



Telkom SA SOC Limited  
(Incorporated in the Republic of South Africa)  
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ISIN: ZAE000044897  
("Telkom" or the "Group")

## **Trading update for the first quarter ended 30 June 2025**

### **TELKOM CONTINUES POSITIVE MOMENTUM WITH A GOOD START TO FY2026**

#### Group highlights for Continuing Operations<sup>1</sup>

- Group revenue up 1.1% to R10 817 million
  - Group data revenue growth of 7.1%
  - Telkom Consumer's mobile service revenue growth of 7.8%
  - Openserve's fibre data revenue up 11.3%
- Group EBITDA up 6.5% to R2 798 million
  - Ongoing structural cost improvements
  - Group EBITDA margin up 1.4 percentage points (ppts) to 25.9%
- Strong operational drivers – data-led strategy in action
  - Mobile data subscribers up 27.5% to 17.2 million
  - Homes connected with fibre up 17.5%, with 51.1% connectivity rate
- Positive outlook – continued growth and profitability improvement expected from disciplined operational excellence

#### Notes:

1. Financial measures presented are for continuing operations for the quarter ended 30 June 2025 ("Q1 FY2026") and exclude the masts & towers business disposed in FY2025. Prior period comparative figures for statutory reporting include masts & towers.
2. All numbers and growth rates quoted are year-on-year ("y-o-y") and refer to Q1 FY2026 compared to the quarter ended 30 June 2024 ("Q1 FY2025"), unless stated otherwise.
3. The information contained in this trading update has not been reviewed or reported on by Telkom's external auditor.



**Group Chief Executive Officer – Serame Taukobong commented:**

We are pleased to report solid results for the first quarter, building on last year's strong results. Our data-led strategy continues to be the competitive advantage enabling us to sustain our momentum into FY2026 and the increased contribution by mobile data and fibre-based services to total revenue is consistent with the assumptions supporting our medium-term objectives.

Our ongoing focus on operational excellence across our business units as well as the OneTelkom way of winning continued to drive sustained performance, and we remain focused on delivering results as we build the backbone of South Africa's digital future. We are optimising selling channels, continuously improving customer experience on our networks and providing customer-centric value with affordable and flexible offerings to seamlessly connect customers as we digitally transform South Africa. This resulted in improved profitability for the Group with EBITDA growing by a solid 6.5%. I am confident this momentum will continue throughout FY2026.

Excellent Telkom results were disappointingly affected by the BCX performance, with BCX revenue declining by 8.3% while its annuity-based revenue remained flat. Aligned with our focus on delivering results, a specialised team is in place to continue with its work to effect a faster BCX turnaround.

**GROWTH POWERED BY CONTINUED DATA REVENUE ACCELERATION AND HIGHER PROFITABILITY FROM OPERATIONAL EFFICIENCIES**

<u>Group financial information for the quarter ended:</u> <u>R million</u>	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>Y-o-Y % change</u>
Group revenue	10 817	10 703	1.1%
Group data revenue	6 361	5 938	7.1%
Group EBITDA	2 798	2 627	6.5%
Group EBITDA margin	25.9%	24.5%	1.4 ppts

The continued effective execution of our data-led strategy, cushioned Group revenue which grew by 1.1% y-o-y. As a result:

- Group data revenue grew by 7.1%
- Mobile data revenue increased by 9.6%
- Openserve fibre data revenue grew by 11.3% and
- BCX fibre-related revenue within Converged Communications, improved by 6.8%.

It is the performance of data revenue that gives us confidence that we are heading in the right direction to achieve our new medium-term guidance of mid-single digit growth.

Overall data revenue contribution as a percentage of total Group revenue advanced in line with our data-led strategy and now represents almost 60% of Group revenue. Telkom Consumer's mobile service revenue increased by 7.8%, gaining value market share as it continued outpacing South African market growth rates. Subscribers demonstrated



strong growth, with mobile data users growing an exceptional 27.5% year-on-year and making up 72.1% of total mobile subscribers of 17.2 million.

Openserve delivered strong results, driven by 11.3% growth in fibre data revenue delivering positive top line growth. The business unit exceeded its targeted 50% fibre connection rate as it connected an additional 107 907 homes y-o-y and has now passed 1.4 million homes. BCX continued its focus on higher-margin IT services and saw operational cost benefits, together with gains from its leaner structure. While growth in fibre data revenue continued, it partially offset the effect of accelerated voice declines during the quarter.

#### *EBITDA margin expansion enhanced by operational efficiencies*

The Group EBITDA was strong, increasing by R171 million as a result of revenue growth and effective cost optimisation programmes, resulting in EBITDA margin expansion of 1.4 ppts to 25.9%. Cost optimisation initiatives focused on sustainable costs and optimising operational structures continued to yield results.

The gain on property sales of R127 million also contributed to improved profitability, albeit to a lesser extent relative to Q1 FY2025 as expected. Excluding property sales, Group EBITDA margin improved by 1.4 ppts to 24.7%, further highlighting the strength of the underlying operations.

#### *Strong financial position*

Our financial position remains strong following the settlement of R4 750 million interest-bearing debt post-year end, from the R6 618 million proceeds from the Swiftnet disposal concluded in FY2025. R500 million of the Swiftnet proceeds was returned to shareholders as a special dividend on 14 July 2025. The remainder of proceeds have been retained to maintain financial flexibility for growth opportunities without compromising our resilience.

R158 million proceeds were received during the quarter from eight of the 30 non-core property portfolio sales in the prior financial year, further contributing to liquidity. The cash from the remainder of the non-core properties sold for R121 million, is expected to be received during the year.

#### *Outlook*

Looking ahead, Telkom Consumer remains focused on growing service revenue through regional expansion and will continue investing in competitive value propositions, targeted campaigns, and strategic network expansion. Openserve's connect-led strategy, clearly evidenced in this quarter's top line growth, can be expected to accelerate the adoption of fibre-based services, while driving sustainability through ongoing network simplification and energy transformation programmes. BCX remains focused on expanding the cloud and software portfolios and driving operational efficiencies, while a specialised team is working to effect a faster turnaround.

We are on track with our data-led journey to deliver sustained performance, actively shaping Telkom to improve returns while preserving our core strengths. We remain focused on enhancing the Group's growth trajectory and margin expansion across our portfolio in line with medium-term guidance.



## OPERATIONAL REVIEWS

### TELKOM CONSUMER

The Mobile business grows service revenue in high-single digit, maintains EBITDA margin

Standalone summary financial information for the quarter ended: R million	30 June 2025	30 June 2024	<u>Y-o-Y % change</u>
Total Consumer revenue	6 954	6 589	5.5%
Mobile service revenue	5 386	4 996	7.8%
Mobile data revenue	4 193	3 827	9.6%
Mobile EBITDA	1 632	1 543	5.8%
Mobile EBITDA margin	26.4%	26.8%	(0.4) ppts

Telkom Consumer operating revenue increase was powered by the continued data-led strategy, emanating from both the mobile and fibre offerings.

The Mobile business grew total external revenue by 7.2% to R6 148 million, driven by mobile service revenue growth of 7.8%. The growth was underpinned by our value-focused customer propositions despite an intensely competitive environment in the first quarter. Our strategic approach of simplifying and evolving our product catalogue resonates well with customers. Mobile data revenue expansion was due to a continued surge in mobile data subscribers and data traffic. Telkom's share of acquisitions in the under serviced regions improved by 5.4%, driven by regional activations and Mo'Town, which is our Customer Value Management initiative for area-specific customer value propositions.

The total subscriber base grew by 12.3% to 23.8 million, with a blended ARPU of R75. Pre-paid subscribers rose 14.0% to 20.8 million at R58 ARPU. The decline in the pre-paid ARPU reflects continued growth in lower-ARPU, higher-volume non-metro regions. The post-paid subscriber base increased marginally by 1.7% to 3.0 million, with ARPU improving to R187, which shows our ability to preserve high-value customers and long-term revenue visibility.

Mobile data subscribers expanded by 27.5% to 17.2 million and now comprises 72.1% of the total subscriber base. This led to mobile data traffic growing by 15.9% to 480 petabytes. On the fibre side, we experienced a 6.6% increase in the subscriber base, supported by a 6.3% ARPU growth resulting in revenue from fibre growing by 11.6%.

The EBITDA of the Consumer business grew by 18.5% to R1 423 million, leading to EBITDA margin expanding by 2.3 ppts to 20.5%. Mobile EBITDA of R1 632 million was attributable to service revenue growth and stabilised roaming costs, resulting in an EBITDA margin of 26.4%. The credit vetting interventions continued to yield results, as impairment of receivables were largely flat.

The beyond connectivity services recorded revenue of R459 million, an increase of 12.7%. The airtime lending product increased by 13.1% and represented 29.0% of pre-paid recharges.

Telkom Consumer capital expenditure of R473 million was invested primarily for capacity expansion and 56 sites were added during the quarter. Furthermore, 332 lithium-ion batteries were installed at high revenue sites.

## OPENSERVE

Total revenue records positive growth, as fibre revenue growth continues

Standalone summary financial information for the quarter ended: R million	30 June 2025	30 June 2024	Y-o-Y % change
Revenue	3 142	3 056	2.8%
Fibre data revenue	2 508	2 254	11.3%
EBITDA	1 032	1 023	0.9%
EBITDA margin	32.8%	33.5%	(0.7) ppts

Openserve's overall revenue increased by 2.8% supported by fibre data revenue, which grew by 11.3% (or R254 million). Fibre-related revenue now contributes 86% of our operating revenue. External revenue grew by 5.9% to R1 248 million driven by 9.3% or R88 million increase in fibre-based products and services.

Homes passed by Openserve grew by 12.6% to 1 414 927, while homes connected increased by 17.5% to 723 337, resulting in the industry-leading connectivity rate improving to 51.1%. During the quarter 35 997 homes were passed and 28 707 connected, as we continue to invest in the last-mile. We invested R557 million primarily to expand and modernise the network and this supported uptime of 99.90%, 99.88%, and 100.00% across access, transport and core network, respectively. Our world-class Interaction Net Promoter Score (iNPS), improved to 80.1 (Q1 FY2025: 72.3).

The optimisation of costs through network simplification and energy transformation continued, resulting in a total of 1 332 sites now being equipped with lithium-ion batteries. Diesel spend for the quarter resulted from load reduction and municipal power outages and amounted to R19 million, a decline of R4 million from Q1 FY2025. As a result, EBITDA increased by 0.9%, however, EBITDA margin contracted marginally by 0.7 ppts year-on-year.

## BCX

BCX performance reflects transition to IT services and fibre solutions

Standalone summary financial information for the quarter ended: R million	30 June 2025	30 June 2024	<u>Y-o-Y % change</u>
Revenue	2 910	3 175	(8.3%)
- Information technology revenue	1 690	1 790	(5.6%)
- Converged Communications revenue	1 220	1 385	(11.9%)
EBITDA	189	253	(25.3%)
EBITDA margin	6.5%	8.0%	(1.5) ppts

The performance of BCX disappointed. The deliberate moderation of hardware and software sales, together with the managed migration of legacy services to fibre solutions, saw revenue decline by 8.3%. Even excluding these deliberate portfolio decisions, annuity-based revenue remained flat.

We are focused on our transformation to higher-margin, recurring IT and fibre-led services. Fibre-related data revenue grew 6.8% to 89% of data services, while voice remained stable. This helped to partially mitigate lower revenue within the Converged Communications business, owing to the deliberate migration. In the IT business, the reduction of exposure in hardware and software sales, which declined 9.8% or R113 million, is aligned with our shift to scalable, service-based revenue. Despite IT services revenue decreasing by 3.1%, reflecting resilient client demand in a tough environment, we are gaining share in high-value segments. Traditional and Network Cybersecurity grew 32%, Municipal Solutions 7% and Internet of Things by 6%.

The EBITDA decrease and margin compression to 6.5%, were primarily driven by the revenue decline. The margin compression was partly offset by cost efficiencies from the FY2025 cost transformation programme that resulted in operational expenditure reducing by 11.9%. This was driven by a 21.8% reduction in employee costs due to restructuring and a R48 million contraction in impairment of receivables, as the continued proactive management of receivables continued. We anticipate further savings from these initiatives as the financial year progresses.

We are actively embedding technology enhancements across our service delivery and operations to enhance client experience and drive operational efficiency.



## **TELKOM MANAGEMENT TO HOST MARKET UPDATE CONFERENCE CALL**

Management will host a call for the investment community on Tuesday, 05 August 2025 at 16h00 South African Standard Time (UTC+2) to discuss the trading update and conduct a Q&A session. Dial-in details will be made available on the Group website <https://group.telkom.co.za/ir/overview.html>.

Centurion

05 August 2025

Sponsor

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## SUPPLEMENTARY FINANCIAL INFORMATION

The financial information in the table below has not been reviewed or reported on by Telkom's external auditor.

(R'm)	Q1 FY2026	Q4 FY2025	Q3 FY2025	Q2 FY2025	Q1 FY2025
	June 2025	March 2025	December 2024	September 2024	June 2024
<b>Continuing operations</b>					
Group revenue	10 817	11 503	10 995	10 679	10 703
Group data revenue	6 361	6 353	6 265	6 172	5 938
Other	4 456	5 150	4 730	4 507	4 765
Group EBITDA – reported	2 798	3 200	2 986	2 201	2 627
Group EBITDA – adjusted	2 798	3 200	2 986	2 979	2 627
Group EBITDA margin – reported (%)	25.9%	30.2%	27.2%	20.6%	24.5%
Group EBITDA margin – adjusted (%)	25.9%	30.2%	27.2%	27.9%	24.5%
<b>Group capex</b>	1 102	2 180	1 096	912	1 639
Consumer	473	1 038	455	228	1 076
BCX	61	214	41	73	64
Openserve	557	883	578	586	488
Gyro	5	1	1	-	2
Corporate	6	44	21	25	9
<b>Revenue breakdown</b>					
<b>Mobile</b>	6 148	6 408	6 346	5 957	5 737
Mobile voice and subscriptions	1 036	1 048	1 157	1 073	1 044
Mobile interconnection	157	166	155	132	125
Mobile data	4 193	4 130	4 089	4 019	3 827
Handset and device sales	668	946	877	659	668
Significant financing component	92	84	68	74	73
Other	2	34	-	-	-
<b>Fixed</b>	3 100	3 402	3 219	3 217	3 249
Voice	504	551	584	641	664
Interconnection	51	49	59	55	57
Data	2 168	2 223	2 176	2 153	2 111
Fibre-related services	2 014	2 201	1 905	1 863	1 791
Other data services	154	22	271	290	320
Handset and device sales	274	453	325	259	323
Sundry revenue	103	126	75	109	94



<b>Information technology</b>	1 397	1 532	1 249	1 356	1 572
Information technology service revenue	869	995	976	987	926
IT hardware and software	514	513	263	355	633
Interest revenue	14	24	10	14	13
<b>Other</b>	172	161	181	149	145
Digital media sales	27	33	37	41	34
Insurance revenue	78	75	73	72	72
Lease revenue	67	28	71	36	39
Gyro management fee		25			
<b>Total</b>	<b>10 817</b>	<b>11 503</b>	<b>10 995</b>	<b>10 679</b>	<b>10 703</b>

#### Business unit stand-alone information

	Q1 FY2026	Q4 FY2025	Q3 FY2025	Q2 FY2025	Q1 FY2025
(R'm)	June 2025	March 2025	December 2024	September 2024	June 2024
<b>Revenue</b>					
Telkom Consumer	6 954	7 256	7 152	6 807	6 589
BCX	2 910	3 298	2 913	2 960	3 175
Openserve	3 142	3 081	3 107	3 105	3 056
<b>EBITDA</b>					
Telkom Consumer	1 423	1 474	1 488	1 404	1 201
Telkom Mobile	1 632	1 606	1 755	1 660	1 543
BCX	189	385	438	300	253
Openserve	1 032	852	1 069	1 061	1 023
<b>EBITDA margin (%)</b>					
Telkom Consumer	20.5%	20.3%	20.8%	20.6%	18.2%
BCX	6.5%	11.7%	15.0%	10.1%	8.0%
Openserve	32.8%	27.7%	34.4%	34.2%	33.5%
Mobile service revenue (external)	5 386	5 344	5 401	5 224	4 996
Mobile EBITDA margin	26.4%	24.9%	27.6%	27.7%	26.8%

### Quarterly operational information

	Q1 FY2026	Q4 FY2025	Q3 FY2025	Q2 FY2025	Q1 FY2025
	June 2025	March 2025	December 2024	September 2024	June 2024
<b>Mobile subscribers</b>					
Active mobile subscribers	23 818 683	23 175 835	23 999 182	22 784 590	21 213 647
- Pre-paid	20 795 811	20 193 260	20 985 177	19 777 721	18 242 602
- Post-paid	3 022 872	2 982 575	3 014 005	3 006 869	2 971 045
ARPU blended (rand)	75.40	77.98	78.79	79.97	80.53
ARPU pre-paid (rand)	58.49	60.08	60.75	61.46	62.00
ARPU post-paid (rand)	187.13	186.15	185.35	185.62	183.10
Mobile data subscribers	17 165 079	15 226 291	14 946 694	14 582 031	13 466 730
<b>Fixed subscribers</b>					
Fixed broadband lines	577 318	565 322	559 392	553 312	553 369
Fibre	552 012	535 552	523 299	509 617	499 100
xDSL	25 306	29 770	36 093	43 695	54 269
<b>Network population coverage</b>					
Homes passed	1 414 927	1 378 930	1 340 565	1 290 462	1 256 603
Homes connected	723 337	694 630	667 465	640 730	615 430
Enterprise business services	46 794	44 663	44 041	44 041	42 915
Carrier services	21 579	21 149	20 637	19 912	19 927
Fibre connectivity rate (%)	51.1%	50.4%	49.8%	49.7%	49.0%
Mobile sites integrated	7 965	7 909	7 863	7 814	7 778
<b>Traffic</b>					
Fixed broadband (petabytes)	836	769	757	708	681
Mobile broadband (petabytes)	480	457	452	436	414
Total fixed-line traffic (millions of minutes)	817	887	973	986	955

### Forward looking statements

Certain financial information presented in this trading update announcement may constitute forward looking statements.

All statements, other than statements of historical facts, including, among others, statements regarding our strategy; future financial position and plans; objectives; capital expenditures ("capex"); projected costs and anticipated cost savings and financing plans; as well as projected levels of growth in the communications market, are forward-looking statements. Forward-looking statements can generally be identified by terminology such as "may", "will", "should", "expect", "envisage", "intend", "plan", "project", "estimate", "anticipate", "believe", "hope", "can", "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 be materially different from historical results or from 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 which is available at <https://group.telkom.co.za/ir/overview.html>.

Telkom cautions readers not to place undue reliance on these 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. Moreover, unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this document, so that they conform either to the actual results or to changes in our expectations.