Telkom SA SOC Ltd

Trading Update

for the third quarter ended 31 December 2025

Seamlessly connecting
our customers to a better life

Telkom sustains data-led growth momentum in the third quarter and through the first nine months

Highlights

- **Group data revenue up 9.6% to R6 864 million, increased 8.5% year-to-date contributing 60.0% to total revenue.**
  - Mobile data revenue grew 12.9%
  - Fibre-related data revenue increased by 8.9%
- **Mobile service revenue up 7.2% (7.6% year-to-date), supported by sustained mobile data growth and solid prepaid performance.**
- **Openserve overall revenue was up 2.2% (2.5% year-to-date) supported by continued fibre monetisation, marking the third consecutive quarter of growth.**
- **Group EBITDA grew 8.4% to R3 237 million, with the EBITDA margin expanding to 29.1%, reflecting ongoing cost optimisation.**
  - Year-to-date EBITDA up 7.8%, resulting in EBITDA margin of 27.9%.
- **Mobile subscribers exceeded 25 million.**
  - Mobile data subscribers increased by 29.3% to 19.3 million, due to tailored value-focused plans.
- **Fibre connectivity rate robust at 52.4% and homes connected increased to 786 490.**
- **Capex investment of R4 174 million year-to-date, at an intensity ratio of 12.6%, remained focused on growth-supporting investments.**

Group financial information

	Quarter ended 31 December			Year-to-date ended 31 December		
R million	2025	2024	Y-o-Y % change	2025	2024	Y-o-Y % change
Group revenue	**11 134**	10 995	1.3%	**33 238**	32 377	2.7%
Group data revenue	**6 864**	6 265	9.6%	**19 936**	18 375	8.5%
Group EBITDA – adjusted	**3 237**	2 986	8.4%	**9 260**	8 592	7.8%
Group EBITDA margin – adjusted	**29.1%**	27.2%	1.9 ppts	**27.9%**	26.5%	1.4 ppts
Capex	**1 304**	1 096	19.0%	**4 174**	3 647	14.5%
Capex intensity	**11.7%**	10.0%	1.7 ppts	**12.6%**	11.3%	1.3 ppts

Notes:

1. The information contained in this trading update has not been audited or reviewed by Telkom's external auditor.
2. Year-to-date (YTD) refers to nine-months ended 31 December 2025 ("YTD FY2026") and 31 December 2024 ("YTD FY2025").
3. Financial measures for the quarter ended 31 December 2024 ("Q3 FY2025") and YTD FY2025, exclude Swiftnet which was disposed of effective 31 January 2025.
4. The percentage movements quoted are year-on-year ("Y-o-Y"), referring to the quarter ended 31 December 2025 ("Q3 FY2026") compared to Q3 FY2025, while for YTD it is nine-months ended 31 December 2025 relative to YTD FY2025, unless stated otherwise.
5. The Group EBITDA, Group EBITDA margin and total costs for the YTD FY2025 period, have been adjusted to exclude the impact of the Telkom Retirement Fund derecognition loss of R618 million and restructuring costs of R160 million.
6. Percentage points has been abbreviated to ppts.

Group Chief Executive Officer – Serame Taukobong commented:

The disciplined execution of our data-led strategy delivered quality data revenue growth in the third quarter and year-to-date. This demonstrates our strength as South Africa's digital backbone and our competitive edge of the OneTelkom approach. Our cost optimisation initiatives continued to yield results, as EBITDA margin expanded.

We have been certified as a Top Employer for 2026, making it the fourth consecutive year of receiving this prestigious recognition. This is a powerful affirmation regarding our culture, our people and our commitment to excellence.

Group data revenue continues robust growth

Group revenue increased by 1.3% in the third quarter and Group data revenue grew by 9.6%. On a year-to-date basis, revenue grew by 2.7%. The growth in data revenue resulted in its contribution improving to 61.6% (Q3 FY2025: 57.0%) towards total Group revenue for the quarter and 60.0% year-to-date (YTD FY2025: 56.8%).

Fibre-related data revenue for the Group rose by 8.9% to R2 074 million and 11.1% to R6 176 million year-to-date. Mobile data revenue grew by 12.9% for the quarter and 11.2% YTD, on the back of strong growth in mobile data subscribers and traffic. The Group revenue growth was offset by the revenue decline in BCX.

Group EBITDA margin expands on cost optimisation initiatives

Group EBITDA increased by 8.4% for the quarter, resulting in the Group EBITDA margin expanding by 1.9 ppts to 29.1%. (29.0% excluding property sales). EBITDA also showed good growth year-to-date, increasing by 7.8%, with an EBITDA margin of 27.9% (27.3% excluding property sales). This was due to the cost optimisation initiatives we continue to drive across our business units. Our total adjusted costs declined for the period and were flat YTD. We also experienced a decrease of impairment of receivables due to rigorous credit vetting in Consumer and the continuing proactive receivables management by BCX.

Smart capex deployment

We invested R1 304 million in capex during the quarter, with a significant portion directed to our growth areas of Mobile and fibre, in line with our data-led strategy. This led to capex intensity of 11.7% for the quarter.

The Mobile business invested R676 million primarily for capacity expansion and to upgrade base stations, resulting in 150 sites being added during the quarter. At Openserve, we allocated R557 million to capex to expand and modernise the network, leading to passing 47 596 homes and connecting 30 081 in the third quarter alone.

Performance of business units

Our Mobile business recorded service revenue growth of 7.2%, driven by pre-paid service revenue, which grew by 11.6%. Mobile data subscribers grew and now represents 76.5% of total subscribers. This resulted in mobile data traffic growing by 20.4%. Pre-paid subscribers increased by 5.8% to 22.2 million, at a stable pre-paid ARPU of R61.

Overall revenue growth for Openserve continued, underpinned by 8.7% growth in fibre-related data revenue. The EBITDA margin of the business remained resilient at 34.4%. Openserve exceeded 1.5 million homes passed with fibre and the industry-leading connectivity rate remained strong at 52.4% for the quarter.

BCX revenue declined by 9.3% in Q3 FY2026 and by 5.9% year-to-date, reflecting continued tough market conditions and revenue strain in Converged Communications. The EBITDA margin of the business was stable at 10.4% for third quarter and 10.1% YTD FY2026, compared to the first-half of the financial year. Cybersecurity showed good growth. Similarly, IT hardware and software revenue increased by 19.6%, due to the timing of project executions and deal closures relative to the prior period.

Property disposals

We received R6 million in proceeds from the transfer of six properties during the quarter. As a result, 21 properties have now been transferred YTD, receiving R214 million in proceeds. Nine properties, with a sales value of R66 million, are still in the conveyancing process.

Outlook

We remain committed to delivering on our medium-term guidance objectives. Revenue continues to receive focused attention, and we are encouraged by the solid performance of data revenue, which aligns with our data-led strategy and remains a key driver of growth. Group EBITDA margin was above the upper-end of the 25%-27% guidance. We will sustain the focus on our cost optimisation efforts. Capex intensity is within our 12%-15% guidance and we will continue to invest largely in mobile and fibre.

Our Mobile business will continue to drive service revenue growth, particularly in pre-paid, supported by continued network investment, and executing on the regional strategy to further increase its market share in non-metro regions. Openserve will maintain its focus on growing overall revenue, led by fibre data revenue, while continuing to improve performance across broadband, enterprise, and carrier segments. Through its connect-led strategy, and while continuing to pass homes, it will continue extending fibre connectivity to homes, to sustain its industry-leading connectivity rate. To support EBITDA margin enhancement, Openserve will continue with network simplification and energy transformation initiatives to optimise costs.

At BCX, focused management actions remain in place to support operational stabilisation and margin discipline as we navigate a managed process of change. The business continues to navigate cautious enterprise spending, as clients contain costs, while progressing its planned portfolio and revenue transition. This transition coincides with the retirement of the BCX CEO, Mr Jonas Bogoshi, who was instrumental in laying the foundation for the next phase of our strategic review. An incoming leadership will be responsible for accelerating the transformation initiatives that define our path forward. Mr Hasnain Motlekar, who has been with the Telkom Group for over 28 years, with experience spanning both commercial and financial roles across the business will act in the Chief Executive role of BCX with effect from 1 March 2026.

Executing on our Infraco strategy acting as OneTelkom, we will continue to reinforce our position as South Africa's digital backbone.

Business unit reviews – standalone

Telkom

Mobile service revenue growth driven by sustained data growth and solid pre-paid performance

	Quarter ended 31 December			Year-to-date ended 31 December		
R million	2025	2024	Y-o-Y % change	2025	2024	Y-o-Y % change
Telkom Consumer revenue	**7 476**	7 152	4.5%	**21 726**	20 548	5.7%
Mobile service revenue	**5 816**	5 423	7.2%	**16 886**	15 692	7.6%
Mobile data revenue	**4 620**	4 092	12.9%	**13 285**	11 945	11.2%
Mobile EBITDA	**1 994**	1 755	13.6%	**5 500**	4 958	10.9%
Mobile EBITDA margin	**29.7%**	27.6%	2.1 ppts	**28.3%**	27.4%	0.9 ppts

The increase in Telkom Consumer operating revenue is attributable to growth recorded in mobile and fibre. Total revenue for the Mobile business grew by 5.5% to R6 716 million, driven by mobile service revenue expanding by 7.2%. Pre-paid service revenue was the driver of service revenue growth, and it improved by 11.6%, powered by Customer Value Management (CVM). Our CVM platforms, Mo'Nice and Mo'Town (tailored, area specific value propositions), which offer favourable pricing and value compelling packages, contributed 53.1% to pre-paid service revenue. The under-indexed regions improved, contributing to a 5.6% increase in our share of acquisitions in these regions. The growth was driven by focused regional activation efforts and our Mo'Town CVM initiative. Mobile data revenue increased, driven by the ongoing growth in mobile data subscribers and data traffic.

Total mobile subscribers increased by 5.3% to 25.3 million, with a blended ARPU of R77. Pre-paid subscribers grew 5.8% to 22.2 million at a stable ARPU of R61. The post-paid subscriber base increased marginally by 1.2% to 3.1 million, with ARPU improving to R187 compared to the prior period.

Mobile data subscribers expanded by 29.3% to 19.3 million and now represents 76.5% of the total subscriber base. This resulted in mobile data traffic growing by 20.4% to 544 petabytes. On the fibre side, we experienced a 9.2% increase in subscribers, supported by a 2.7% ARPU growth resulting in revenue from fibre growing by 11.1%.

Consumer EBITDA improved by 21.4% to R1 806 million, leading to EBITDA margin expanding by 3.4 ppts to 24.2%. Mobile EBITDA growth of 13.6% was due to service revenue growth, particularly in pre-paid, while impairment of receivables declined, resulting in an EBITDA margin of 29.7%.

The beyond connectivity services recorded revenue of R436 million, an increase of 13.7%. Airtime lending increased by 15.9% and represented 25.8% of pre-paid recharges.

Overall revenue grew for the third consecutive quarter, supported by fibre monetisation

	Quarter ended 31 December			Year-to-date ended 31 December		
R million	2025	2024	Y-o-Y % change	2025	2024	Y-o-Y % change
Revenue	**3 173**	3 106	2.2 %	**9 500**	9 268	2.5%
Fibre-related data revenue	**2 557**	2 353	8.7%	**7 621**	6 951	9.6%
EBITDA	**1 090**	1 068	2.1%	**3 198**	3 153	1.4%
EBITDA margin	**34.4%**	34.4%	0 ppts	**33.7%**	34.0%	(0.3) ppts

Openserve's overall revenue grew by 2.2%, driven by fibre-related data revenue, which grew by 8.7% (or R204 million). Fibre-related revenue now contributes 87% of our operating revenue. The broadband segment recorded growth of 6.5%, while the enterprise and carrier segment revenue rose by 16.8% and 1.5%, respectively. External revenue increased by 13.8% to R1 406 million, reflecting growth in fibre-based products and services, as well as higher revenue from scrap copper disposals during the quarter.

Homes passed increased by 12.0% to 1 501 406, while homes connected increased by 17.8% to 786 490. Our industry-leading connectivity rate expanded to 52.4%. Our exceptional network reliability resulted in uptime of 99.84%, 99.92% and 100.00% across access, transport and core network, respectively. Our Net Promoter Score (NPS) was 79.2 for the quarter (Q3 FY2025: 76.5).

EBITDA increased by 2.1% largely driven by revenue upliftment, while EBITDA margin remained resilient at 34.4%. We continue with the optimisation of costs through network simplification and energy transformation programme.

BCX

Revenue performance highlights prevailing market conditions, EBITDA margin resilient

	Quarter ended 31 December			Year-to-date ended 31 December		
R million	2025	2024	Y-o-Y % change	2025	2024	Y-o-Y % change
Revenue	**2 642**	2 913	(9.3)%	**8 510**	9 048	(5.9)%
Information technology service revenue	**1 119**	1 250	(10.5)%	**3 385**	3 555	(4.8)%
Converged Communications	**1 138**	1 384	(17.8)%	**3 559**	4 114	(13.5)%
EBITDA	**275**	437	(37.1)%	**856**	991	(13.6)%
EBITDA margin	**10.4%**	15.0%	(4.6) ppts	**10.1 %**	11.0%	(0.9) ppts

The market pressure and revenue strain in Converged Communications in the quarter continued to impact performance, with revenue declining by 9.3%. Performance in enterprise remained variable and timing-dependent, consistent with systems integration and managed services models, where deal closures, project execution and customer investment decisions often span across reporting periods. These trends were further impacted by the current macroeconomic environment, characterised by heightened customer cost scrutiny rather than execution-related factors.

In the IT Business, hardware and software revenue increased by 19.6%, driven mainly by the timing of project execution and deal closures relative to the prior period. Furthermore, a higher proportion of revenue was realised as hardware compared to software sales, which are seen as agent revenue and only the margin is recognised. The strategy to curtail low-margin revenue in this segment continues. Pressure continued in IT Services, where revenue declined by 10.5%, reflecting constrained enterprise spend, lengthy sales cycles and delays in project implementation. Cybersecurity services continued to perform resiliently, growing by 18.4%, supported by sustained customer focus on risk and resilience. Cloud performance remained under pressure, reflecting heightened global competition, cost containment by customers that restricts their funding for public cloud journeys, and slower-than-expected enterprise migration.

Converged Communications revenue decline was due to the ongoing managed migration to fibre-based platforms, reduced usage and line rental revenue. Fibre-related data revenue continues to represent a significant portion of total data revenue, at 68.7% for the quarter. Overall demand pressure during the period, however, resulted in a 19.0% decline in fibre-related data revenue.

Disciplined cost management from the cost transformation programme and proactive receivables management, resulted in operational expenditure declining by 5.8%, mainly due to a decrease in impairment of receivables and maintenance. Employee costs increased in line with approved salary increases for the quarter, while they decreased year-to-date and continue to be managed as per the restructuring of the prior financial year. The management of costs partly offset lower performance in higher-margin services, notably IT Services and Converged Communications, resulting in an EBITDA margin of 10.4%.

Telkom management to host conference call

Management will host a call for the investment community on Monday, 16 February 2026 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's website https://group.telkom.co.za/ir/overview.html.

Centurion
16 February 2026

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Supplementary financial information

The financial information in the tables below has not been audited or reviewed by Telkom's external auditor.

	YTD FY2026 December 2025	Q3 FY2026 December 2025	Q2 FY2026 September 2025	Q1 FY2026 June 2025	Q4 FY2025 March 2025	Q3 FY2025 December 2024	**YTD FY2025 December 2024**
Continuing operations							
Group revenue	**33 238**	11 134	11 287	10 817	11 503	10 995	**32 377**
Group data	**19 936**	6 864	6 711	6 361	6 353	6 265	**18 375**
Other	**13 302**	4 270	4 576	4 456	5 150	4 730	**14 002**
Group EBITDA – reported	**9 260**	3 237	3 225	2 798	3 200	2 986	**7 814**
Group EBITDA – adjusted	**9 260**	3 237	3 225	2 798	3 200	2 986	**8 592**
Group EBITDA margin – reported (%)	**27.9%**	29.1%	28.6%	25.9%	27.8%	27.2%	**24.1%**
Group EBITDA margin – adjusted (%)	**27.9%**	29.1%	28.6%	25.9%	27.8%	27.2%	**26.5%**
Group capex	**4 174**	1 304	1 768	1 102	2 180	1 096	**3 647**
Consumer	**2 061**	676	912	473	1 038	455	**1 759**
BCX	**211**	45	102	61	214	41	**178**
Openserve	**1 814**	557	700	557	883	578	**1 652**
Other	**88**	26	51	11	45	22	**58**
Revenue breakdown							
Mobile	**19 338**	6 687	6 504	6 148	6 408	6 346	**18 040**
Mobile voice and subscriptions	**3 157**	1 061	1 060	1 036	1 048	1 157	**3 274**
Mobile interconnection	**391**	118	116	157	166	155	**412**
Mobile data	**13 275**	4 617	4 465	4 193	4 130	4 089	**11 935**
Handset and device sales	**2 238**	797	773	668	946	877	**2 204**
Significant financing component	**275**	94	89	92	84	68	**215**
Other	**2**	1	1	2	34		
Fixed	**9 383**	3 120	3 164	3 100	3 402	3 219	**9 685**
Voice	**1 457**	443	510	504	551	584	**1 889**
Interconnection	**137**	43	43	51	49	59	**171**
Data	**6 661**	2 247	2 246	2 168	2 223	2 176	**6 440**
Fibre-related services	**6 176**	2 074	2 088	2 014	2 201	1 905	**5 559**
Other data services	**485**	173	158	154	22	271	**881**
Handset and device sales	**799**	271	254	274	453	325	**907**
Sundry revenue	**328**	115	111	103	126	75	**278**
Information technology	**4 027**	1 145	1 481	1 421	1 532	1 249	**4 177**
Information technology service revenue	**2 729**	859	997	893	995	976	**2 889**
IT hardware and software	**1 256**	273	469	514	513	263	**1 251**
Interest revenue	**42**	13	15	14	24	10	**37**
Other	**490**	182	160	148	161	181	**475**
Digital media sales	**95**	32	36	27	33	37	**112**
Insurance revenue	**216**	70	68	78	75	73	**217**
Lease revenue	**179**	80	56	43	28	71	**146**
Gyro management fee	**0**	0	0	0	25		**0**
Total	**33 238**	11 134	11 309	10 817	11 503	10 995	**32 377**

Business unit stand-alone information

	YTD FY2026 December 2025	Q3 FY2026 December 2025	Q2 FY2026 September 2025	Q1 FY2026 June 2025	Q4 FY2025 March 2025	Q3 FY2025 December 2024	YTD FY2025 December 2024
Revenue							
Telkom Consumer	**21 726**	7 476	7 296	6 954	7 256	7 152	**20 548**
Telkom Mobile	**19 431**	6 716	6 538	6 177	6 447	6 367	**18 122**
Mobile service revenue (external)	**16 886**	5 753	5 684	5 386	5 344	5 401	**15 621**
BCX	**8 510**	2 642	2 958	2 910	3 299	2 913	**9 048**
Openserve	**9 500**	3 173	3 184	3 143	3 081	3 106	**9 268**
EBITDA							
Telkom Consumer	**4 906**	1 807	1 676	1 423	1 474	1 488	**4 093**
Telkom Mobile	**5 500**	1 994	1 874	1 632	1 606	1 755	**4 958**
BCX	**856**	275	392	189	385	438	**991**
Openserve	**3 198**	1 090	1 076	1 032	853	1 068	**3 153**
EBITDA margin (%)							
Telkom Consumer	**22.6%**	24.2%	22.7%	20.5%	20.3%	20.8%	**19.9%**
Telkom Mobile	**28.3%**	29.7%	28.7%	26.4%	24.9%	27.6%	**27.4%**
BCX	**10.1%**	10.4%	13.3%	6.5%	11.7%	15.0%	**11.0%**
Openserve	**33.7%**	34.4%	33.8%	32.8%	27.7%	34.4%	**34.0%**

Quarterly operational information

	Q3 FY2026 December 2025	Q2 FY2026 September 2025	Q1 FY2026 June 2025	Q4 FY2025 March 2025	Q3 FY2025 December 2024
Mobile subscribers					
Active mobile subscribers	25 259 920	24 542 533	23 818 683	23 175 835	23 999 182
Pre-paid	22 208 917	21 553 227	20 795 811	20 193 260	20 985 177
Post-paid	3 051 003	2 989 306	3 022 872	2 982 575	3 014 005
ARPU blended (rand)	77.24	77.27	75.40	77.98	78.79
ARPU pre-paid (rand)	60.68	60.07	58.49	60.08	60.75
ARPU post-paid (rand)	187.41	190.18	187.13	186.15	185.35
Mobile data subscribers	19 318 975	18 479 491	17 165 079	15 226 291	14 946 694
Fixed subscribers					
Fixed broadband lines	602 379	577 318	577 318	565 322	559 392
Fibre	585 302	568 217	552 012	535 552	523 299
xDSL	17 077	20 922	25 306	29 770	36 093
Network population coverage					
Homes passed	1 501 406	1 453 810	1 414 927	1 378 930	1 340 565
Homes connected	786 490	756 409	723 337	694 630	667 465
Fibre connectivity rate (%)	52.4%	52.0%	51.1%	50.4%	49.8%
Mobile sites integrated	8 265	8 115	7 965	7 909	7 863
Traffic					
Mobile broadband (petabytes)	544	513	480	457	452
Total fixed-line traffic (millions of minutes)	779	820	817	887	973

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.

Administration

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JSE bond code: BITEL
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