") has not been reviewed or reported on by our independent external auditor, PricewaterhouseCoopers Inc.

## Pro forma financial information

The Group presents various non-IFRS financial measures in the results announcement. These non-IFRS financial measures include (i) EBITDA, (ii) HEPS, (iii) the net debt and (iv) the FCF for both the current and prior periods to provide additional insight into its financial performance, cash generation and financial position.

These measures constitute pro forma financial information and are annotated throughout the results announcement.

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

The independent external auditor's review report by PricewaterhouseCoopers Inc. does not report on all the information contained in this results announcement. Shareholders are therefore advised that, to obtain a full understanding of the nature of the independent external auditor's engagement, they should refer to page 18.

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

# Administration



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(Incorporated in the Republic of South Africa)

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JSE bond code: BITEL
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