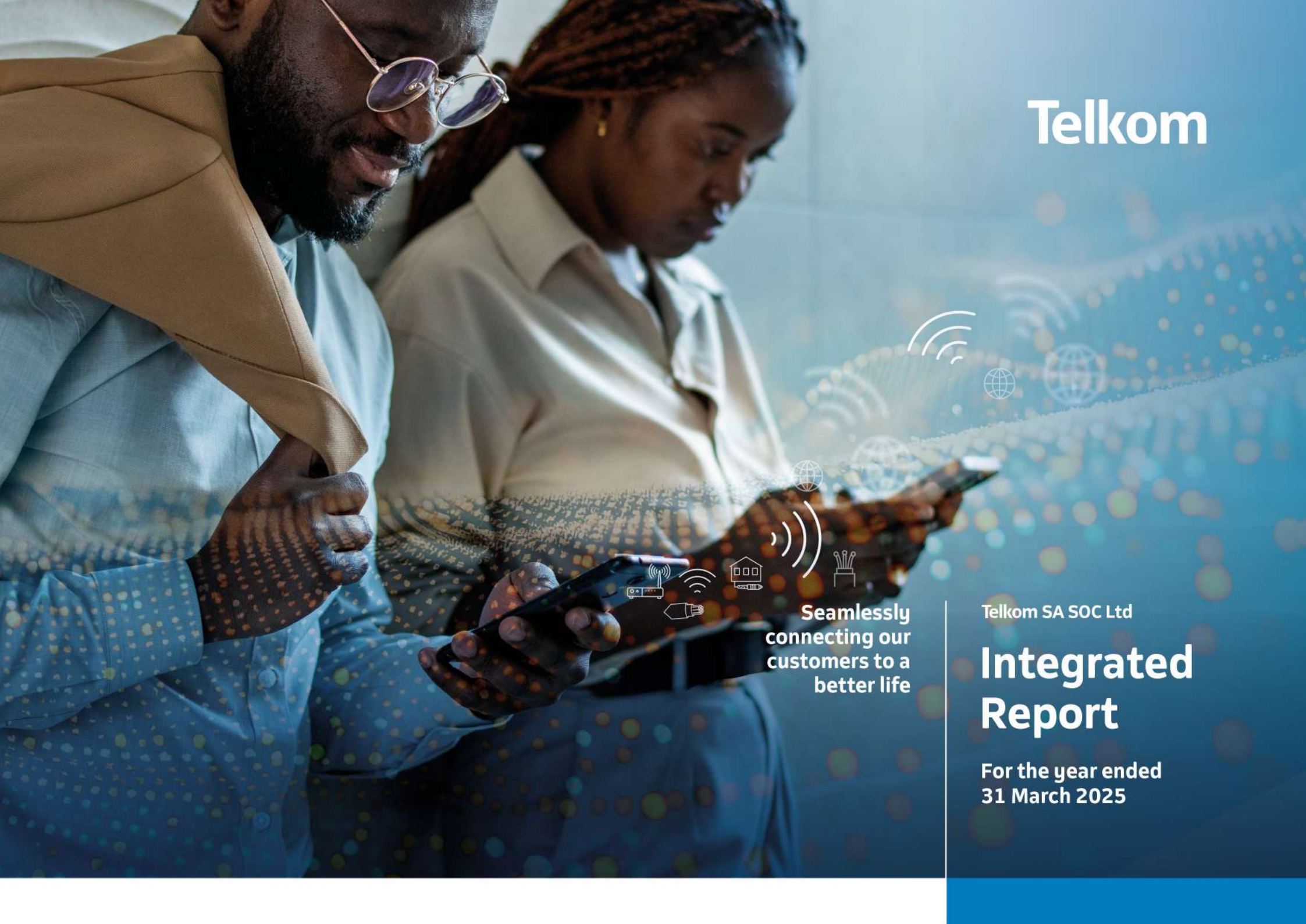




Telkom

Seamlessly
connecting our
customers to a
better life

Telkom SA SOC Ltd

Integrated Report

For the year ended
31 March 2025

Telkom's reporting suite

Welcome to the integrated report of Telkom SA SOC Ltd (Telkom or the Group) for the financial year ended 31 March 2025 (FY2025 or the year).

We are committed to providing stakeholders with transparent, relevant and integrated information to support informed decision-making about Telkom.

Our reporting suite caters to the diverse needs of stakeholders and is available on our Group website under investor relations: <https://group.telkom.co.za/ir/>

1

Integrated report

Our integrated report is our primary means of communication to stakeholders. It provides a holistic view of how our strategy, its implementation and operational performance contribute to value creation, preservation or erosion over the short, medium and long term period, and in relation to the six capitals.

It also summarises our impact on the economy, society and the environment, including our contribution to the United Nations Sustainable Development Goals (SDGs).

Key frameworks and standards applied:

- Integrated Reporting Framework (<IR> Framework)
- King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)¹
- South African Companies Act, 71 of 2008, as amended (Companies Act)
- Johannesburg Stock Exchange (JSE) Listings Requirements and Debt and Specialist Securities Listings Requirements



2

Financial information

- Audited annual financial statements
- Annual results announcement
- Annual results presentation

Our audited annual financial statements provide detailed information on the Group's financial performance. The annual results information is a summary of the year's performance.

Key frameworks and standards applied:

- International Financial Reporting Standards (IFRS® Accounting Standards)
- JSE Listings Requirements
- Companies Act
- King IV

5

Shareholder information

- Notice of annual general meeting (AGM)
- Form of proxy

This provides shareholders with information regarding resolutions to be voted on. The hybrid AGM will be held on 21 August 2025.

Key frameworks and standards applied:

- JSE Listings Requirements and Debt and Specialist Securities Listings Requirements
- Companies Act
- King IV

3

Governance, risk management and assurance

- Remuneration report
- King IV application report
- Board charter and Committee terms of reference
- Declarations of conflict of interest
- Ethics pledges

Governance and risk information is included in our integrated report. It is supplemented by information relating to policies and practices of the Board and a detailed remuneration report.

Key frameworks and standards applied:

- King IV
- JSE Listings Requirements and Debt and Specialist Securities Listings Requirements
- Companies Act

6

Other reports to society

- Carbon Disclosure Project (CDP) climate change report
- Telkom Foundation annual report
- Sustainability fast read

The CDP climate change report outlines our initiatives, strategies and performance related to climate change mitigation and adaptation, as disclosed on the CDP platform.

The Telkom Foundation's annual report highlights how Telkom contributes to transforming disadvantaged communities through sustainable development programmes.

The inaugural sustainability fast read offers a concise overview of key sustainability initiatives and outcomes for FY2025.

4

Risk management, compliance and assurance

- Enterprise risk management principles
- Assurance statement

Risk information in the integrated report is supplemented by the enterprise risk management principles.

The assurance statement provides a moderate independent opinion on selected non-financial key performance indicators (KPIs), performed in accordance with the AA1000AS Type II requirements.

Key frameworks and standards applied:

- ISO 31000 Risk Management Guidelines
- AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

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The seven sections of our report enable stakeholders to navigate easily, supporting connectivity of information.



www.telkom.co.za

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Preparing our integrated report

We prepared this report for our providers of financial capital and other stakeholders. It shows the connections between our material themes, strategy, governance, performance and prospects. It addresses our divisions and subsidiaries (business units), unless otherwise stated.

Reporting boundary

This integrated report (the report) covers the financial year from 1 April 2024 to 31 March 2025 and includes significant subsequent events up to the report's approval date.

In this report, "short term" refers to the next financial year (ending 31 March 2026), "medium term" to the period ending 31 March 2028, and "long term" to beyond 31 March 2028.

The reporting boundary covers Telkom SA SOC Ltd, representing Telkom Group, which comprises Telkom Company and its subsidiaries. Telkom Company comprises the Corporate Centre (now including Gyro) and a division, Telkom Consumer. Telkom Group's operating subsidiaries are Openserve and BCX. These divisions and subsidiaries form Telkom's business units.

The sale of Swiftnet was completed with an effective date of 31 January 2025. Swiftnet was part of the Group's operating model for the first 10 months of FY2025. It is excluded from Telkom's operating model going forward.

Telkom's operating model



Integrated reporting process

Our integrated reporting process reflects our integrated thinking.

1

Compiling the report

Integrated reporting project team

The investor relations team, led by the GCFO, is responsible for compiling the report. This team, with assistance from external experts, provides guidance on the reporting approach and content. They ensure the report adheres to the <IR> Framework and other adopted reporting standards and frameworks.

Materiality determination process and material themes approval

Our Group Executive Committee (Exco) and Board of Directors (the Board) annually review and approve material themes that guide the preparation of the report.

Content contributors

Contributors from various functions and subject matter experts produce the content of the report. Group executives from various divisions and departments oversee this process to ensure that controls are applied in information gathering and drafting.

The content creation process includes interviews with selected Board and Exco Members, internal and external sources of trusted information used for decision-making, and extracts from other reports in the reporting suite.



2

Report review and approval

The Exco is accountable to the Board for preparing the report. It reviews the reporting suite before submitting it to the Board Committees (Audit, Risk, Social and Ethics, and Remuneration) for review and discussion.

The Committees recommend the report to the Board, which gives final approval and sign-off.



3

Publication of the report

The report is published online, ensuring accessibility to all stakeholders. Printed copies are available on request.



4

Supplementary reports

All reports in the reporting suite are prepared and released simultaneously to ensure that the information and data across the suite are aligned and consistent.



Materiality

This report focuses on material themes. These are matters that materially affect our ability to execute our strategy and create value over the short, medium and long term. They have the potential to erode value for providers of financial capital and other stakeholders.

In FY2025, Telkom conducted a double materiality assessment – a comprehensive evaluation of the financial and sustainability impacts of our business operations. This process was concluded at the end of FY2025 and will inform our reporting from FY2026 onwards.

While the full outcomes of this assessment will be reflected in future reports, key insights and relevant material matters were incorporated in the sustainability disclosures. This keeps stakeholders informed of the most pertinent sustainability matters impacting our business and strategy.

We consider internal and external factors, relying on established processes, to identify and confirm our material themes. This process is set out as follows.

Identification

We identify relevant matters based on their potential to affect our ability to create value over the short, medium and long term.

- Our purpose, vision, values, strategy and strategic risks
- The impact of the external operating environment
- Key global and local sectoral trends and peer benchmarking
- Our stakeholders' expectations and concerns
- Board and Committees' key discussions

Evaluation and prioritisation

We evaluate the importance of identified matters in terms of their known or potential effect on value creation and prioritise the matters based on their relative importance.

- No separate Exco materiality workshop was conducted in FY2025. The evaluation relied on FY2024 material themes and early insights from the double materiality assessment.

Approval

Exco and the Board review the material themes and approve them annually. The Board-approved material themes for FY2024 guided the FY2025 integrated report.

Disclosure

Our material themes for FY2025

Details on the material themes are on [page 30](#).

1. Regulatory environment
2. Competitive landscape
3. Customer expectations and experiences
4. Cyberthreats
5. Economic climate
6. Future-ready skills and expertise
7. Networks and digital technologies
8. Climate resilience

Combined assurance related to the integrated report

The Group follows a combined assurance approach ([page 87](#)) to ensure the integrity of the report's information. Telkom Group Internal Audit (TGIA) assessed the completeness and accuracy of strategic non-financial KPIs presented in this report.

Certain financial information is derived from our Company and Group consolidated annual financial statements. PricewaterhouseCoopers Inc. (PwC) independently audited the consolidated annual financial statements and issued an unmodified audit opinion.

Independent external assurance provider IBIS ESG Consulting Africa (Pty) Ltd (IBIS) provided moderate assurance over selected non-financial indicators. Assured non-financial indicators are indicated with this icon (A). Refer to [IBIS's FY2025 statement of assurance](#), available online.

Forward-looking statements

Several statements in this report, and verbal statements that may be made by Telkom or Officers, Directors or employees acting on Telkom's behalf, constitute or are based on forward-looking statements. Such statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results or achievements to be materially different from our future results, performance or achievements expressed or implied by such forward-looking statements.

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. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of this report so that they conform either to the actual results or to changes in our expectations.

Any forecast financial information contained in this report was not reviewed or reported on by our external auditors.

Board approval

The Board acknowledges its responsibility for the integrity of Telkom's integrated report. The Board confirms that it has collectively reviewed the contents of the report and leveraged the combined assurance obtained.

The Board is confident that the report addresses all material themes, and concludes that the information is materially presented according to the <IR> Framework.

The Board approved the report on 15 July 2025.

**Mvuleni
Geoffrey
Qhena**

Board
Chairperson

**Serame
Taukobong**

Group Chief
Executive
Officer

**Nonkululeko
Dlamini**

Group Chief
Financial
Officer



Feedback

We recognise that integrated reporting and stakeholder information requirements continue to evolve. We welcome feedback to improve our integrated report and the rest of the reporting suite. Comments and feedback can be sent to our investor relations team at telkomir@telkom.co.za.

The icons we use

We use the following icons in the report to help stakeholders understand the integrated nature of our reporting.

Strategic pillars	Material themes	Stakeholder groups	Telkom's six capitals
P Partnerships	MM1 Regulatory environment	S1 Customers	FC Financial capital
I Integrated solutions	MM2 Competitive landscape	S2 Government and regulators	PC Productive capital
V Victory in broadband	MM3 Customer expectations and experiences	S3 Investor community	IC Intellectual capital
O Operational efficiency	MM4 Cyberthreats	S4 Employees	HC Human capital
T Technology innovation	MM5 Economic climate	S5 Organised labour	SRC Social and relationship capital
	MM6 Future-ready skills and expertise	S6 Suppliers and business partners	NC Natural capital
	MM7 Networks and digital technologies		
	MM8 Climate resilience		
ESG goal statements		SDGs	
DS Digital services		Telkom supports four primary SDGs:	
DP Digital planet		 	
EC Empowered communities		 	
BS Business stewardship			
IWP Investing with purpose			
OE Operational efficiencies			

Key terms we use

Broadband refers to the high-speed internet provided through fibre, digital subscriber line (DSL), long-term evolution (LTE) and 5G networks.

EBITDA means earnings before investment income and finance cost, tax, depreciation, amortisation and write-offs, impairments and losses. It is a financial metric used to assess Telkom's operational performance by calculating its earnings before the impact of non-operational expenses.

Homes passed is the potential number of premises we are capable of connecting to a fibre to the home (FTTH) network in a service area.

Homes connected is the number of premises that are connected to our network and are subscribers or can become subscribers without further installation work.

Next-generation fibre refers to advanced fibre-optic technology that offers higher speeds, greater bandwidth and improved performance compared to traditional fibre networks. It is designed to meet the increasing demand for data-heavy services like streaming, cloud computing and smart applications.

Spectrum refers to the range of electromagnetic frequencies used to transmit data wirelessly. It is divided into different bands (e.g. radio, microwave and millimetre waves) and is a limited resource that mobile operators use to deliver services like 4G, 5G and Wi-Fi. Access to spectrum is regulated by government authorities. Its availability directly impacts the speed, coverage and quality of wireless communications.

Tier IV data centre is the highest level of data centre classification, designed for maximum uptime and reliability. It offers redundant systems for power, cooling and network connectivity, ensuring 99.995% availability.

5G is the fifth generation of mobile network technology, offering faster speeds, lower latency and greater capacity than previous generations.

Refer to [page 103](#) for a full glossary.

A Telkom snapshot

1

Overview of our business

Telkom is a leading digital infrastructure and technology service provider in South Africa. We offer end-to-end information and communications technology (ICT) solutions, including high-speed fibre, mobile and data services, information technology (IT) services and property management.

Where we operate



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We are a JSE-listed company with a market capitalisation of **R19 billion** as at 31 March 2025.

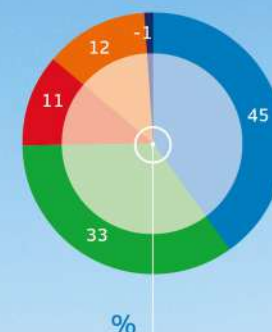
The Group comprises four business units that generated R45 billion¹ in revenue and R12 billion² in adjusted earnings (adjusted EBITDA).

9 509 permanent employees in the Group.

Revenue¹ contribution per business unit



EBITDA contribution per business unit



■ Telkom Consumer
■ Openserve
■ BCX
■ Gyro
■ Other

■ Telkom Consumer
■ Openserve
■ BCX
■ Gyro
■ Other

¹ Represents revenue generated from customers outside the Group.
² Represents total operations, which is generated from both continuing and discontinued operations

Telkom's purpose

Seamlessly connecting our customers to a better life

Our vision

To lead in the converged ICT market through deep and credible relationships and a distinctive customer experience by:

Leading in converged solutions

Providing a quality network with unmatched reach

Offering end-to-end digital solutions in the business community

Creating innovative and pervasive broadband consumer services

Being the wholesale provider of choice

Being the best place to work for committed and accountable people

Our shared values

A high-performance, values-driven culture is one of Telkom's keys to future success. Telkom is committed to ethically conducting business based on our core shared values and acceptable principles.

We revised our values to ensure greater alignment with our strategic objectives as part of the journey towards a unified OneTelkom culture. Refer to the human capital section on [page 63](#).

Our shared values form the foundation of our Group Code of Ethics.

Collaboration

Work together, learn from each other, and amplify our collective impact

I work together with my colleagues across our business units to maximise value for customers. I openly contribute my business unit knowledge/insights to achieve shared goals and better serve our customers. I am empathetic in considering other perspectives to align on common goals.

Customer centricity

Place the customer at the heart of everything we do

I listen to understand in order to deliver the best solutions to our customers. I work with a sense of urgency and never at the expense of quality delivered to customers. I own the part I play in our commitment to customers.

Accountability

Take ownership of our roles, decisions and outcomes

I do what I promise to do. I treat our business as my own by adopting an owner's mindset. I set an example by showing up with no excuses.

Agility

Be nimble, adaptable and responsive to change

I act swiftly yet responsibly when making decisions. I adopt a solutions mindset in order to shift the status quo. I am flexible and open to change.

Simplicity

Break complexity to simplify processes, communication and solutions

I simplify daily tasks and processes to efficiently serve our customers. I create an environment of clarity. I use simple, accessible language to be understood, avoiding jargon wherever possible.

Telkom's operating structure, products and services

This matrix sets out our operating structure and the products and services our four business units provide.

- **Openserve**
- **Telkom Consumer**
- **BCX**
- **Gyro**

Connectivity



Through ducted and aerial copper, fibre, satellite, mobile and wireless transmission.

Infrastructure



Fibre infrastructure, data centres and property solutions for Telkom and third-party clients.

State-of-the-art mobile and fibre networks



Networks that employ the latest and high-speed broadband technology.

Digital transformation



Providing medium and large enterprises with digital transformation solutions to enhance their businesses, including cloud solutions and consulting services.

Converged ICT solutions



Providing end-to-end business ICT services and products, including cloud, voice connectivity, fixed-data and wireless networks, enterprise applications, analytics and other IT services.

Digital presence and e-commerce



The e-commerce platform supports integrated business solutions for small and medium business customers.

Our investment case

Why invest in Telkom?

Telkom is a leading digital infrastructure and technology group. We are well positioned for sustainable growth in South Africa's evolving ICT landscape.

Our investment case is built on a strong foundation of strategic differentiation, operational efficiency and financial resilience. This makes us an attractive long-term investment.



1 Leading in digital infrastructure and the backbone of South Africa's digital future - One of South Africa's largest digital infrastructure players, with over 180 000 km of fibre, 7 909 mobile sites and 10 carrier-neutral data centres supporting the country's digital transformation - Market-leading FTTH connectivity rate of 50.4%, enhancing our ability to drive broadband penetration - Strategic partnership with Google's Equiano undersea cable, expanding our reach, network capacity and technology capabilities	2 Demonstrating strong financial and operational performance - Proven ability to execute strategy, delivering data revenue growth, cost optimisation, improved cash flow and resilient financial position: - Data revenue up 9.5% to R24.7 billion, driven by increased fibre and mobile broadband adoption - Improved free cash flow (FCF) (+555.2%) - A stronger balance sheet, with net debt to Group adjusted EBITDA improving to 0.6 times - The disposal of Swiftnet resulted in R6.6 billion cash received, which strengthened our balance sheet and enhanced financial flexibility	3 Delivering on a strong sustainability commitment - Ambitious targets for carbon neutrality (by 2035) and net zero (by 2040). Achieved a 10% reduction in emissions in FY2025 - Commitment to socio-economic development, with R68 million invested in education and digital skills through the Telkom Foundation - FutureMakers programme supports 459 small enterprises, contributing to 73 890 job opportunities and strengthening our supply chain - R48 billion in gross economic value added. Our operating activities helped to employ more than 77 029 people across South Africa	4 Leveraging our growth potential and innovation - We operate in a high-growth sector driven by ongoing demand for connectivity and a national drive to increase digital access - Ongoing investment in artificial intelligence (AI), automation and digital solutions to enhance customer experience and drive operational efficiency - Leveraging our 184 MHz spectrum portfolio to enhance mobile network coverage and expand 5G deployment - Expanding high-speed broadband and cloud services, with a focus on fibre connectivity and edge computing - Strengthening enterprise digital transformation capabilities through BCX's cloud, cybersecurity and other IT service offerings	5 Showcasing resilient governance and leadership - A strong, diverse leadership team focused on executing our strategy as OneTelkom for maximum impact and efficiency - Robust corporate governance and risk management practices aligned with King IV and the JSE Listings Requirements - A prudent capital allocation framework that balances debt reduction, strategic investments and shareholder returns
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Explaining our business units

	Products and services	Differentiators	Contribution to Group
Telkom Consumer Delivers high-speed mobile broadband via reliable, stable, high-quality converged communications and effective cost optimisation.	- Broadband (mobile, fixed and nomadic) - Voice - Non-connectivity and financial services	- Third-largest and fastest-growing mobile network operator in South Africa - 7 909 mobile integrated sites - 465 active 5G sites - 23.2 million mobile subscribers, of whom 65.7% are broadband customers	- R27 804 million in revenue - R5 567 million in EBITDA - 1 013 employees with R1 222 million in salaries and benefits paid
Openserve South Africa's leading wholesale infrastructure connectivity provider.	- Broadband and enterprise solutions - Optical and carrier solutions - Global solutions - Interconnect solutions - Voice services	- Largest managed wholesale open-access infrastructure connectivity provider in South Africa - National and regional fibre routes to deploy fibre-based access, enterprise and backhaul technologies - Over 180 000 km of fibre across South Africa - Connectivity rate of 50.4%, with 1 378 930 homes passed	- R12 349 million in revenue - R4 005 million in EBITDA - 4 563 employees with R3 072 million in salaries and benefits paid
BCX A state-of-the-art technology company that provides ICT solutions and an integrated portfolio of technology solutions across South Africa.	- Converged communications solutions, including voice, data networks, internet and wireless connectivity - Digital platform solutions, including enterprise applications and customised industry-specific offerings - Cloud platform solutions, including private cloud, public cloud and infrastructure, field services management and cybersecurity	- Proprietary IT platforms for enterprise sectors, including: - UniSolv: A locally built pharmacy system powering over 1 100 sites, streamlining healthcare delivery through automation, compliance and real-time insights - Retail and service technologies: Proprietary platforms such as Dolfin, ActiveRetail and UltiSales deployed across more than 12 000 retail sites and 215 000 devices, enhancing efficiency and growth in the Southern African Development Community (SADC) region - A national footprint of 10 data centres with a combined capacity of 12 600 m² and IT capacity of 9.82 MW - BCX owns three of the four Tier IV data centres in South Africa	- R12 346 million in revenue - R1 376 million in adjusted EBITDA - 3 620 employees with R3 404 million in salaries and benefits paid
Gyro Manages the property portfolio of Telkom that is used for operations. Provides property services, including real estate management services.	- Property and space user demand - Facilities management - Physical security and business protection - Programme management office - Up to 31 January 2025, Gyro managed the masts and towers portfolio through Swiftnet	- Leverages the Group's technologies to implement smart-enabled buildings and next-generation property and facilities management solutions	- R730 million in cash proceeds from transfer of 57 properties sold - Swiftnet for 10 months ended 31 January 2025: - Revenue: R1 221 million - EBITDA: R912 million

Integrated performance snapshot

Our six capitals for value creation are inputs to the PIVOT Strategy and operating model and link to our strategic outcomes. We hold ourselves accountable through a balanced suite of financial and non-financial KPIs, tracking progress against our PIVOT¹ Strategy every year.

In FY2025, Telkom delivered a strong performance, setting a solid foundation for further growth in FY2026.

	Continuing operations ²	Total operations	What are we measuring?	Why is it important?	Performance	Capitals impacted	Link to PIVOT Strategy
Group revenue (Rm)			Total revenue generated from all business operations across the Group's continuing operations.	Group revenue reflects our ability to generate value through diversified services and indicates overall commercial performance.	The 3.3% increase was mainly driven by strong growth in mobile service revenue (+10.2%) and fibre-related services revenue (+10.0%).	FC PC	P I T
Data revenue (Rm)			Combined revenue from mobile and fibre data services.	Data revenue underpins our growth strategy as customers increasingly demand reliable, high-speed connectivity.	Mobile data revenue grew by 12.3% on the back of a 13.4% rise in the subscriber base. Fibre data revenue grew 10.0%, supported by a strong increase in homes connected and migrations to fibre-based services by enterprises. This was partially offset by a 26.9% decrease in non-fibre-related data revenue.	FC IC	V T
FCF³ (Rm)			Cash that remains after we have paid for operating expenses and capital outlays.	FCF reflects our financial flexibility to reinvest, pay dividends, and strengthen the balance sheet.	FCF improved by over 555.2%, supported by stronger operational performance and strategic asset disposals.	FC PC	P I T
Adjusted EBITDA margin^{3,4} (%)			Adjusted EBITDA as a percentage of Group revenue from continuing operations.	This demonstrates how effective we are at converting revenue into profit and improving operational performance and efficiencies.	Group adjusted EBITDA increased by 25.1% to R11 792 million, lifting the EBITDA margin by 4.7 ppts. Improved margins reflect strong mobile performance and cost optimisation.	FC PC	P I T
Net debt to adjusted EBITDA^{3,4} (times)			Our ability to meet interest obligations and settle our debt balance in full.	We aim to maintain a healthy balance sheet with net debt to EBITDA of between 0.5x and 1.5x and within the debt covenant requirement of less than 3x.	Improved net debt to EBITDA is supported by a 55.8% decrease in net debt and a 25.1% increase in Group adjusted EBITDA. This aligns with our disciplined approach and efforts to strengthen financial sustainability.	FC PC	P I T

Capitals

FC	Financial capital
PC	Productive capital
IC	Intellectual capital
HC	Human capital
SR	Social and relationship capital
NC	Natural capital

PIVOT Strategy

P	Partnerships
I	Integrated solutions
V	Victory in broadband
O	Operational efficiency
T	Technology innovation

Strategic outcomes

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

² All Group financial KPIs presented in this report reflect continuing operations only. This approach aligns with IFRS 5, following the classification of Swiftnet as held for sale and its disposal effective 31 January 2025. As a result, Swiftnet is excluded from current and comparative figures to ensure consistency and comparability over time and alignment with the FY2025 annual results booklet and annual financial statements. Swiftnet-inclusive total Group numbers are provided alongside the relevant KPIs where applicable.

³ This is a non-IFRS financial measure.

⁴ These numbers have been adjusted to exclude the effect of the Telkom Retirement Fund derecognition loss of R618 million and restructuring costs of R160 million.

Integrated performance snapshot continued

	Continuing operations ²	Total operations	What are we measuring?	Why is it important?	Performance	Capitals impacted	Link to PIVOT Strategy
Capital expenditure (capex) (Rm)			Our investment in long-term assets indicates our growth and improvement in operations.	Capex management is part of responsible capital allocation and ensures we drive adequate capex returns.	Capex of R5.8 billion kept capital intensity at 13.3%, within the target range. Strategic investments in mobile and fibre networks improved customer experience, as seen in a net promoter score (NPS) of 72.3 and core network availability of 99.99%.	FC PC	P I T
Dividend per share (cents)			Total dividend declared per ordinary share, including ordinary and special distributions.	Dividends signal our ability to generate free cash flow, capital discipline, and value return to shareholders	A total dividend of R1 333 million (261 cents per share) was declared (ordinary: R833 million; special: R500 million), reflecting our improved cash generation and Swiftnet disposal.	FC SRC	P
Training and development spend (Rm)			How much we spent on providing employees with opportunities to enhance their skills and practise continuous learning.	Upskilling and reskilling our workforce supports a future-ready, engaged Group and ensures we can deliver on strategic objectives through strong internal capabilities.	We invested R166 million in learning and development, focused on building leadership capabilities and future-fit skills. Our bursary and internship initiatives supported 267 students while 406 employees participated in our OneTelkom learning programmes.	HC	O T
Active mobile subscribers (number '000)			The total number of our active mobile subscribers across pre-paid and post-paid segments.	Growth in active mobile subscribers reflects the success of our customer acquisition and retention strategies, supporting scale and revenue stability.	13.4% growth in mobile subscribers was supported by targeted customer acquisition strategies and expanding reach into high-volume, non-metro areas. Mobile data subscribers rose 19.5% to 15.2 million and now make up 65.7% of our base, reflecting increased demand for seamless, value-led connectivity.	FC PC	P O I T V
Fibre connectivity rate (%)			The number of homes we have connected (694 630) as a percentage of the number of homes passed (1 378 930) with fibre.	This helps us measure our market penetration, optimise network investments and assess service uptake. Monitoring and enhancing our service performance helps us maintain our competitive edge and high customer satisfaction.	Our connectivity rate improved to an industry-leading 50.4%. The number of homes connected grew to 694 630 (FY2024: 590 527). This reflects strong execution of Openserve's commercialisation strategy and growing demand for high-speed broadband.	IC SRC	P O I T V
Total carbon emissions (tCO ₂ e)			Scope 1 and Scope 2 emissions generated from our operations.	We aim to become carbon neutral by 2035 and achieve net zero by 2040, in line with the government's commitment to reduce carbon emissions.	The reduction in Scope 1 emissions was driven by reduced diesel use through lithium-ion battery rollout. Scope 2 emissions declined by 7% due to network optimisation and equipment decommissioning. Total emissions declined in line with our science-based targets, achieving a 4.2% linear annual reduction.	FC PC	P I T
Lives impacted through SMME spend (number)			The number of lives impacted through our spend on small, medium and micro enterprises (SMMEs).	This demonstrates our commitment to social responsibility and attainment of SDG 8 (decent work and economic growth). Supporting SMMEs creates jobs, and each job ultimately supports more than three lives (Stats SA).	251 275 lives were impacted through our SMME spend by the end of FY2025, showing the resilience and social impact of our supplier development initiatives. We are on track to meet our FY2027 target of 250 000 lives impacted.	SRC	P

^(A) External moderate assurance on selected sustainability indicators. Please refer to the FY2025 Independent Assurance Report, available online.

Leadership reflections on FY2025

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”

“Telkom’s improved performance has laid the building blocks for sustainable financial growth. Further investment in our infrastructure will help us realise the desired returns and expand our reach.”

Mvuleni Geoffrey Qhena
Chairperson

An interview with our Chairperson

Q

Inflationary pressures and geopolitical tensions impacted the global economic environment. How did Telkom perform against this backdrop?

A

We operated in a tough global economic environment in FY2025. Subdued economic growth due to geopolitical uncertainties and high interest rates significantly impacted consumer spending. The global economy is expected to stabilise, growing at a moderate 2.7% for the next two years¹.

The global telecommunications industry was shaped by evolving trends such as the adoption of AI, 5G deployment, Internet of Things (IoT) and FTTH.

The South African economy was constrained by domestic challenges including high unemployment and volatile global commodity prices. We remained resilient and delivered on our data-led strategy despite the challenging macro-economic environment.

Our operational and financial performance improved, including our net debt to EBITDA ratio and positive free cash flow.

Read more about our financial performance in the GCFO's report on [page 17](#).

¹ <https://openknowledge.worldbank.org/server/api/core/bitstreams/f983c12d-d43c-4e41-997e-252ec6b87dbd/content>.

Q

Telkom concluded the sale of Swiftnet as part of its Value Unlock Strategy. What role did the Board play, and how will this transaction benefit Telkom?

A

The Board played an instrumental role through the Investment and Transactions Committee, which oversaw the transaction working closely with the Group Exco. We held regular meetings to keep the Board abreast of developments and to ensure we negotiated a prudent deal for Telkom.

The proceeds from the sale have strengthened Telkom's balance sheet by supporting debt reduction and enabled the payment of a special dividend to shareholders.

Going forward, we will focus on creating additional revenue from existing infrastructure assets.

Q

The telecommunications industry continues to shift as technology evolves. What gives you confidence that the PIVOT Strategy is fit to take the Group forward and establish Telkom as the backbone of South Africa's digital future?

A

The PIVOT Strategy remains relevant, having supported our shift from voice-driven to next-generation revenue in line with industry changes.

Our strategy is anchored by five priorities, namely partnerships, integrated solutions, victory in broadband, operational efficiency, and technology innovation.

One of our key strategic enablers is to monetise our infrastructure assets as OneTelkom. In FY2024, we embarked on the ongoing OneTelkom initiative to maximise our infrastructure capabilities and encourage collaboration across business units. This will enable us to win more business, promote operational synergies and drive capital efficiency.

Read more about our PIVOT Strategy and OneTelkom initiative on [page 31](#).

Telkom has a vast footprint across South Africa, with over 180 000 km of fibre, 7 909 mobile sites and 10 carrier-neutral data centres. This includes our contribution to the country's undersea cable infrastructure. Through our strategic partnership with Google Equiano, we are able to expand our network capabilities and provide innovative products and services to our customers.

We will continue to leverage this competitive advantage and further improve our value proposition.

Q

What were the key ESG matters that the Board monitored this year?

A

Monitoring our transition and physical climate risks was a key focus. Telkom conducted assessments to understand the financial impact of these risks. The transition risks identified are in the categories of policy/legal, technology, market and reputation. The physical risks identified

include flooding, extreme weather, precipitation, temperature, fire and drought. We must manage these risks, as they threaten Telkom's infrastructure and our ability to create value.

The Board continued overseeing initiatives to drive energy efficiency and explore alternative renewable energy.

Read more about our natural capital initiatives on [page 73](#).

Q

Why are technology and innovation key to Telkom's longevity?

A

Without innovation, we would be unable to remain relevant and competitive. During the current reporting period, the Board established the Technology Committee, which regularly reviews our technology and information strategy. This Group-wide strategy was finalised in FY2025 and is aligned with our PIVOT and ESG strategies to enhance our role in the digital economy.

We invested over R46 million in innovation and industry research and development this year. We continued accelerating innovation in the technology sector through our FutureMakers enterprise and supplier development programme. This involved collaboration with SMMEs to foster strategic partnerships and empower social entrepreneurs in the ICT space.

We fostered a culture of innovation among employees by completing the second year of the Telkom Group Innovation Challenge. This challenge generated solutions that were implemented to improve operational efficiency and drive new revenue.

We invested in start-ups such as AdvannoTech, which develops IoT solutions for deployment in various industries. Through Aions Creative Technology, we invested in Welo Health, a women-owned healthtech platform that connects patients to healthcare and on-demand occupational health services.

Q

What trade-offs are considered in Telkom's capital allocation framework to balance debt reduction, strategic investments and shareholder return?

A

The nature of the telecommunications sector requires us to make strategic capital investments that will yield profits. Our capital allocation framework considers our business continuity and financial sustainability. We also factor in our capacity to lower debt levels and related expenses.

Returning value to our shareholders requires us to consider both Telkom's long-term financial viability and our capacity to make additional capital investments. Our goal is to be competitive and relevant in our key growth areas, such as FTTH and mobile.

Telkom has declared a dividend of R1.3 billion, comprising an ordinary dividend of R833 million in line with our revised dividend policy, and a special dividend of R500 million enabled by the proceeds from the disposal of Swiftnet.

Q

Strengthening Telkom's succession pipeline and ageing talent at management level are key challenges. How is the Board responding?

A

We operate in a competitive market in which talent is a scarce commodity. Therefore, we must retain our existing talent. We do this by implementing measures to support, encourage and upskill our people.

Telkom has a robust talent management and succession planning framework to mitigate vacancy risk for the Group. Our succession plans ensure business continuity by placing internal talent in relevant roles, either as full replacements or in an acting capacity as emergency replacements.

We continue to invest in learning and development initiatives to prepare future successors for key roles. This includes our Female Leadership Development programme to strengthen our pipeline of female leaders.

Through the Remuneration Committee, we approved a remuneration strategy scheme to address people risk regarding talent retention and attraction.

The purpose of this scheme is to ensure our remuneration strategy is agile in considering macro talent challenges and aligns with our business strategy.

The scheme structure is underpinned by variable pay to ensure we attract and retain the critical, scarce and core talent we need to achieve our long-term business objectives and deliver shareholder total returns.

Read more in our standalone remuneration report and in the human capital section on page 63.

Q

How does the Board ensure that Telkom has suitable skills within the Board, Committees and management to provide robust oversight of its strategy progress and sustainability?

A

I am confident that our Board Members bring immense value to Telkom. This is reflected in their diverse skills, knowledge and expertise, as well as a balanced mix of gender and age.

The Board has the appropriate combination to guide the business and take Telkom forward. We have a Board development programme that keeps Members abreast of industry and business developments. We prioritise Board and Group Exco succession planning to safeguard Board continuity and sustainability and ensure Telkom remains agile in its operations and decision-making.

We reviewed the composition of the Board this year and made adjustments to some of the Committees. Non-executive Director, Ms Olufunke Ighodaro, was previously a Member of both the Remuneration and the Investment and Transactions Committees. She is now also the Chairperson of the Risk Committee and a Member of the Audit Committee. Her expertise in auditing, risk management and business leadership will bring significant value to these Committees.

Q

In providing strategic oversight, what will the Board prioritise in FY2026?

A

In the coming year, the Board will pay close attention to:

- Monitoring the execution of the PIVOT Strategy, with a focus on expanding FTTH, critical projects to increase network capability, and improving BCX's performance
- Monitoring financial performance, with a focus on further improving FCF. This will include tracking the growth of next-generation revenue and improving profitability and cash generation, primarily through our data-led strategy
- Ensuring the transformation of Telkom as South Africa's leading infrastructure company
- Monitoring the geopolitical landscape and potential impacts

Q

Telkom emphasises strong stakeholder relationships. Do you have any words of appreciation?

A

I thank my fellow Board Members for their dedication and support.

This year, we bade farewell to Non-executive Director, Mr Louis Von Zeuner, who retired by rotation from the Board and its Committees. We thank him for his invaluable contribution.

We welcomed Mr Mlamli Booi as a Non-executive Director of the Board and Member of the Technology Committee. He brings key ICT and innovation skills to the Board.

We also welcomed Ms Mandl'esilo Msimang, who joined as a Non-executive Director and Member of the Social and Ethics Committee. She is well versed in public policy and regulation.

I thank the employees, under the leadership of the Group Exco, for their commitment and resilience as we emerged from the section 189 restructuring over the last few years.

I acknowledge the continued trust and support of our shareholders. We are committed to strengthening stakeholder engagement and creating long-term value for our shareholders.

Chairperson
Mvuleni Geoffrey Qhena



“Our improved performance and strong financial position reflect the success of our data-led strategy. We surpassed market expectations as our strategy delivered excellent results.”

These results were supported by efficiency and customer centricity, strategic infrastructure investments, expanded fibre and 4G/5G coverage, and our flexible, affordable plans tailored to diverse customer segments.”

Serame Taukobong
Group Chief Executive Officer

An interview with our GCEO

Q

The operating environment underwent key shifts on the domestic and global fronts. Did these impact Telkom's ability to create value?

A

Domestic and global economic headwinds negatively impacted consumers and businesses in FY2025. This forced South African households to reconsider where to spend their disposable income. Accordingly, we made sure we brought the best value propositions to our customers while remaining competitive.

We experienced a significant shift in South Africa's political landscape as the 2024 national elections resulted in a Government of National Unity (GNU). It remains important for Telkom to maintain a solid relationship with the government as a strategic partner and our largest shareholder. We engaged at national and provincial levels to explore ways in which Telkom can be an enabler for growth and drive digital transformation and inclusion in South Africa.

Telkom continued its growth trajectory despite the uncertain operating context. Revenue increased by 3.3%, supported by our mobile and broadband strategies. We focused on growing revenue from our next-generation technologies as we transition away from traditional fixed-line revenue.

Mobile and fibre service revenue growth across the Group, along with effective cost efficiency programmes, improved Group adjusted EBITDA by 25.1%.

FCF increased more than sixfold to a positive R2 778 million.

Our net debt to Group adjusted EBITDA ratio improved to 0.6x, driven by higher earnings and debt repayments. The use of proceeds from the Swiftnet transaction to reduce debt post-year-end further improved this ratio.

Group adjusted EBITDA increased by 25.1% to R11 792 million, outpacing revenue growth.

Our EBITDA growth was primarily driven by the cost-optimisation efforts we implemented across the Group. Our cost transformation programme included initiatives such as managing roaming costs in our mobile business, network simplification by Openserve, and employee restructuring and facilities consolidation by BCX. These savings are structural and long-term, focusing on sustainable costs and optimising operational structures.

Read more about our financial performance in the GCFO's report on [page 17](#).

How our business units performed

Telkom Consumer's robust performance affirmed its data-led growth strategy, which delivered market expansion, revenue diversification and strong customer loyalty. Investments in digital innovation and network expansion and resilience continued to drive profitability. Operating revenue increased by 5.6% to R27 804 million on the back of advanced data analytics, optimisation of the product portfolio, and the expansion of distribution channels.

Openserve executed its strategic imperatives, underpinned by a sustainable revenue and channel mix, and achieved a notable 5.9% increase in its fibre data portfolio. This was driven by a 13.3% increase in homes passed and a 17.6% increase in homes connected, resulting in 8.9% growth in broadband revenue. Openserve enhanced its operational efficiency while embracing digital innovation to streamline operations.

BCX's strategic shifts gained momentum in the second half of FY2025. BCX strengthened the business fundamentals, expanded its high-margin services and optimised the cost structure. This reduced the cost to serve and continued to shift the converged communications offerings to fibre-based platforms.

Gyro successfully auctioned non-core properties, including properties previously earmarked for property development. In total, 57 Gyro and Telkom-owned properties were transferred, realising cash proceeds of R730 million.

Swiftnet continued to organically grow its co-location business while scaling up its Power-as-a-Service (PaaS) offering. In January 2025, Telkom transferred its 100% equity interest in Swiftnet as the sale was completed. Read more in the performance chapter from [page 51](#) and in our annual results announcement and presentation.

Q

In FY2025, Telkom concluded the disposal of Swiftnet. How will this benefit Telkom, and what were the key milestones in the transaction?

A

The Swiftnet transaction complements the FCF generated from our underlying operations.

Approximately 72% of the R6.6 billion in cash proceeds will go to servicing our debt. Our net debt to EBITDA ratio was 1.8x when we initiated the sale in FY2023, and is now 0.6x. Lower debt levels and a stronger balance sheet create room for future growth, more innovation, and a sustained competitive edge in a dynamic market.

A portion of the proceeds will be returned to shareholders in the form of a special dividend (R500 million). The rest will serve as a buffer and enable us to explore additional capital investment opportunities. The transaction had no negative impact on our existing operations.

Considering the current macro-economic uncertainties, being able to service our current and future debt places Telkom in a strong liquidity position.

Our stronger, more predictable FCF supports optimised capital allocation, strategic reinvestment in the business, and our dividend policy.

2024	2025
March The Swiftnet sales agreement was announced, with a consortium comprising an infrastructure fund managed by a subsidiary of Actis and a vehicle owned by Royal Bafokeng Holdings (Pty) Ltd as its broad-based black economic empowerment (B-BBEE) partner. The purchase consideration was R6.6 billion. May Telkom shareholders unanimously approved the sale. August The Competition Commission approved the deal and referred it to the Competition Tribunal, which later approved the transaction with conditions. December The Independent Communications Authority of South Africa (ICASA) approved the sale.	March All key conditions for the sale were met and the effective date for the disposal was 31 January 2025.

Q

Last year, you mentioned the significance of leveraging Telkom's infrastructure assets and entrenching the OneTelkom culture. How did Telkom deliver on its strategy with OneTelkom in mind?

A

We focused on strengthening the execution of our PIVOT Strategy, including identifying opportunities to utilise our infrastructure assets to drive revenue growth.

This strategy is showing positive results. We saw significant demand for pre-paid data, which is reflected in the growth of our mobile business. We also saw the positive impact of fibre in driving data growth through Openserve and BCX.

We championed cross-business unit collaboration through OneTelkom.

In FY2025, Telkom was awarded a significant portion of a contract by the State Information Technology Agency to connect clinics, schools, government offices and police stations nationwide with the latest broadband infrastructure. This would not have been possible without collaboration between BCX and Openserve. Securing this contract aligns with our strategic objectives to offer end-to-end converged propositions and become the leading broadband provider in South Africa.

We are also using the OneTelkom approach to improve our network planning and achieve better synergies in the rollout of fibre networks and equipment to mobile base stations. Teams across our business units are working together to retain contracts and provide superior value through innovative product and service bundles for enterprise clients.

The Swiftnet transaction was another success story of OneTelkom. It required collaboration between Openserve and Telkom Consumer, as these entities are also tower tenants and various contracts associated with the towers directly impact them.

We are undergoing a culture transformation process to cement OneTelkom internally. This includes new shared values that support the vision of working as OneTelkom, namely collaboration, customer centricity, agility, accountability and simplicity.

Q

This report highlights Telkom's ESG achievements in ethical leadership, gender diversity, socio-economic impact and emissions reduction. How do these position Telkom for the future?

A

It is important that we proactively live the principles of good governance and ethical leadership.

Telkom has done significant work prioritising ethical leadership at the Board and Exco levels and across the Group. We are also encouraged by the active use of our whistleblower platforms, which demonstrate our commitment to zero tolerance for unethical behaviour.

Achieving fair gender representation remains a priority. Three years ago, we set the goal for women in leadership positions at 35%. We have since achieved this target, and I believe we should aim for 50% over the next few years. This representation must be reflected across the Telkom ecosystem, from senior leadership to our internship programmes.

We have reduced our Scope 1 and 2 carbon emissions by 32% since FY2022. This is good for the planet and for our business. It affords us greater resilience in a volatile energy landscape. This transition resulted from our network modernisation and shift away from legacy technologies, as well as a concerted team effort driven by Group KPIs.

We are proud of our impact on digital literacy and education through the Telkom Foundation. We also contribute to job creation through our investments in SMMEs. The socio-economic challenges in South Africa are immense, and it is only through addressing inequality and economic growth that we as a business will continue to thrive.

In the coming years, we will deepen our endeavours in all these areas as part of our sustainability strategy.



Q

This year, Telkom implemented its technology and information strategy. How will this help to build a fit-for-purpose technology operating model that will take Telkom into the future?

A

We have reset our technology strategy to position Telkom as a digital enabler in the fourth industrial revolution era. Following a Group-wide digital strategy review led by the Group Chief Digital Officer, we developed a fit-for-purpose operating model that is agile and aligned with our PIVOT Strategy.

We are already reaping the fruits of the strategy. This includes cost savings through IT spend optimisation and operational efficiency gains via modernised operational and business support system platforms. Digitised channels and the Openserve Technician App have improved the customer experience.

We approach AI with a strong ethical lens – ensuring governance, transparency, data privacy, oversight and protection of our intellectual property.

South Africa is lagging globally in AI adoption. This presents an opportunity for Telkom to position itself as a leading infrastructure company by providing the infrastructure ecosystem required to enable AI adoption.

Our fibre infrastructure, data centres, and ability to connect customers already set us

apart from our competitors. Telkom has the building blocks required to meet the AI demands in South Africa and southern Africa.

Q

What are Telkom's priorities for FY2026, and how do they align with the PIVOT and ESG strategies?

A

Improving financial performance across Telkom remains a priority.

We are confident that the Group will see greater top-line growth in fibre and mobile services as our legacy revenues become less significant.

We will enhance our cost-containment measures and improve operational efficiencies to support our cost-to-revenue ratio.

We are committed to entrenching the OneTelkom culture across the Group. We will foster collaboration and identify operational synergies between our business units. We will continue investing in our people through training and development support and succession planning programmes.

Our growth areas are centred on our data-led strategy for fibre and mobile, and we continue to invest in these areas. We will grow our mobile subscriber base and homes connected with fibre, while providing innovative solutions tailored to deliver value for existing and new customers. We will grow IT services for our enterprise customers through BCX, using fibre data as a base for layering on these services.

We are conscious of our role in preserving the planet for future generations. We will continue to explore environmentally friendly and energy-efficient propositions to reduce carbon emissions.

In FY2026, we will review our PIVOT Strategy and assess its appropriateness for Telkom's future.

Q

Any final words to stakeholders?

A

Telkom has undergone a significant turnaround in the last 18 months.

I am grateful to our employees for their resilience, hard work and passion during these testing times.

I thank the Board for their continued support and guidance.

I also thank Althon Beukes, who has stepped down as CEO of Openserve. Althon served in this role since 2020 and has been with Telkom for 30 years. We wish him all the best in his future endeavours. He is succeeded by Beauty Apleni, and we look forward to her contributions in this key leadership role.

To all our partners, I look forward to building strategic and long-lasting partnerships that will accelerate South Africa's digital transformation.

Serame Taukobong
Group Chief Executive Officer



I am pleased to report a robust set of financial results reflecting our strategic focus on operational efficiency, prudent capital management and delivering value to our shareholders.

Nonkululeko Dlamini
Group Chief Financial Officer

Our GCFO's report on financial performance

Despite a challenging competitive landscape and the depreciation of the rand, we exceeded market expectations, reflecting the resilience and adaptability of our business model.

Our consistent focus on strategic execution has translated into strong momentum in our underlying performance, with steady growth across key operational and financial metrics.

We demonstrated exceptional performance in data services, underscoring the success of our investment in digital infrastructure. Our focus on cost containment and operational efficiencies yielded positive results.

We maintained a robust balance sheet underpinned by prudent capital management.

Strategic investments were directed towards areas that enhance our return on invested capital, ensuring sustainable growth and value creation.

Our strong liquidity and robust leverage ratio position us well to navigate uncertainties and invest in growth.

We have strengthened our cash generation, supporting reinvestment in the business and enhancing shareholder returns. We delivered R1.3 billion to shareholders, setting a new roadmap for continued profitable growth.

The disposal of Swiftnet and non-core properties were successfully executed.

We remain committed to a disciplined capital return programme, while continuing to drive sustainable long-term growth.

We are proud to have successfully met or exceeded all key aspects of our medium-term guidance, which is a testament to our disciplined execution and strategic clarity.

	Medium-term guidance FY2023 – FY2025	FY2025 Reported total ¹
Revenue growth	Low to mid-single digit	3.1 %
EBITDA growth	Low to mid-single digit	14.8 %
Capex to revenue	12% – 15%	13.9 %
Net debt to EBITDA	1.5x – 1.9x	0.6x

Highlights

Group revenue up 3.3% to R43.9 billion

Mobile service revenue up 10.2% to R21.0 billion

Total data revenue up 9.5% to R24.7 billion

Group adjusted EBITDA² up 25.1% to R11.8 billion with an EBITDA margin¹ of 26.9%

Adjusted headline earnings per share (HEPS)² up 102.4% to 583.2 cents per share

Adjusted basic earnings per share (BEPS)² up 128.9% to 681.7 cents per share

Free cash flow up 555.2% to R2.8 billion

Net debt to adjusted EBITDA² improved 1.2x to 0.6x

Items impacting our financial performance

Group composition

Discontinued operation assessment

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

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

In March 2024, Telkom SA SOC Ltd entered into a sale agreement to dispose of its entire equity share in Swiftnet to the consortium led by Actis LLP and Royal Bafokeng Holdings (TowerCo BidCo). Prior to the transaction, Telkom held 100% of the shares in Swiftnet. Telkom lost its control over Swiftnet after selling 100% of its equity shareholding to TowerCo BidCo on 31 January 2025. The gain on disposal of Swiftnet is recognised in discontinued operation in the statement of profit or loss and other comprehensive income. The Group recognised a gain on disposal of R4 408 million.

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

¹ Excludes the gain on sale of Swiftnet.

² This financial measure is presented to show the adjusted performance of the Group's operations and is internally used by management to assess the performance of the business. Refer to page 18 for the reconciliation of the reported figures to the pro forma adjusted figures.

Pro forma financial information

Restructuring costs

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

Settling the Telkom Retirement Fund

During FY2025, the Telkom Retirement Fund (TRF) met the IAS 19 (Employee Benefits) criteria for a full settlement of the defined benefit plan, following an amendment to the TRF rules. The change was approved by the Financial Sector Conduct Authority, effective from 1 July 2024. The amendment of the TRF rules resulted in Telkom having no further obligation to pay contributions to fund any deficit unless it freely enters into a future agreement in writing, thereby creating a future obligation.

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

- A once-off amount of R330 million, which Telkom paid to the TRF relating to the derecognition. This was funded from an annuity issued through a cell captive insurer and has no cash flow impact on Telkom
- An amount of R288 million, which is the difference between the TRF defined benefit obligation and the plan asset, based on the valuation at derecognition date. The difference would have been accounted for as an asset ceiling and recognised in other comprehensive income, had the derecognition not taken place

Extract of the audited condensed consolidated annual financial statements	Pro forma	Pro forma adjustments		Reported
	Pro forma March 2025	Restructuring costs	TRF derecognition loss	Reported March 2025
Continuing operations	Rm	Rm	Rm	Rm
Operating expenses	(22 548)	160	618	(23 326)
Employee expenses	(8 035)	160	618	(8 813)
EBITDA¹	11 792	160	618	11 014
Operating profit	5 835	160	618	5 057
Profit before taxation	4 220	160	618	3 442
Taxation	(869)	(43)	(167)	(659)
Profit for the year	3 351	117	451	2 783
BEPS (cents)	681.7	23.8	91.9	566.0
HEPS (cents)	583.2	23.8	91.9	467.5



Key themes from Telkom's financial performance

- 1 Gain from the diversification of data revenues
- 2 Operational efficiencies yielding positive results
- 3 Earnings improvement
- 4 Smart capex deployment supporting improved returns on invested capital
- 5 Strengthening our financial position and improving leverage levels
- 6 Improved cash conversion
- 7 Shareholder value

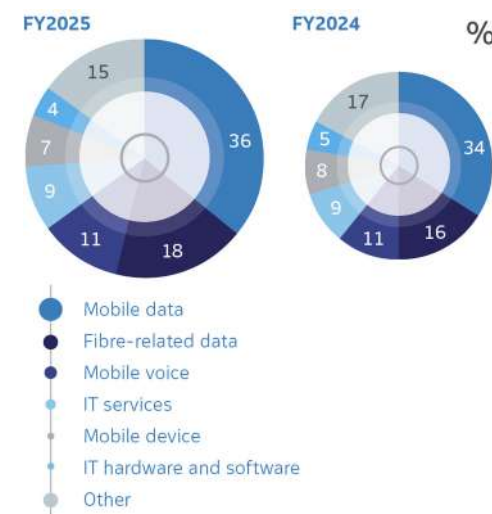
1

Gain from the diversification of data revenues

We focused on driving growth and resilience through the evolution of the digital landscape. We aimed to diversify our data revenue streams and focused on fibre and mobile data services, enabling us to offer more diversified data opportunities to our customers. This resulted in mobile and fibre data revenues increasing by 11.6% to R23 825 million, constituting 54.3% of Group revenue, up 4.0 ppts from FY2024.

Group revenue increased by 3.3% to R43 880 million, mainly due to the continued focus on our data-led strategy. This was partially offset by a:

- 20.4% or R627 million decrease in fixed-voice revenue
- 26.9% or R332 million decrease in non-fibre-related data revenue
- 21.4% or R480 million decrease in IT hardware and software revenue



2 Operational efficiencies yielding positive results

Group adjusted EBITDA increased by 25.1% to R11 792 million and the EBITDA margin expanded by 4.7 pts to 26.9% compared to FY2024. The Group revenue increase of 3.3% benefited Group EBITDA. This was further enhanced by a decrease in the cost of handsets, equipment, software and directories of 15.3% and lower payments to other operators of 19.1%. This decrease was mainly due to lower IT hardware and software sales as well as the mobile business implementing stringent credit vetting and re-vetting of existing customers and enhancing long-term revenue visibility. Roaming costs were positively impacted by stringent roaming traffic thresholds, migrating traffic to our network, and reduced loadshedding.

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

Aligned with our strategy to improve operational efficiency while optimising cost structures, we limited the increase in total expenses to 0.9%. This improvement was evidenced by the 3.3 pts decrease in the Group's cost-to-income ratio to 75.1% from 78.4% in FY2024. Cost to income reflects total adjusted expenses, while income consists of revenue and other income, excluding the gain on sale of assets.

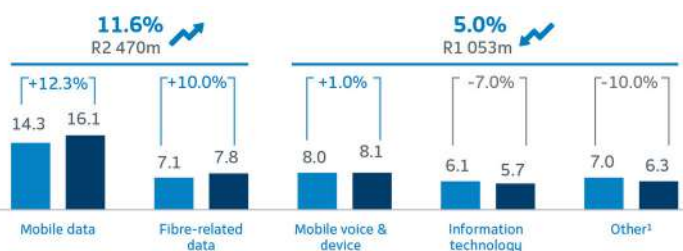
Revenue by stream

Continuing operations

Rm

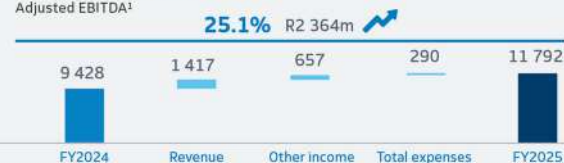
■ H1 FY2024

■ H1 FY2025



Continuing operations Rm

Adjusted EBITDA¹



Adjusted total expenses¹



Cost to income² %

Group cost to income²



Cost to income per BU²



¹ Excludes the impact of the TRF derecognition loss of R618 million and restructuring cost of R160 million.

² Cost reflects total adjusted expenses. Income consists of revenue and other income excluding the gain on sale of assets.

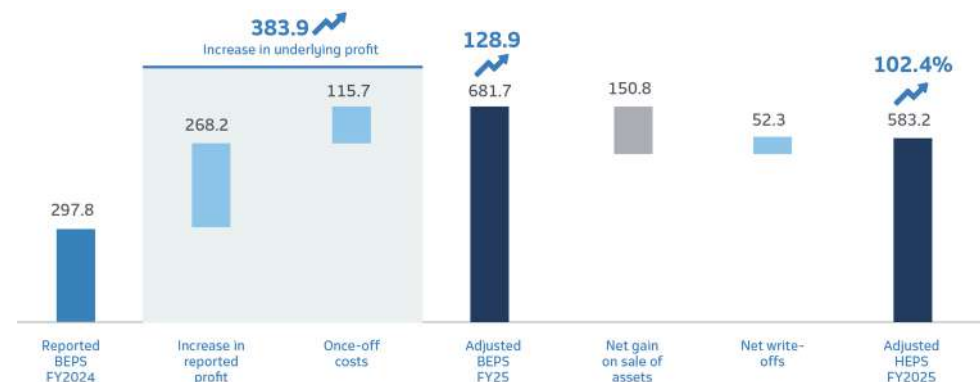
3 Earnings improvement

Adjusted HEPS increased by 102.4% year on year to 583.2 cents while adjusted BEPS increased by 128.9% to 681.7 cents. The improvement was mainly due to a 49.5% increase in adjusted operating profit, driven by a 25.1% increase in Group adjusted EBITDA. Profits were further enhanced by an increase in investment income and a decrease in finance charges and fair value movements of 61.1% and 9.0%, respectively. The improvements were partly offset by higher depreciation, amortisation, impairment and write-off expenses, and a higher taxation expense driven by a 116.3% increase in adjusted profit before taxation. The weighted average number of ordinary shares increased by 0.8% to 490 660 883.

Earnings

Continuing operations

Cents per share



cents per share

BEPS

	Reported FY2025	Reported FY2024	Adjusted FY2025
Continuing	566.0	297.8	681.7
Discontinued	962.0	87.7	
Property, plant and equipment (PPE) and intangible assets	(983.5)	(9.5)	(98.5)
Net profit on disposal of PPE and intangible assets	(150.8)	(22.6)	(150.8)
Swiftnet disposal	(885.0)	—	
Net write-offs and impairment	52.3	13.1	52.3
HEPS	544.5	376.0	
Continuing	467.5	288.1	583.2
Discontinued	77.0	87.9	
Weighted average number of shares	490 660 883	486 904 628	

4

Smart capex deployment supporting improved returns on invested capital

Capital expenditure

Our funding framework supports growth areas and aims to improve return on invested capital while maintaining a healthy balance sheet. Capex from total operations decreased by 0.8% to R6 086 million with a capex-to-revenue ratio of 13.9%. Capex from continuing operations at R5 827 million is flat compared to FY2024, with a capex-to-revenue ratio of 13.3%.

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

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

Return on invested capital (ROIC)

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

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

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

Capital expenditure

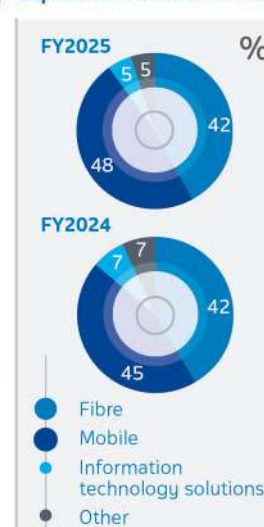
Capex spend and intensity



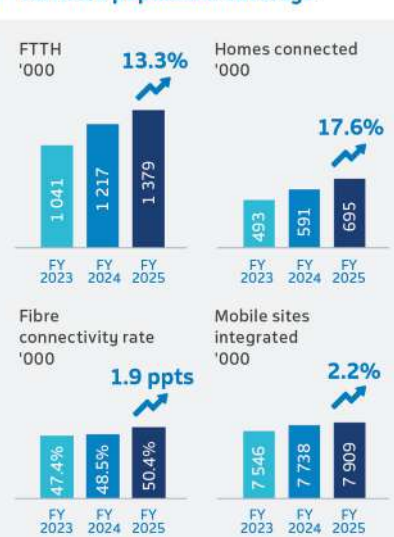
Return on invested capital¹



Capex investments allocation



Network population coverage



¹ ROIC is calculated on the SA companies taxation rate of 27.0%. With the effective tax rate applied, ROIC is 12.0% for FY2025.

5

Strengthening our financial position and improving leverage levels

Bank and cash balances for continuing operations increased by 195.0% to R11 054 million, mainly attributable to the R6.6 billion in proceeds from the sale of Swiftnet. As a result, net debt decreased by R9.4 billion (55.8%) to R7 483 million (FY2024: R16 931 million).

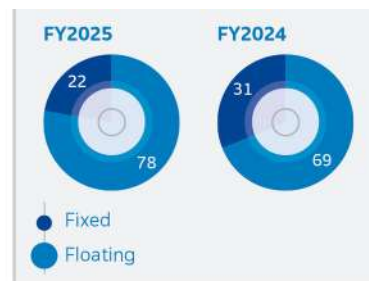
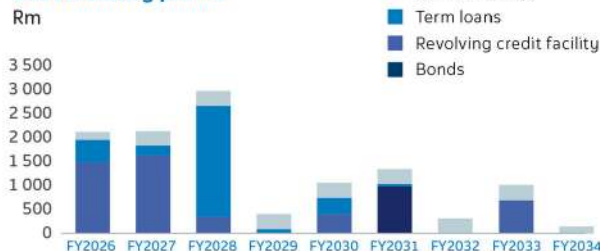
The reduction in debt aligns with the Group strategy to follow a disciplined and robust approach focused on strengthening our balance sheet and improving leverage levels. Net debt¹ to Group adjusted EBITDA^{1,2} improved by 1.2x to 0.6x, mainly due to a 55.8% decline in net debt¹ and a 25.1% increase in Group adjusted EBITDA^{1,2}.

	FY2025	FY2024	%
Cash balances¹	11 054	3 747	195
Interest-bearing debt	11 617	14 217	(18)
Opening balance	14 217	14 356	(1)
Net funding raised/ (repaid)	(2 629)	(150)	
Other	29	11	164
Lease liabilities	6 920	6 461	7
Opening balance	6 461	5 889	10
Repayment of lease liabilities	(2 496)	(1 201)	(108)
IFRS 16 lease liability raised ²	2 955	1 773	67
Net debt	7 483	16 931	(56)
Net debt to adjusted EBITDA	0.6	1.8	(1.2)
Average cost of debt (%)	9.3	10.0	(0.7)
Interest cover (times)	7.1	5.2	1.9

¹ Cash balances for FY2025 include the Swiftnet proceeds received on 27 March 2025.

² Includes R1 429 million Swiftnet-related lease liabilities raised in FY2025.

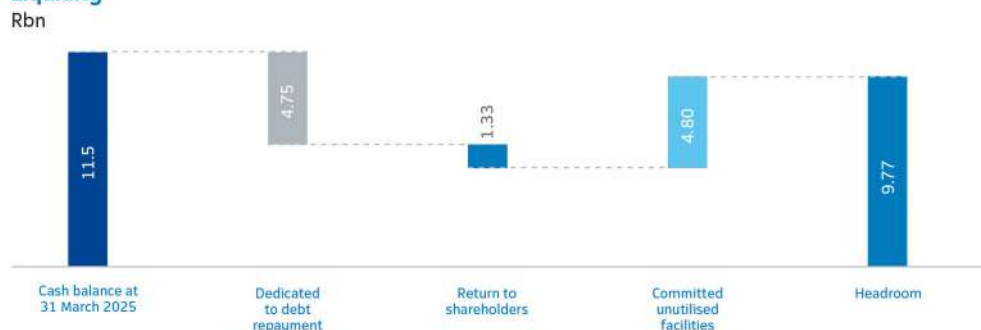
Debt maturity profile



With further support from unutilised facilities of R4.8 billion, Telkom has adequate headroom to fund our strategy.

Adequate liquidity

Liquidity



6

Improved cash conversion

FCF increased more than sixfold to R2 778 million (FY2024: R424 million), primarily due to the 19.3% increase in cash generated from operations, in line with the 25.1% increase in Group adjusted EBITDA and refined working capital management. The Group managed to improve working capital to R376 million from a negative R1 390 million in FY2024. The increase was partially offset by higher repayments of finance lease liabilities of R1 295 million.

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

Through disciplined working capital and cost optimisation we improved translation of profits into cash providing the financial flexibility to fund capital expenditure, reduce debt and return value to shareholders without compromising growth.

Cash conversion

Free cash flow



¹ Excludes the impact of the TRF derecognition loss of R618 million and restructuring cost of R160 million.

² Non-cash items include an increase in impairment of receivables and contract assets, provisions and deferred revenue.

7

Shareholder value

Aligned with our commitment to deliver shareholder value, the Board declared an ordinary dividend of 163 cents per share, from strong operational performance, representing 30% of our FCF. Furthermore, a special dividend of 98 cents per share from the funds received from the disposal of Swiftnet was also declared, bringing the total dividend to 261 cents per share.

The decision underscores our dedication to returning capital to shareholders while maintaining a balanced approach to reinvestment and financial flexibility.



Capital allocation priorities to support our strategy

EBITDA margin enhancement and increased profitability

- Sustain and expand our core business
- Customer-centric innovation to drive top-line performance
- Drive efficiencies and cost optimisation
- Optimal product and service mix
- Operational execution with strong financial outcomes

Smart capex deployment driving value creation

- Target high return on investment and invest as OneTelkom
- Clear criteria for investment returns
- Optimal capital intensity to ensure infrastructure sustainability

Prudent financial sustainability management

- Preserve resilient financial position
- Financial flexibility for growth and investment
- Maintain prudent leverage levels

Shareholder value delivery

- Disciplined capital allocation to ensure sustained positive free cash flow generation
- Return of 30% to 40% of FCF to shareholders as per the dividend policy

Outlook

Medium-term guidance

We remain focused on driving sustainable growth and operational efficiency.

Over the medium term, we anticipate revenue acceleration in the mid-single-digit range, supported by targeted marketing campaigns, competitive value propositions and strategic network expansion initiatives.

Leveraging our current momentum on cost containment, we are committed to optimising margins, targeting a Group EBITDA margin of between 25% and 27%, underpinned by disciplined cost management and a focus on improving overall performance efficiencies.

Our approach to strategic capital allocation will continue to prioritise investments that enhance value creation while pursuing operational efficiencies and driving sustainability. This will be through ongoing network simplification and energy transformation programmes, with planned capital deployment maintained at 12% to 15% of revenue.

Lastly, we aim to preserve our financial position strength, targeting a net debt to EBITDA ratio of between 0.5x and 1.5x, ensuring flexibility to respond to market opportunities while maintaining financial resilience.

New medium-term guidance FY2026 – FY2028

Revenue growth	Mid-single digit
EBITDA margin	25% – 27%
Capex to revenue	12% – 15%
Net debt to EBITDA	0.5x – 1.5x

Dividend policy

The Board approved a dividend policy with a dividend payout range of 30% to 40% of FCF after considering capex investments.

We remain dedicated to delivering value to our shareholders through disciplined capital allocation, robust financial performance, and a commitment to sustainable growth.

We look forward to building on this momentum in the coming financial year, continuing to navigate the evolving market landscape with agility and strategic foresight.

Nonkululeko Dlamini

Group Chief Financial Officer

The process of value creation

3

Our business model

This diagram provides a synopsis of our business model. Each capital is detailed further on the following pages.

Our business model	23
Our material themes	30
Unpacking our PIVOT Strategy	31
Our trade-offs	35
Our ESG strategy	37



Financial capital



The financial capital available to maintain and grow our business



Key inputs

Equity invested by shareholders

R33 585 million

Retained earnings

R26 356 million

Net debt

R7 483 million

Cash generated from operations excluding restructuring costs¹

R13 481 million

Constraints

- Macro-economic environment, including interest and exchange rates
- Industry trends, including decline in legacy voice revenue
- Rising operating costs, including loadshedding costs, affect profitability

Activities to preserve and sustain value

- Strengthened operational performance
- Continued with cost-optimisation initiatives
- Focused on capital allocation to unlock value for shareholders
- Grew next-generation offerings
- Invested in alternative power sources to ensure resilient network availability and performance

Read more about our activities to preserve and sustain financial capital in the GCEO's report (page 14) and the GCFO's report (page 17).

Outcome indicators

- ↑ Group revenue growth (3.3% increase to R43 880 million)
- ↑ EBITDA margin (cost to income) (26.9%)
- ↑ Headline earnings (102.4% year-on-year growth and 583.2 cents per share)
- ↑ Net debt to adjusted EBITDA ratio (gearing) (0.6 times)
- ↑ Return on invested capital² (11.0%)
- ↑ Capex-to-revenue ratio (capex intensity) (13.3%)
- ↑ Free cash flow from operations (R2 778 million)

Key

↑ Capital increased

— Capital preserved

↓ Capital eroded

PIVOT Strategy

- P Partnerships
- I Integrated solutions
- V Victory in broadband
- O Operational efficiency
- T Technology innovation

ESG strategy

- EC Empowered communities
- OE Operational efficiencies
- IWP Investing with purpose

¹ Excludes the restructuring costs of R160 million and includes proceeds from plan assets of R330 million relating to the Telkom Retirement Fund settlement. These proceeds, funded by the plan assets, are accounted for in investing activities while the payment is recorded in cash paid to suppliers and employees within cash generated from operations. For purposes of disclosing the true number, the proceeds from plan assets are included.

² Calculation based on the companies tax rate of 27%. Based on the effective tax rate, the return on invested capital is calculated to be 12.0%

Productive capital



Our fixed and mobile network provides services to retail, business and wholesale customers. It includes earth stations to provide satellite services and towers to transmit across radio spectrum and support the delivery of mobile voice and data services. Fibre-optic and remaining copper cables connect fixed-line customers. Data centres provide hosting, disaster recovery services and cloud services to business customers. Cable landing stations offer international communications diversity, improving customer service levels for global access, services and products.



Key inputs

7 909 sites and >180 000 km

Mobile base stations and fibre network footprint

99.92% access,
99.88% transport, and
99.99% core network
availability

1 378 930

Homes and businesses
passed with fibre

3

Satellite earth stations

4

Cable landing stations

9 221

Fibre to base station connections

184 MHz

Total mobile spectrum portfolio

465

5G small cell sites

12 600 m² and 9.82 MV

Data centre footprint

IT capacity

4 012 towers (owned and leased)

Productive sites up to 31 January 2025

Constraints

- Funds to invest in networks and infrastructure
- Security of assets (infrastructure vandalism)
- Impact of loadshedding and extreme weather events
- Capital allocation across business units

PIVOT Strategy

- P Partnerships
- I Integrated solutions
- V Victory in broadband
- O Operational efficiency
- T Technology innovation

ESG strategy

- EC Empowered communities
- DS Digital services
- BS Business stewardship

Activities to preserve and sustain value

- Invested in modernising fibre networks, driving fibre deployment, and in mobile capex including spectrum
- Provided a highly reliable and scaled network
- Delivered competitive high-speed broadband solutions across mobile and fibre segments
- Focused on cybersecurity growth and growing the data centre and infrastructure solutions business
- Expanded product offerings

Read more about our activities in the productive capital chapter on [page 51](#) and the GCEO's report on [page 14](#).

Outcome indicators

- ↑ Fixed network availability – broadband access (99.92%)
- ↑ Mobile blended ARPU (R78)
- ↑ Mobile broadband subscribers in Telkom Consumer (19.5% growth and 15 226 291)
- ↑ Fibre broadband subscribers in Telkom Consumer (1.9% growth and 554 953)
- ↑ Fibre to the home connectivity rate (50.4%)
- ↑ Fibre to base station connections (1.0% growth and 9 221)
- ↑ Mobile broadband traffic (24.1% growth and 1 759 petabytes)
- ↑ Fixed-broadband data traffic (26.4% growth and 2 915 petabytes)
- ↑ Enterprise next-generation data access revenue in BCX (R1 770 million)

Key

- ↑ Capital increased
- Capital preserved
- ↓ Capital eroded

Intellectual capital



The intangible assets associated with our brands, our legal licences to operate, our collective expertise and processes, and the strategies, policies, procedures, standards and codes that govern how we do business.



Key inputs

The DNA of Telkom's key brands

– Openserve, Telkom Mobile, BCX and Gyro

The Group values and initiatives

to embed the values ([page 6](#))

Innovation projects

to support our drive for operational efficiency, integrated solutions and technical innovation

Future-ready workforce

(refer to the human capital chapter on [page 63](#))

IT systems, research and development

Internal policies, procedures and frameworks

(governance framework, ERM framework) and environmental management systems to maintain compliance and internal controls

Leveraging AI

to improve products, services, internal processes and decision-making

Constraints

- Constraints on financial resources may limit our ability to invest in innovation projects and solutions to support growth
- Legacy infrastructure restricts our ability to adopt emerging technologies, slowing innovation initiatives
- Skills shortages in critical areas such as IT research and development could impede our ability to leverage intellectual capital effectively

PIVOT Strategy

- P Partnerships
- I Integrated solutions
- T Technology innovation

ESG strategy

- EC Empowered communities
- DS Digital services
- BS Business Stewardship

Activities to preserve and sustain value

- Revised our values and rolled them out across the Group
- Invested in research, development and innovation
- Continued with digital transformation initiatives to improve customer experience and operational efficiencies
- Managed information security governance and enhancements
- Managed brand and reputational risks
- Leveraged data-driven insights

Read more about our activities in the intellectual capital chapter on [page 59](#), the GCEO's report on [page 14](#) and the Social and Ethics Committee report on [page 90](#).

Outcome indicators

- ↑ Openserve's interaction net promoter score (iNPS) is 72.3 while BCX's NPS is 33
- ↑ "Best Mobile Provider in South Africa" in Ask Afrika Orange Index[®] 2024
- ↑ "South Africa's Best Fibre Network Operator" awarded by Analytico
- ↑ Escalated customer complaints (decreased by 35% to 4 953)
- Number of data breaches (0)
- ↑ Fibre average time to install (2.3 days)
- ↑ Beyond Connectivity revenue and as a percentage of total mobile revenue (R1 685 million and 6.9%)
- ↑ Mobile and fibre service revenue (12% increase and R28 725 million)
- ↑ Use of AI for IT operations (AIOps) revenue growth (6.2%)
- ↑ Investment in research, development and innovation (R46 million)

Key

↑ Capital increased

— Capital preserved

↓ Capital eroded

Human capital



Our human capital includes current and future skills, competencies, experience, health and wellbeing. It encompasses human capital dynamics like culture, ethics, diversity, and motivation to be productive and innovative.



Key inputs

Group culture

9 509

permanent employees

R166m

Training and development spend

>50%

of employees attended training (including digital training and employee development programmes)

810 internships and learnerships

Corporate governance practices, including remuneration and reward practices, and an experienced leadership team

Policies, processes and practices on safety, health, environment and quality

Constraints

- Attracting and retaining a resilient and suitable workforce to support our Group's strategic objectives
- Succession planning in certain categories and ageing management-level employees

PIVOT Strategy



Operational efficiency

ESG strategy



Investing with purpose

Activities to preserve and sustain value

- Committed to diversity and inclusivity
- Monitored employee engagement and embedded the OneTelkom mindset
- Applied accountability and consequence management
- Reviewed the Group's succession pipelines and evaluated risks and suitable interventions as mitigation, including plans to build skills
- Implemented the reward and recognition framework
- Embedded the employee wellness programme and ensured employee safety through visible leadership, accountability and commitment, hazard identification and risk management

Read more about our activities in the human capital chapter on [page 63](#) and the Social and Ethics Committee report on [page 90](#).

Outcome indicators

- Certified as a Top Employer in South Africa
- ↑ Employee net promoter score (improved – good place to work: 17, good product and services: 61, work environment: 10)
- ↑ Salaries and benefits paid to employees (12% increase to R8 813 million)
- ↑ Succession planning (10% ready-now successors and 58% ready in less than two years)
- ↑ Key talent retention rate (94%)
- ↑ Internship and OneTelkom learning programmes retention rate (99%)
- ↑ Female representation (33%) and women in leadership roles (35.5%)
- ↑ Black South African representation (72%)
- ↑ Employee voluntary turnover rate (5%)
- ↓ Total recordable injury frequency rate (0.57) and ↑ lost-time injury rate (0.46)
- Fatalities (0)

Key

↑ Capital increased

— Capital preserved

↓ Capital eroded

Social and relationship capital



Social and relationship capital reflects our contribution to South Africa's society and is anchored in our purpose of seamlessly connecting our customers to a better life.



Key inputs

An ESG strategy

that includes digital services, empowering communities, digital planet and investing with purpose

Stakeholder engagements and relationships

supported by a stakeholder engagement framework and policies and a Stakeholder Management programme

Established structures

to execute Telkom's corporate responsibility activities, like the Telkom Foundation and FutureMakers programme, with investments of R68 million and R24 million, respectively

Partnerships

with IT application providers and other key partners and suppliers

Constraints

- Available funds and managing trade-offs between competing priorities
- Satisfying conflicting stakeholder interests and expectations
- Increasing expectations on companies to solve societal issues

Activities to preserve and sustain value

- Delivered on the ESG strategy and its supporting goals and actions
- Leveraged established structures like the Telkom Foundation and FutureMakers programme with intent

Read more about our activities in the ESG strategy chapter on [page 37](#), our stakeholders on [page 42](#), and the social and relationship capital chapter on [page 68](#).



Outcome indicators

- ↑ Economic value added (R47 764 million)
- ↑ Number of jobs created (direct and indirect) (73 890)
- ↑ Procurement opportunities (R859 million) supporting SMMEs (459)
- ↑ Number of learners and teachers impacted (36 254)
- ↑ Lives positively impacted through SMME spend (251 203)
- ↑ Lives impacted through digital literacy (72 278)
- ↑ Customers connected to broadband and fixed wireless broadband (15.3 million)
- ↑ South African homes and businesses passed with our FTTx footprint (1 378 930)
- ↑ Revenue from global IT hardware and software partnerships (R1 527 million)

Key



Capital increased



Capital preserved



Capital eroded

PIVOT Strategy



Partnerships



Technology innovation

ESG strategy



Investing with purpose



Empowered communities



Digital services



Digital planet

Natural capital



This includes using natural resources, comprising renewable energy sources, such as solar energy, water, and other non-renewable resources. It includes the environmental impact of electronic and electrical waste (e-waste) and carbon emissions.



Key inputs

Environmental management programmes for water and electricity usage that consider international best practices and relevant laws and regulations

775 103 kL

Water used

581 GWh

Eskom electricity

9.2 GWh

Solar PV electricity used

34.4 GJ

Diesel-generated electricity

3 249 kL

Diesel and petrol used for backup generators during loadshedding

4 717 kL

Fleet diesel used for transport

Constraints

- South Africa's national reliance on coal-fired power stations for electricity
- Reliance on diesel for backup electricity
- Financial capital to roll out solar photovoltaic (PV) and other renewable energy projects

PIVOT Strategy

- P Partnerships
- O Operational efficiency
- T Technology innovation

ESG strategy

- OE Operational efficiencies
- DS Digital services

Activities to preserve and sustain value

- Reduced water and electricity usage and increased the use of renewable energy to decrease our carbon footprint
- Reduced diesel and petrol consumption by driving efficiency
- Focused on the management of e-waste and hazardous waste
- Maintained international best practices and regulatory compliance to minimise our environmental impact

Read more about our activities in the natural capital chapter on [page 73](#).

Outcome indicators

- ↑ Total carbon emissions (3% decrease)
- ↑ Scope 1 and Scope 2 emissions (10% decrease)
- ↑ Fossil fuel consumption (59% decrease)
- ↑ Renewable energy use (149% increase)
- ↑ Emissions from diesel use (78% decrease)
- ↑ Migration from R22 refrigerant gases (9% decrease)
- ↑ Waste to landfill (5% decrease)
- E-waste/copper recycled (28% increase)
- CDP climate change score (B)
- ↑ Cumulative IoT devices deployed (95 170)

Key



Capital increased



Capital preserved



Capital eroded

Our material themes

Telkom operates in a highly regulated environment affected by policy uncertainty and inconsistency and continuously evolving regulations and legislation. We are affected by international regulatory trends regardless of the different operating contexts and political environments. New or changing regulations affect resource availability. Policy uncertainty and inconsistency impact business and investor confidence.	Regulatory environment	MM1 ←	We define our material themes as matters that materially affect our ability to execute our strategy and create value over the short, medium and long term, and have the potential to erode value for providers of financial capital and other stakeholders. Management's materiality determination process and the material themes were approved by the Group Exco, Audit Committee and Board. Refer to page 3 for our materiality determination process. Refer to external themes on page 40, our stakeholders on page 42 and strategic risks on page 46.	→ MM2	Competitive landscape	Traditional and non-traditional competition remains intense, with changing customer needs, market disruptions and the convergence of various industries. This provides opportunities for collaboration with partners. It requires a focus on innovative products and services, customer satisfaction, capital allocation, cost optimisation and business growth.
Customers expect a seamless and reliable digital experience and value for money. They expect Telkom's products and services to meet their needs, always be available, and keep their information secure. The customer experience affects our reputation, as well as customer attraction and retention, all of which are critical in a competitive market. Meeting customer expectations requires appropriate investments in our networks, infrastructure and systems, products and services, and people.	Customer expectations and experiences	MM3 ←		→ MM4	Cyberthreats	Cyberattacks and data breaches could impact Telkom's service levels, leading to customer dissatisfaction, reputational damage, business disruption and loss of revenue. This requires a continuous focus on information security, business continuity, and both internal and external awareness measures. Keeping abreast of cyberthreats allows us to develop new customer solutions, such as products powered by AI.
Local and international economic factors influence Telkom's ability to grow, the cost of doing business and customers' spending power. Such factors include muted South African economic growth, loadshedding, political and geopolitical pressures and socio-economic factors. Investor and business confidence, financial risks related to liquidity and foreign exchange, and exposure to interest rates also play a role.	Economic climate	MM5 ←		→ MM6	Future-ready skills and expertise	Telkom requires specialised skills in ICT, digital and other areas to develop products and solutions that will increase revenue and improve customer service. We compete for such skills locally and internationally with traditional and non-traditional players. Our talent attraction, retention and development are influenced by gender and race diversity, the premium paid for skills and experience, and the expected future skills pipeline. Telkom emphasises skills and leadership development to ensure we have suitable leadership and future-ready capabilities.
Effective deployment of advanced networking and digital technologies can give Telkom a competitive edge as an infrastructure company and improve internal efficiencies. The quality and reach of our country-wide assets are key to our future growth and sustainability. Our ability to provide leading levels of network resilience, availability and throughput are likewise essential. This theme requires appropriate investment in infrastructure, digital applications, backup energy solutions, AI and other emerging technologies. It also requires a skilled and future-ready workforce, innovation, and a partner ecosystem to support product development and delivery.	Networks and digital technologies	MM7 ←		→ MM8	Climate resilience	The Group's ability to respond to and mitigate the impacts of climate change is vital from both financial and responsible corporate citizenship perspectives. By negatively affecting our operations and customer service, climate change can have strategic and reputational impacts. Telkom must mitigate and adapt to climate change and use our resources responsibly to protect both our business and the environment.

Unpacking our PIVOT Strategy

We are committed to our purpose of seamlessly connecting our customers to a better life. We aim to make life better for our customers at work and at home, whether they are learning, being entertained, or connecting with friends, family and customers from around the world.

By delivering on our purpose, we will achieve our goal of leading in the converged ICT space, bringing together fixed, mobile and digital services for our customers.

The word “PIVOT” captures our five-pronged strategy and its four Group enablers. It encourages all employees within every team, department and business unit to drive continual change as we seek new ways to serve customers.

Leader in the converged ICT market

P	I	V	O	T
Partnerships	Integrated solutions	Victory in broadband	Operational efficiency	Technology innovation
Leverage partnerships optimally to support the implementation of the Group strategy	Offer end-to-end converged propositions from connectivity to IT solutions	Become the leading broadband provider in South Africa	Develop operational superiority, which provides a competitive advantage	Modernise and build a state-of-the-art network

Seamlessly connecting our customers to a better life

Group enablers

- Monetise our infrastructure assets as OneTelkom
- People development and empowerment
- Simple and digital processes
- ESG-aligned financial framework for sustainable value creation



PIVOT captures the transformational changes to our core business in response to the shift from voice to data, from copper to fibre, and from fixed-line to mobile.

Increasingly, our industry is characterised by diverse digital services, automation and data-driven decision-making. PIVOT speaks to our moving beyond mere connectivity to IT service solutions and digital ecosystems.

PIVOT aligns with the four SDGs most applicable to our business. Refer to [page 97](#) for our performance against the SDGs.

Group enablers

We encourage business units to **monetise our infrastructure assets as OneTelkom**. We monetise, or earn revenue from, our assets by utilising them in deploying mobile and fixed connectivity, data services and a broad portfolio of IT services. We also make our assets available for use by third parties, such as internet service providers (ISPs) and network operators.

We introduced several new OneTelkom initiatives to sweat our assets. These involve collaborating across business units while respecting wholesale and retail boundaries to:

- Win more business
- Promote operational synergies
- Drive capital efficiency

While our operating model is still based on federated business units, our strategic framework emphasises the synergies between them, rather than their separation.

Employees remain the driving force of our business, despite increased digitalisation. We must empower them to cope with the industry's relentless changes and to make decisions at the local level. Therefore, we remain committed to **people development and empowerment**.

Improved customer experience depends on **simplifying and digitising our processes**, and we are implementing initiatives to drive this.

Our fourth enabler is **sustainable value creation through our ESG-aligned financial framework**. Telkom's sustainability depends on our ability to generate cash from operations consistently. This aligns with the need to meet our ESG responsibilities so that we create shared value for the Group and our stakeholders. The ESG strategy starts on [page 37](#).

FY2025 strategic performance snapshot

Strategic priorities	Why it is a priority	Measures of our progress	FY2023	FY2024	FY2025	Why the measures are important	Target
 Partnerships Integrated solutions Victory in broadband Operational efficiency Technology innovation	P Partnerships enable the Group strategy. We seek to simplify and maximise partnership opportunities for the Group.	Revenue from global IT hardware and software partnerships	R1 411 million	R1 454 million	R 1 527 million	It shows the development of new partnerships to complement our core services.	Leverage partnerships optimally to support achievement of the Group strategy.
		Beyond Connectivity revenue and as a percentage of total mobile revenue	R1 177 million (5.8%)	R1 665 million (7.5%)	R1 685 million (6.9%)	They indicate progress in supplementing traditional connectivity with service offerings that resolve customer pain points.	Offer end-to-end converged propositions from connectivity to IT solutions.
		Cybersecurity product and service revenue	R454 million	R522 million	R469 million		
	I Addressing customers' ICT needs comprehensively requires appropriate access solutions. These solutions must seamlessly integrate with various IT services, from traditional (hardware and software) to new and emerging (cloud and IoT) IT services and analytics.	PaaS solution sites	10	59	501		
		Mobile broadband subscribers in Telkom Consumer	11.6 million	12.7 million	15.2 million	Continuous growth in data traffic and associated data revenue highlights the increasing demand for data-centric services.	Become the leading broadband provider in South Africa.
		Fibre broadband subscribers in Telkom Consumer	179 500	213 400	220 669		
		Fixed-broadband data traffic (petabytes)	1 895	2 307	2 915		
		Enterprise next-generation data access revenue in BCX	R1 480 million	R1 561 million	R1 770 million		
	V We are building new digital services on high-speed data networks. We are accelerating our capability to disrupt the local broadband market by delivering innovative and value-rich solutions. Telkom offers these to residential and commercial customers via the optimal access technology – copper, fibre, fixed wireless, mobile or satellite.	Fibre connectivity rate (%)	47.4%	48.5%	50.4%	They show how we improve customer experience and capital efficiency and reduce the cost of maintaining a large property footprint while generating cash for reinvestment.	Develop operational superiority, which provides a competitive advantage.
		NPS in Openserve	68	70	72		
		Use of AIOps revenue growth	8%	9%	6%		
		Fibre average time to install (days)	2.51	2.43	2.36		
	O In an increasingly competitive world, our success depends on continually improving the efficiency and effectiveness of our operations.	Fibre access connections (number of connections)	492 812	590 527	694 630	They demonstrate the continual investments made to deploy the latest mobile, fixed and digital technologies.	Modernise and build a state-of-the-art, seamless, data-led network that is not easily replicable to sustain our integrated competitive advantage.
		Mobile base stations (number of base stations)	7 546	7 738	7 909		
	T We aspire to operate with the most scalable and efficient network. To achieve this, Telkom invests in an optimal mix of technologies.						

Performance across strategic pillars

This section should be read in conjunction with the business unit performance sections starting from [page 51](#).

P



Partnerships

By deploying the relevant digital platforms, we enable best-of-breed partners to deliver relevant services quickly and efficiently to our customers.

FY2025 progress

Telkom, in partnership with the **Inclusive Society Institute (ISI) and Constructor University Bremen**, launched the 2024 South African Social Cohesion Index (SASCI) research findings in February 2025.

The study showed an overall improvement from 51.7 points in 2023 to 53.3 points in 2024. The research aims to inform policy development and support initiatives for a more cohesive society. This aligns with Telkom's mission to foster socio-economic growth and stability.

Read more on [page 59](#) (intellectual capital).



Openserve partnered with Intelsat to upgrade hardware and enhance satellite connectivity at over 900 sites across South Africa.

The partnership allows Openserve to leverage Intelsat's advanced technology to meet evolving connectivity demands.

The project has significantly improved network performance and delivered higher throughputs at lower costs. It is providing more reliable services to businesses and communities, especially in remote areas.

Read more on [page 52](#) (Openserve productive capital).

Material matters

MM3

MM7

Relevant capitals impacted



I



Integrated solutions

We aim to provide value-added services on top of connectivity services.

- Fixed-line consumers: Content services, such as media streaming, and smart home solutions like web-based security
- Mobile subscribers: Bundling social media applications and creating synergies between fixed, mobile and digital services
- Enterprise: Applications that streamline business service include e-commerce, point-of-sale systems, inventory control, cloud services, digital platforms and embedded cybersecurity
- Small and medium businesses: Tools to enable a mobile sales force and cloud-based tools to become more agile, responsive and professional

FY2025 progress

Openserve was recognised as Analytico's 2025 Preferred Business Fibre Provider in South Africa. This reflects Openserve's delivery of reliable, high-speed connectivity solutions that empower businesses. Openserve's NPS has also consistently risen each year since 2021.

Telkom Consumer's connectivity revenue, encompassing airtime advances, insurance, content and fintech, continued to grow in real terms and as a proportion of total mobile service revenue.

To support this growth, we launched TelkomLearn, a digital platform that provides access to premium educational resources through accredited partners.

BCX advanced its reimagined strategy, aiming to become a leading everything-as-a-service (XaaS) provider. BCX offers a unified solution to clients, partnering with public cloud providers like Alibaba, AWS, Microsoft Azure and Huawei. It saw consistent growth in enterprise next-generation data revenues.

Swiftnet continued to roll out PaaS solutions for mobile service providers. These solutions shift the responsibility to provide backup power from the service provider to the tower owner.

This reflects our progress in enhancing traditional connectivity with service offerings that address customer pain points.

Material matters

MM3

MM7

Relevant capitals impacted



V

Victory in broadband

We aim to build on our strength as a connectivity provider in fixed and mobile to provide data services to a broad range of customers.

Our connectivity services are built on our digital infrastructure assets, which enable the digital needs of corporates, SMMEs and consumers.



FY2025 progress

- **Openserve:** Steady growth in fixed-line broadband data traffic, driven by an increase in connected homes and higher data demand per household
- **Telkom Consumer:** Growth in mobile and fibre broadband subscribers
- **BCX:** Growth in enterprise next-generation data access revenue, fuelled by increased data demand and customer growth

This continuous growth in data traffic and associated revenues underscores the rising demand for data.

Material matters

MM3

MM7



O

Operational efficiency

We aim to be efficient with resources, digitise processes and procedures, and leverage platforms and applications to deliver IT services.

We aim to reduce costs through economies of scale and simplicity within our operating model.



FY2025 progress

Openserve's industry-leading fibre connectivity ratio continues to improve as we transform our fibre investments into revenue-generating households. This will generate cash to cover operating costs and fund future investments, ensuring long-term sustainability.

Openserve's average time to install fibre has steadily decreased due to ongoing process refinements across the installation value chain.

BCX implemented generative AI automation in the call centre and rolled this out to 50 customers. The technology enables us to analyse the quality and sentiments of over 90 000 calls per month in real time and to reduce overall costs. This is just one way in which we are using AI to improve efficiency in operations.

These examples highlight the improvements in our operational efficiency metrics.

Material matters

MM3

MM7



T

Technology innovation

We deliver value for our customers by deploying technology optimally to improve the network experience and reduce service costs. This includes:

- Rolling out 5G base stations for better spectral efficiency
- Introducing the latest fibre-optic transmission modules to increase FTTH speeds
- Investing in new digital platforms to deliver best-of-breed services



FY2025 progress

Telkom supported the Independent Electoral Commission (IEC) in delivering the national elections in May 2024. We hosted the IEC website and provided connectivity to 320 results-capturing sites and 10 results centres. Our extensive network infrastructure and advanced security measures ensured reliable and secure data transmission, safeguarding the integrity of the electoral process.

The consistent increase in **Telkom Consumer** mobile base stations is fuelled by subscriber growth, rising data traffic and enhancements in network experience.

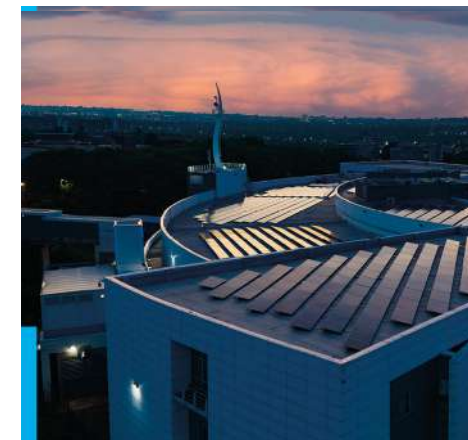
Openserve is expanding its fibre access connections by building innovative, efficient, resilient and scalable fibre networks.

These are examples of our ongoing deployment of the latest mobile, fixed and digital technologies.

Material matters

MM3

MM7



Our trade-offs

Delivering sustainable value often requires making deliberate trade-offs between competing priorities.

These trade-offs are considered carefully by management and the Board to ensure our decisions support our strategic objectives, strengthen our business model and protect our stakeholders' interests over time.



Pursuing our net zero ambition

Telkom is committed to achieving net zero greenhouse gas (GHG) emissions across Scope 1, 2 and 3 by 2040, with an interim goal of carbon neutrality by 2035.

We are steadily increasing investments in renewable energy solutions, energy efficiency upgrades and circular economy initiatives.

These sustainability-focused investments contribute to long-term cost savings, reduced climate risk and regulatory readiness. However, they compete for funding that could otherwise accelerate our infrastructure rollout or improve customer-facing technologies.

We actively manage this tension between long-term environmental sustainability and short-term commercial growth to ensure neither is compromised.

Impact on strategy and future business model

By lowering the cost to serve, increasing network uptime and expanding the capabilities of our infrastructure, our energy transition is reshaping how we think about value creation.

As we modernise our network with clean technologies, we are positioning Telkom to evolve into a provider of low-carbon digital solutions. Over time, this will enable new business models and service offerings that respond to changing stakeholder expectations and create additional revenue streams. Examples include green-powered connectivity and decarbonisation services for enterprise clients.

NC ↑ FC ↓ SRC ↑

Monetising non-core infrastructure assets

We continued monetising non-core assets to strengthen our financial position without compromising future growth:

- Disposed of non-core properties through Gyro (R730 million in cash proceeds). This enhanced our liquidity and further optimised operating costs
- The sale of Swiftnet (R6.6 billion in cash proceeds) bolstered Telkom's balance sheet, ensuring greater financial resilience (read more in the GCEO's report on [page 14](#))

Asset monetisation reduced our productive capital through the disposal of properties and tower infrastructure. However, it preserved operational flexibility and safeguarded service delivery. The proceeds have enabled us to continue investing in strategic growth areas.

Impact on strategy and future business model

By streamlining our asset base and freeing up financial capital, we reinforced our financial foundation. This enables us to scale our digital infrastructure, particularly in fibre and mobile services.

Reducing our debt levels provides flexibility to pursue innovation opportunities while maintaining a resilient and sustainable business model.

FC ↑ PC ↓

Balancing shareholder returns with investment in future growth

Telkom's dividend policy aims to balance shareholder returns with the imperative to invest in strategic growth areas for sustainable future performance.

This year, we declared a dividend for the first time since FY2020, demonstrating our commitment to returning value to shareholders while maintaining financial discipline.

Impact on strategy and future business model

Our cautious approach to dividends strengthens our financial health. This enables us to build infrastructure for continued competitiveness while creating future value for shareholders.

This approach ensures Telkom remains agile to capitalise on emerging opportunities in a changing technological environment while enhancing its long-term market position.

FC ↓ PC ↑

↑ Value created
↓ Value eroded
— Value sustained

Exiting legacy services while building future platforms

Telkom is transitioning from legacy fixed-voice business to next-generation platforms like fibre and mobile broadband. This involves decommissioning outdated copper and 3G networks, which leads to short-term revenue declines and upfront costs.

Modernising our network involves site consolidation, renewable energy integration and advanced analytics. These projects require significant initial investment, impacting near-term cash flow. However, they generate long-term cost savings, enhance network resilience and benefit the environment.

Balancing the short-term financial impact of legacy retirements with the broader rollout of fibre and 5G exemplifies the ongoing and multi-year nature of this strategic shift.

Impact on strategy and future business model

Through this transition, Telkom is evolving into an agile, digitally enabled business. The network modernisation, including 5G and IoT solutions, enhances our service reliability and customer experience.

The upfront costs of these changes are strategic investments that will ultimately reduce operating expenses and improve operational efficiency.

Over the long term, this will strengthen Telkom's market position and enable sustainable growth in the broadband and mobile sectors.

PC ↓↑ FC — NC ↑

Investing in data-driven customer experiences

Telkom is creating differentiated, data-driven customer experiences by investing in advanced AI platforms. These platforms enable personalised services, faster issue resolution and deeper customer insights. However, they require significant upfront investments in AI infrastructure, data management systems and talent acquisition.

They also bring operational challenges, including data privacy and change management issues. We need to ensure that the new systems enhance customer experiences without disrupting service quality or operational stability.

Balancing the pace of technological deployment with strong governance and employee upskilling is important to ensure the long-term success of these investments.

Impact on strategy and future business model

The shift towards AI and data-driven solutions is integral to Telkom's strategy. By integrating AI into our service delivery architecture, we are improving customer engagement and opening new revenue streams, such as predictive analytics services for enterprise clients.

Expanded use of AI will reshape Telkom's business model by enabling more proactive, automated interactions with customers. This

will reduce the cost to serve and increase operational efficiencies.

Our investment in AI will drive long-term growth by enhancing the scalability of our services and enabling us to deliver innovative products tailored to customer needs.

FC ↓ IC ↑ HC ↑ SRC ↑

↑ Value created

↓ Value eroded

— Value sustained



Our ESG strategy

Telkom started addressing key enablers in our maturing journey towards a more resilient and sustainable business. Key milestones this year included:

- Concluding our first net zero pathway analysis, which informs a decarbonisation pathway incorporating Scopes 1, 2 and 3
- Conducting our first double materiality assessment in line with the JSE's voluntary Sustainability Disclosure Guidance
- Conducting a climate risk scenario analysis using two representative concentration pathway (RCP) scenarios. This gives a view of the vulnerability of our key assets to climate change over the medium and long term.

Telkom made measurable progress against its ESG goals, with notable achievements in gender diversity, emissions reduction and socio-economic impact:

- Increased the percentage of women in leadership positions to 35%, a 3% increase from the FY2022 baseline, despite a challenging recruitment environment
- Reduced our Scope 1 and 2 emissions by 32% from our FY2022 baseline
- Exceeded annual targets for driving economic and digital inclusion, particularly through SMME spend and digital literacy initiatives

Telkom remains on track to achieve our long-range climate commitments, including carbon neutrality by 2035 and net zero by 2040.



ESG strategy and performance

Environmental



Goal statements		FY2022 baseline	FY2024 actual	FY2025 actual	% change from FY2022 (baseline)	Status
OE						
(A)	Carbon neutral by 2035 (tCO₂e)	852 782	639 041	576 395	-32%	O
(A)	50% Reduction in fossil fuel consumption by 2030 (tCO ₂ e)	55 466	66 119	35 127	-37%	O
(A)	100% Renewable energy sources by 2035 (GJ)	<1%	13 320	33 284	2.5x increase from FY2024	O
Net zero by 2040						
(A)	– Determine Scope 3 emissions	1 764 216	1 724 460	1 713 336	-2%	O
	75% Reduction in waste to landfill by 2030 (tonnes)	743	644	610	-18%	O
(A)	50% Reduction in potable water consumption by 2030 (kL)	997 617	777 722	774 991	-22%	O
	25% Migration from R22 refrigerant gases in 2025 and 100% by 2035 (tonnes) from a 2016 baseline	38	34	31	-18%	O
DP						
	70 000 IoT devices deployed by 2025	15 220	73 679	95 170	sixfold increase	O
<i>Refer to page 73</i>						
* Lives impacted by job creation = the number of people employed at an SMME, which can either be actual or x4.1 average if the number of employed is unknown (Small Business Institute SA). To calculate lives impacted, apply an economic multiplier of x 3.3, representing the average number of people per household (Statistics South Africa). ** Digital literacy is the ability to use technology to connect with the world around us, to access opportunities and to use digital content to learn new skills/knowledge to contribute in a digitally connected society (UNESCO, UNICEF, EU).						

Legend

O	Achieved
O	Making progress but long-term target not yet achieved
O	Not achieved, progress needs to be improved
O	No specific target set as part of the initial ESG strategy

Social



Goal statements		FY2022 baseline	FY2024 actual	FY2025 actual	% change from FY2022 (baseline)	Status
IWP						
200 000	Lives positively impacted through SMME spend by 2025*	91 357	221 308	251 203	2.8x increase	O
70 000	Lives impacted through digital literacy by 2025**	14 420	58 417	72 278	5x increase	O
2023	Become a leading employer in South Africa	Achieved	Achieved	Achieved	Achieved	O
(A) 35%	Women in leadership positions by 2025	32%	34%	35%	3 pts	O
<i>Refer to page 68</i>						
DS						
4.3 million	Customers with access to Telkom's diversified digital platforms by 2025	2 039 684	8 800 000	11 277 361	5.5x increase	O
500 000	Businesses with access to digital platform solutions by 2025	443 467	447 647	451 346	2%	O
<i>Refer to page 55</i>						
EC						
15 million	Customers connected to broadband and fixed wireless broadband by 2025	11 700 000	15 957 972	19 590 697	67%	O
1.5 million	SA homes and businesses passed with our FTTx footprint by 2025	839 691	1 217 110	1 378 930	64%	O
Under-served areas	Fibre rollout in townships (homes passed)	119 579	139 476	231 330	94%	O
	Fibre rollout in townships (homes connected)	47 619	70 024	120 852	2.5x increase	O
<i>Refer to page 53</i>						

(A) External moderate assurance on selected sustainability indicators. Please refer to the FY2025 Independent Assurance Report, available online.

Governance



Goal statements	FY2022 baseline	FY2024 performance	FY2025 performance	% change from FY2022 (baseline)	Status
BS					
Culture of responsible technology and information use					
Reduction in number of data breaches	0	0	0	0	●
Promote fair and ethical practices towards our customers and within the Group					
Reduction in escalated customer complaints***	7 416	3 661	4 953	-33%	●
Decrease in whistle-blowing incidents reported from FY2023	152	121	71	-41%	●
Refer to page 89					
*** Excludes complaints managed at the call centre, as these are too complex for reporting purposes.					

Legend

●	Achieved
●	Making progress but long-term target not yet achieved
●	Not achieved, progress needs to be improved
●	No specific target set as part of the initial ESG strategy

Future focus

Looking ahead, Telkom will focus on:

- Finalising and implementing the 2030 sustainability ambition
- Further embedding sustainability considerations into our practices and processes. This includes cascading ESG KPIs into our operations, as they are included in Group and business unit short- and long-term incentive scorecards
- Improving mechanisms for execution. This includes automating data collection and working towards a real-time view of our sustainability performance to enhance decision-making

We will build efficiencies and cost savings through our net zero pathway, improve sustainable procurement practices, and enhance reporting in line with local and global best practices.



The world we operate in 4

External themes shaping our strategy

We monitor local and global trends to assess their potential impact on our markets and customers. We adapt our strategy to leverage the associated opportunities or mitigate the risks where needed.

External themes shaping our strategy	40
Engaging with our stakeholders	42
Managing risks and compliance	46

Navigating local and global economic headwinds 1

Context

The global and local economy saw lacklustre growth in 2024. It was characterised by what is termed soft landing and lingering effects of high inflation. At least 60 countries held elections in 2024, including South Africa. While some of the political uncertainty levelled off, there is uncertainty about the effects of global trade policy and economic uncertainty stemming from the new United States (US) administration.

South Africa's economic outlook for 2025 is somewhat better, with forecasted GDP growth of between 1.5% and 1.8%. However, underlying pressures on food, electricity and fuel prices may affect inflation. Stronger growth would require improved government spending and fixed private investment along with structural reform.

The rand is expected to remain vulnerable at the end of 2025. However, we believe it may strengthen towards the end of 2025, offering relief for imports of international technology such as network equipment and smartphones.

The outlook for 2025 is positive, promising stronger consumer spending and better performance in several sectors.

Implications for our strategy 0

Telkom's operational efficiency improved in FY2025 as loadshedding eased and other operational costs levelled off. We continue to prudently manage costs while balancing maintenance and targeted capital investment.

Future-proofing of networks and quality maintenance on networks and systems will enable Telkom to drive measures to mitigate the impact of adverse weather-related events.

Further reading: Material themes on [page 30](#), strategic risks on [page 46](#), and GCFO's report on [page 17](#).

Considering the ICT sector and technology evolution 2

Context

Organisations are adopting digital-first strategies to meet business goals and generate sustainable growth. Cloud computing is catalysing the transformation and modernisation of IT infrastructure, enabling agility and efficiency.

Businesses are looking at a range of private, public and hybrid cloud solutions to manage emerging issues. These include connectivity, interoperability, network resilience, data transfer costs, and the need for open application programming interfaces (APIs).

As organisations transform digitally, cybersecurity risks are becoming increasingly complex and widespread. Adoption of AI, cloud computing and IoT technologies has expanded the attack surface, making proactive security essential.

Ensuring best-in-class connectivity and networking between data centres, carriers, ISPs, businesses and consumers is critical. Operators must deploy future-proof networks incorporating AI, cloud and next-generation technologies like 5G, software defined networks and edge.

Data traffic increased by 31% and 26% for the mobile and fibre businesses respectively. This reflects a healthy appetite for seamless broadband connectivity in South Africa.

Implications for our strategy P I V T

Telkom continues to meet the growing demand for data-led services while driving

improved operational efficiencies. We are retiring legacy technologies like 3G and increasing our 5G capability. As we expand our network, we are enhancing coverage by deploying low band (sub 1 GHz) spectrum and increasing capacity by adding multiple-input and multiple-output antennae across our sites. We leverage data analytics and machine learning to predict churn, boost adoption and optimise customer journeys.

Openserve continually upgrades its fibre nodes and forms strategic alliances. It drives cost efficiency through network simplification (consolidating sites and decommissioning legacy systems) and renewable energy initiatives (installing lithium-ion batteries and solar power).

These measures, combined with the upgrade of technologies and infrastructure at central office locations, enable better remote visibility, automation and control of the network.

BCX enhances its solutions to enable clients' digital and cloud journeys. It continues to expand its portfolio of cloud offerings and provide comprehensive solutions to clients through our partnership with Alibaba as an exclusive reseller for South Africa and Africa.

Further reading: Material themes on [page 30](#), strategic risks on [page 46](#), GCEO's report on [page 14](#), and unpacking our PIVOT Strategy on [page 31](#).

Staying relevant amid intensified competition 3

Context

While South Africa's economy is expected to perform better in 2025, the residual effects of higher inflation and lower business confidence will continue to moderate consumer and business spending.

Investments in loadshedding solutions at sites and mobile towers in previous years ensured a quality and reliable network experience for customers.

Across the industry, inflationary price increases were implemented to cover network investments and escalating operational costs.

The ever-increasing need for connectivity is intensifying competition in the industry, with new entrants such as mobile virtual network operators and ISPs emerging. This is driving innovation, particularly in reducing the cost to serve, as service providers strive to penetrate more price-sensitive market segments.

Implications for our strategy V T

Telkom aims to maintain its leadership in broadband and data services. In FY2025, we deployed capex to expand our mobile and fixed network coverage, using spectrum acquired in 2022.

The Group continues to deliver innovative, value-driven products that offer maximum value at competitive prices. Together with our data-led strategy, this resulted in above-industry mobile growth driven by data traffic expansion and Mo'Nice, our tailored pricing solution.

Tarifica, an independent global pricing and research firm, ranks Telkom as the leader in high-scoring value plans.

We will continue to drive pre-paid mobile performance through personalisation via advanced data analytics, regionalisation of offerings through the Mo'Town offering, and affordable low-end 4G devices.

The data-led strategy is also evident in the growth of fibre in the fixed services portfolio. Openserve prioritises fibre investment,

connecting additional homes and premises with fibre as we pass them.

Openserve also targets more areas with value propositions for lower-income consumers. Its Webstream Prepaid product includes a variety of nationwide pre-paid fibre services in different time-based bundles and data packages. These offer flexibility and affordability for customers who only need fibre at specific times in specific data quantities.

Openserve has launched WebConnect, providing ISP clients with an affordable white label fibre-based internet service that they can rebrand and on-sell. This is pre-packaged with Wi-Fi connectivity, making fibre services easy to access.

Further reading: Material themes on [page 30](#), strategic risks on [page 46](#), and Openserve on [page 52](#).

Managing regulatory change 4

Context

We expect ICASA to start preparing in FY2026, with actual licensing or auction of spectrum to occur in FY2027. We expect around 280 MHz of additional spectrum to be made available, including spectrum in the sub 1 GHz and mid-range bands.

A review application was lodged in the High Court regarding ICASA's position on spectrum pooling and sharing brought forward by Vodacom. The interdict to stop current spectrum sharing was not granted. However, the outcome determines the spectrum design process.

ICASA published the final Call Termination Rate Regulations (for fixed and mobile termination rates) on 9 December 2024, effective 1 July 2025. Telkom welcomes ICASA's decision to phase in symmetrical mobile termination rates. We believe ICASA struck a reasonable balance between enabling effective

competition for smaller players and new entrants and fostering a sustainable and competitive telecoms sector in South Africa.

Implications for our strategy BS

These regulatory changes support Telkom's data-led strategy and are positive for market growth in the telecoms sector. The upcoming additional spectrum licensing will enable better 4G and 5G coverage and network quality for customers.

We made positive contributions to the Fair Share discussion on contribution to network costs by large content providers, and to the hearings on policies to support satellite services. We support the principle of a level playing field across the industry.

We uphold the principles of improving service quality, expanding customer options and fostering effective competition. We engage constructively with regulators and policymakers to ensure the electronic communications sector is competitive, supports economic growth and empowers South Africans.

Telkom is well positioned to play a foundational role as enabler of South Africa's digital future.

Further reading: Material themes on [page 30](#) and strategic risks on [page 46](#).

Increasing focus on climate change 5

Context

The global emphasis on climate change continues to intensify. International regulatory frameworks and investor expectations are driving companies toward greater climate accountability.

South African businesses are under growing pressure to decarbonise, driven by increased

climate risk disclosure and emission reduction requirements.

While Africa contributes minimally to global GHG emissions, it remains disproportionately affected by climate change, experiencing biodiversity loss, water scarcity and economic disruptions. Aligning with the global goal of limiting warming to 1.5°C is essential for mitigating these impacts and ensuring long-term resilience in African economies.

Many South African companies are accelerating their sustainability initiatives. These include implementing science-based targets, investing in renewable energy and enhancing climate-related disclosures.

Implications for our strategy OE

Telkom is refining its ESG strategy in response to the evolving climate imperatives. The Group remains committed to its long-term targets of carbon neutrality by 2035 and net zero emissions by 2040.

In FY2025, we completed our first climate risk scenario analysis.

As we advance our sustainability efforts, we will explore alternative energy sources, integrate renewable energy, and automate climate-related data collection to enhance performance tracking and reporting.

Further reading: Material themes on [page 30](#), strategic risks on [page 46](#), natural capital on [page 73](#) and TCFD on [page 99](#).

Engaging with our stakeholders

Telkom is committed to open and constructive communication with stakeholders. We strive to respond to stakeholder concerns in a timely and appropriate way and to address these concerns transparently.

Our stakeholder engagements are guided by a formal framework and policy. Our Stakeholder Management programme focuses on identifying and engaging with key stakeholders, understanding their challenges and expectations, and aligning them with Telkom's strategic and operational objectives and targets.

We engage regularly through relevant and effective channels.

In March 2025, the Board approved the revised stakeholder engagement policy, which outlines Telkom's principles and long-term approach to stakeholder communication and engagement. We also began updating our stakeholder engagement framework. This will provide a dynamic and practical tool for executing tailored engagement strategies that evolve alongside the business and its stakeholders.

Stakeholder governance structure

The Board

is the ultimate owner of stakeholder management matters and is responsible for overseeing response strategies.

The Social and Ethics Committee

assists the Board in fulfilling its responsibilities by ensuring we manage key stakeholder relationships effectively.

The GCEO

ensures commitment to effective stakeholder management.

The Group Exco

considers critical stakeholder matters as part of its agenda. It reviews and discusses the stakeholder management profile and assigns members to monitor specific stakeholder groups.

Management

implements the overall stakeholder engagement process through the approved framework and policy.

Monitoring and reporting

We assess the effectiveness of stakeholder engagements and relations by linking KPIs to value creation and relationship quality. Proper assessment of stakeholder relationships allows management to channel time and effort into relationships that are relatively weak.

Our stakeholder groups

We unpack our top six stakeholder groups based on the material impact they can have on Telkom's value creation process.

Relationship quality

No existing relationship 

Relationship established but significant work needed to improve it 

Relationship established and value created with room for improvement 

Good relationship with some room for improvement 

Strong relationship exists 

Customers

Relationship quality



Basis of assessment: Customer satisfaction surveys (NPS (72.3), iNPS, Voice of the Customer (VOC), Quality of Service (QoS), Brand health tracker and Tarifica benchmarking)

Customers underpin our existence and drive our reputation and brand. They consume the products and services from which we generate revenue. Their evolving needs and preferences guide product and service development in relation to new trends and market shifts. Building strong relationships and delivering superior service are critical to ensure customer loyalty, brand advocacy and sustained revenue growth.

Refer to the business unit performance sections in the productive capital chapter, starting on page 51.

Their interests, needs and expectations

- A relationship of trust and transparency
- Reliable, affordable and value-rich products and services
- Solutions that support cost management
- Timely resolution of complaints and issues
- Effortless transactions
- Secure information
- Education on how to derive the most value from our offerings
- Reliable network performance

How we responded in FY2025

- Continually reviewed product portfolios to ensure affordability and market responsiveness
- Integrated content and influencer marketing to educate consumers
- Improved query response times on social media channels
- Improved customer experience through Openserve Connect app and proactive notifications
- Maintained deep, trusted client relationships through innovative, purpose-fit solutions

Overarching value created for customers

- Offered compelling product and service value propositions that address their budget constraints
- Delivered competitive advantage for partners through South Africa's leading open-access network
- Enabled customers to improve their lives and grow their businesses through connectivity
- Delivered client digital transformation journeys through comprehensive XaaS solutions
- Enabled SMMEs and corporates to stay connected through affordable voice and data offerings

In FY2026 we will prioritise

- Improving the overall customer experience
- Enhancing billing, pre-sales and pricing touchpoints to ensure market competitiveness
- Expanding fibre-based services and driving market reach

Government and regulators	Relationship quality  Basis of assessment: Self-assessment
Government through policies, Parliament through legislation, and regulators through regulations and licences, significantly impact on our cost of doing business, our return on investment, and the value we create for stakeholders. Regulators issue critical licences, including those required to provide electronic communications services and networks and to use radio frequency spectrum. They monitor retail tariffs, set call termination rates, impose social obligations, allocate numbering resources, and prescribe fees payable by licensees. Their findings and decisions influence market dynamics. Non-compliance with legislation and regulations can result in penalties and fines, further affecting our operations.	
Their interests, needs and expectations	- A relationship of trust and transparency - Compliance with policies, laws and regulations - Quality and affordable products and services across South Africa - Effective competition in the market - Licensing of spectrum - Economic transformation, social impact, job creation and productivity
How we responded in FY2025	- Engaged proactively with policymakers, regulators and market participants - Submitted comprehensive inputs during public consultations on policies, legislation and regulations
Overarching value created for government and regulators	- Contributed to the fiscus through tax payments, licence fees and contributions to the Universal Service and Access Agency of South Africa - Enabled the government's socio-economic development mandate through investment in networks and infrastructure - Shaped government policies through robust engagement with regulatory agencies such as ICASA and the competition authorities and participation in industry forums - Promoted local procurement and employment and value-adding CSI initiatives
In FY2026 we will prioritise	- Collaborating with the government and other regulatory bodies as necessary to maintain robust engagement and ongoing communication and co-operation - Implementing the 2024 Call Termination Amendment Regulations from 1 July 2025 - Participating in the next high-demand spectrum licensing process - Engaging on the review of the Electronic Communications Act

Investor community	Relationship quality  Basis of assessment: Self-assessment
Investors enable access to equity and debt markets. They drive demand for Telkom shares and debt securities, impacting our market capitalisation and debt issuance capacity. Also refer to the leadership reflections starting on page 11.	
Their interests, needs and expectations	- Long-term sustainable return on investment - Optimal debt levels and a sustainable positive FCF - A relationship of trust and transparency, and access to management - A clearly articulated investment case - Improved ESG and financial disclosures and tracking of performance against goals
How we responded in FY2025	- Management engaged with investors and analysts at financial results roadshows, conferences, and on an ad hoc basis, while the Board Chairperson and Remuneration Committee Chairperson engaged with shareholders at the annual governance roadshow - Management engaged with investors on the Swiftnet disposal through a roadshow and market announcements to drive shareholder support for the transaction - Continued to provide progress on our ESG targets - Conducted a perception study to identify areas for improvement - Reinstated the dividend policy (refer to page 12)
Overarching value created for investors	- Improved understanding of Telkom's investment case to enable informed investment decisions - Telkom aims to provide a sustainable return on investments through responsible capital allocation, share price appreciation, distribution to shareholders in line with our dividend policy, capital and interest payments on bonds, and interest repayments on loans
In FY2026 we will prioritise	- Enhancing communication of our strategy and business objectives to deepen investors' understanding of our business model - Exploring innovative ways to maximise investor engagement, leveraging technology for broader reach and participation - Improving our reporting practices to provide comprehensive information on ESG matters

Employees	Relationship quality  Basis of assessment: Employee engagement survey and employee engagement score
Employees are strategic partners essential for ensuring Telkom's sustainability through their performance, culture and skills. They possess the intellectual capital required for all core and supporting business processes, making them integral contributors to the Group's success. Also refer to the human capital chapter on page 63.	
Their interests, needs and expectations	- A relationship of trust and transparency - Frequent communication and engagement - Job security - Fair remuneration and recognition and reward for performance - Learning and development - A non-discriminatory and safe work environment
How we responded in FY2025	- Held regular meetings and virtual gatherings to keep employees informed about news and initiatives. Utilised email, newsletters and intranet to share information effectively - Offered learning opportunities through part-time bursaries, tailored development programmes, online learning resources, internships and leadership initiatives - Launched the OneTelkom Challenge Series to increase engagement among employees through physical and online engagement session as a vehicle to drive shared values - Introduced reward and recognition programmes specific to business units and relaunched the Spotlight Awards to recognise exceptional effort by teams and individuals within business units
Overarching value created for employees	- Offered competitive market-related packages with various benefits. These include company cellphones, rebates on Telkom services, and flexible death and disability benefits through a bespoke retirement fund - 86% of employees are engaged and prepared to go the extra mile - The Telkom Retirement Fund assists employees with retirement planning and preparation - The Telkom Wellness Programme provides employees and their families with comprehensive wellness assistance, including psychological counselling and legal advice
In FY2026 we will prioritise	- Engaging with employees on the strategy to ensure alignment and accountability through the performance management process - Evolving the engagement framework through an employee listening platform - Implementing the outcomes of the employee engagement survey

Organised labour	Relationship quality  Basis of assessment: Self-assessment
Telkom has a recognition agreement with the Alliance of the Communication Workers Union (CWU) and the South African Communications Union (SACU) for employees at job levels M/S6 and below. The Alliance serves as a strategic partner. It fosters shared value between Telkom and its employees, advances the Group's strategic plans, and ensures operational efficiencies and objectives are met.	
Their interests, needs and expectations	- A relationship of trust and transparency - Proactive consultation on business changes that impact employees - A stable workforce and business stability - Continuous commitment to skills development, especially considering new technologies and employment equity regulations - Avoiding retrenchments and, where unavoidable, minimising the number of impacted employees - Considering the impact of retrenchments and outsourcing agreements on employment and the terms and conditions of employment
How we responded in FY2025	- Continued engagements between Telkom and unions
Overarching value created for organised labour	- Allowed employees to exercise their right to freedom of association - Gave unions access to the workforce and provided support for shop stewards - Facilitated fee deductions
In FY2026 we will	- Continue facilitating quarterly employee relations workshops between HR business partners, promoters and employees - Continue training pools of internal disciplinary inquiry chairpersons and initiators - Continue proactively engaging with the unions, including wage negotiations

Suppliers and business partners

Relationship quality



Basis of assessment: Self-assessments and supplier surveys

Our strategic partnerships with suppliers and business partners enable us to timeously deliver high-quality products and services. As contributors to our value chain, suppliers influence the cost and availability of materials and other inputs. Suppliers and business partners are often seen as an extension of Telkom, directly shaping our customer experience. They impact our ability to meet evolving customer demands and expectations.

Also refer to the social and relationship chapter from [page 68](#).

Their interests, needs and expectations

- Enhanced, effective and open two-way communication
- Collaborative contract management
- Performance visibility and feedback
- Adherence to payment terms
- Simplification of business transactions
- Timely resolution of queries and disputes

How we responded in FY2025

- Conducted regular reviews with suppliers to ensure alignment and strengthen partnerships
- Evaluated partnership performance to identify opportunities for improvement
- Tracked adherence to payment terms on a monthly basis to ensure consistency and compliance with agreements
- Implemented an assessment of ESG aspects for suppliers
- Hosted supplier days focusing on aspects such as climate reporting, process enhancements, and digitalisation and automation

Overarching value created for suppliers and business partners

- Enabled them to generate revenue from their products and services under fair terms
- Provided them with a platform to market their products and strengthen their brands through association with and/or accreditation by Telkom
- Provided training and support to subcontractors where necessary
- Our enterprise and supplier development (ESD) and transformation programmes (FutureMakers) support local procurement as much as possible. We also promote local employment by supporting and developing local contractors

In FY2026 we will prioritise

- Supporting local procurement, manufacturing, employment and the upliftment of SMMEs
- Enhancing compliance with contractual payment terms, providing suppliers with options to improve their cash flow
- Driving cost reduction through improved forecasting and planning
- Implementing a procurement sustainability programme

Our communities are at the centre of our social licence to operate and host some of our infrastructure. It is imperative that we understand our communities' needs and perspectives and work collaboratively with them on sustainable solutions to their challenges. Refer to the social and relationship capital chapter from [page 68](#) for more information.

The media, opinion makers and influencers drive reputation and brand perception. We provide information and context on technical matters, financial performance and operational developments, and thought leadership on matters affecting our industry. Refer to information on our brands in the intellectual capital chapter starting on [page 59](#).

Managing risks and compliance

Telkom executes a solid, flexible and resilient risk and compliance strategy that supports our strategic objectives. Our operating environment is characterised by unprecedented opportunities and significant, ever-changing threats. This requires the Group to balance risks and rewards and constantly monitor strategic risks.

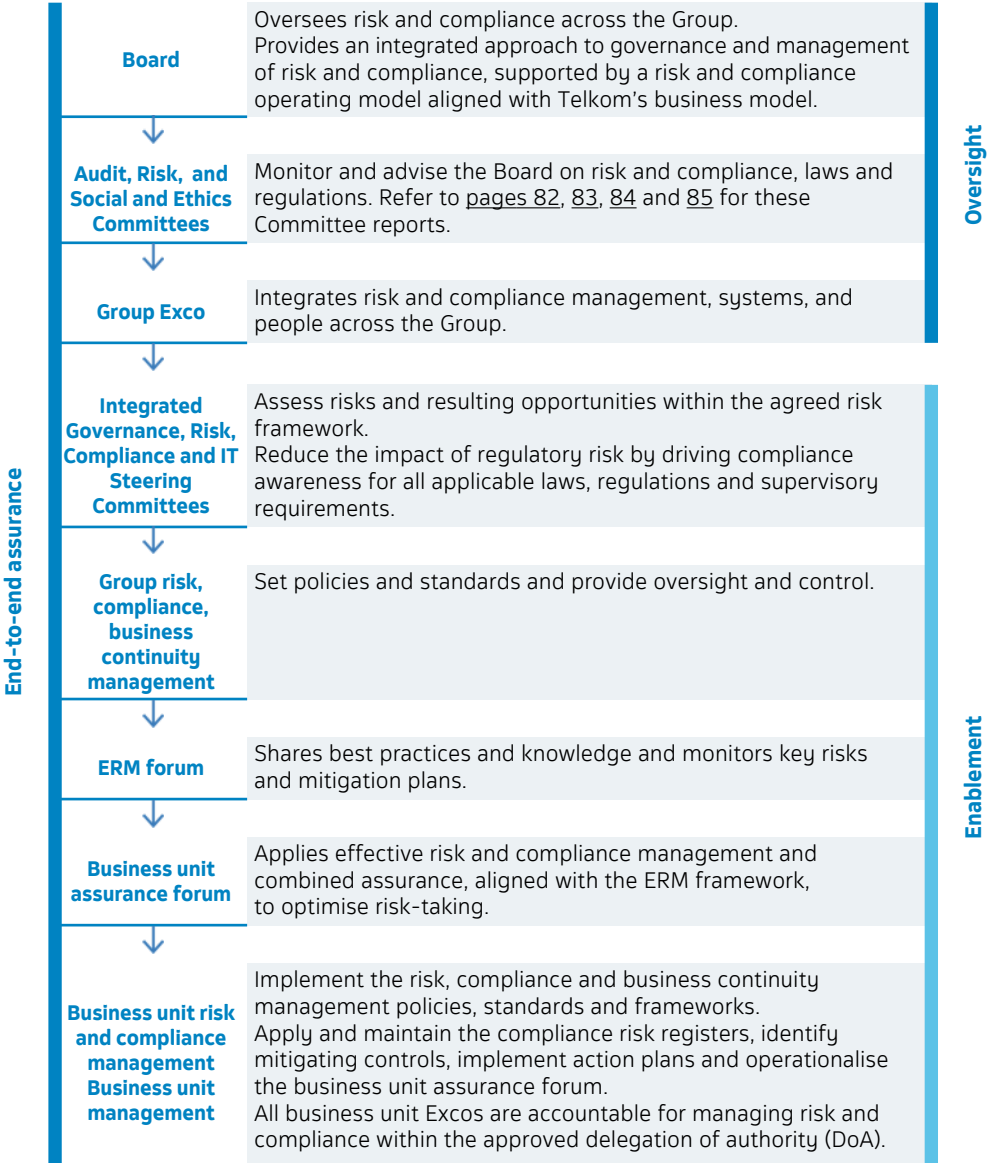
Telkom considers internal and external contexts and the adequacy of key controls and existing regulatory framework controls when reviewing the Group's risks and opportunities. We monitor the effectiveness of risk management and compliance programmes to identify improvement areas, and track risk metrics to ensure significant progress is made to mitigate risks.

We use control self-assessments and compliance control validation reviews to determine the effectiveness of our risk and compliance management processes. Annual risk and compliance reviews are conducted to ensure we meet our King IV requirements. Any undue or unexpected risks, and those risks outside of our tolerance level, are reported with the necessary mitigating actions.

Risk and compliance management governance

In our dynamic and competitive industry, ERM is a strategic imperative. Our ERM framework is designed to navigate the risks inherent to the business, from technological advancements and regulatory changes to cyberthreats and market volatility.

Our ERM strategy is underpinned by robust governance structures. This ensures that risk management is integrated into our strategy and operational processes. All business units, supporting functions, processes, projects and other controlled entities are subjected to the ERM framework.



- In managing and dealing with the Group's risks, Telkom ensures:
- There is effective risk management
 - Risk and opportunity management is clearly and consistently integrated into Telkom's culture and managed according to best practice
 - People, processes and technology support the strategy, underpinned by governance, risk and compliance requirements
 - Group-wide interdependencies are recognised in enhancing business resilience by anticipating, observing and responding to the macro- and micro-environments
 - Management's conscious effort to manage risks ensures the business fulfils its mandate and that internal structures collaborate
 - The importance of an integrated, proactive and continuous approach is appreciated across all structures
 - Key stakeholders' needs and expectations are comprehended and managed to identify and manage related risks

Improvements in FY2025

We continued to monitor the six Telkom strategic risks and their associated mitigating actions. We performed an annual strategic risk assessment, reviewed the risk appetite and tolerance levels, and obtained Risk Committee approval. We also conducted a Group Exco risk workshop.

We intensified engagements with management by including them in strategic discussions within the Group.

We implemented a risk aggregation process and reviewed risk reporting to ensure meaningful assessment and value-add.

We identified and will continue to monitor risks relating to the FY2026 to FY2030 business plan.

We promoted combined assurance and collaboration in support of the OneTelkom approach. We ensured that key internal assurance providers adopt the risk management framework in their risk assessment.

We continued to enhance our combined assurance model to create efficiencies in managing risks that involve different assurance providers within the Group.

In line with the combined assurance model, we conducted a third-party risk assessment to establish gaps and associated mitigating actions from a combined assurance perspective. We also implemented combined assurance initiatives related to business continuity awareness, whistle-blowing, fraud awareness, health and safety, and compliance. (Refer to the combined assurance section on [page 87](#)).

We focused on maturing the ESG risk assessments, and emphasised the energy initiatives as a critical component of the ESG strategy. The regional risk assessments on the climate risks were completed. The findings will help Telkom proactively respond to climate-related risks. (Refer to the TCFD chapter on [page 99](#).)

There was no undue or unexpected risk outside of tolerance levels, despite the macro-economic environmental instability remaining very high throughout the year due to external factors beyond Telkom's control. There are mitigating actions internally to reduce the impact.

Business continuity management

Telkom focused on maintaining and improving business resilience. Our infrastructure, business processes and emergency management procedures are flexible enough to protect stakeholders' interests and our brand and reputation.

The Group Emergency Management Team successfully dealt with the potential risks related to the 2024 national elections. Loadshedding was minimal, though it continued in some areas of the country.

Telkom did not experience any significant business disruptions that required focused resources in FY2025.

Our strategic risks

Telkom reviewed the Group's strategic risks based on three dimensions and in the context of its financial and non-financial strategic objectives:

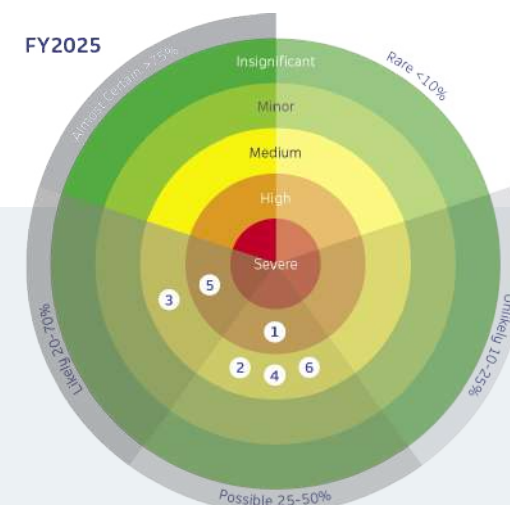
1 Macro-environmental risks likely to impact Telkom's growth opportunities, such as economic conditions and ability to access funds.

2 Strategic risks with the potential to affect Telkom's business strategy/objectives. These are uncertainties or opportunities that could affect decision-making. They are crucial matters that the Board, shareholders and investors should be concerned about in relation to strategic intent.

3 Operational risks with the potential to impact critical operations, such as increased cyberattacks or supply chain disruptions.

The risk heatmap reflects the residual risk rating, which considers the mitigation controls in place.

The risk dashboard reflects the movement of strategic risks between FY2024 and FY2025.



Description	Residual risk exposure		Trend	Reason for risk movement
	FY2024	FY2025		
1 Market forces and disruption exacerbating competition pressures	High	High	↔	There is a pending introduction of policy direction that may introduce new entrants into the market, e.g. Starlink.
2 Inability to attract and retain a suitable and resilient workforce	High	Medium	↓	Telkom's employee turnover is within the risk appetite. Telkom continues to attract skilled talent from within and outside the industry.
3 Increased focus and scrutiny on ESG matters	High	High	↔	Telkom continues to implement its ESG strategy while addressing implementation challenges.
4 Financial sustainability	High	Medium	↓	Telkom demonstrated strong EBITDA growth and a strengthened balance sheet as a result of the Swiftnet disposal in FY2025.
5 Macro-environmental instability	Very high	Very high	↔	The macro-environment is negatively affected by geopolitical tensions and an uncertain economic outlook.
6 Inability to manage and meet material stakeholder expectations	Medium	Medium	↔	Significant progress was made in proactive stakeholder engagement and brand repositioning in FY2025.

Movement in our strategic risks compared to FY2024:

↔ Risk exposure remained constant ↑ Risk exposure deteriorated ↓ Risk exposure improved

	1 Market forces and disruption exacerbating competition pressures	2 Inability to attract and retain a suitable and resilient workforce	3 Increased focus and scrutiny on ESG matters
Risk definition	Telkom operates in a competitive and rapidly changing market. Increases in technological innovation, market deregulation, customer expectations, and new entrants in the connectivity space exacerbate this risk, putting pricing and product offerings under pressure. Failure to respond swiftly to competitive threats could negatively impact the Group's prospects, including its market share, relevance, revenue growth and profit margins.	How companies work, hybrid working models, customer behaviours and technology trends are changing. This requires talent that can provide a sustainable competitive advantage. Failure could result in loss of competitive advantage, increased employee costs and delays in achieving the Group's strategy.	There is increased focus on ESG matters due to the growing importance of sustainability matters in society, including increased awareness of climate change, social inequality and corporate misconduct. This could impact Telkom's financial sustainability and reputation and limit access to opportunities.
Mitigating activities and monitoring	- Continuously monitor the market and competitive landscape, using AI to gain further insights - Develop product offerings that appeal to customers and explore upselling opportunities - Develop and implement adaptive strategies focused on innovation - Investigate strategic partnerships to increase competitive advantage - Invest in technology that ensures agile and speedy solution delivery - Continuously identify and address operational inefficiencies	- Continuously implement the culture transformation journey - Implement the recruitment strategy to meet the demands of the business while allowing flexibility to align with market demand - Implement change management processes and enable a robust working environment - Continuously develop skills and career opportunities through the learning programme, succession planning and future skills programme - Continue with a hybrid work approach	- Continue to implement the ESG strategy - Continuously identify and monitor ESG risks and improve ESG maturity - Develop a sustainable procurement strategy - Completed a double materiality assessment incorporating input from external stakeholders - The ESG vision and strategy for 2030 will be revised
Assessment rationale and opportunities arising from managing risks	Telkom's ability to compete effectively is demonstrated through increased mobile subscribers, fibre homes passed and homes connected. There is still a challenge in the IT market segment due to competition. However, Telkom is implementing an improvement strategy. The risk remains high as competitors work hard to win over Telkom customers, as reflected in customer churn numbers. The pending introduction of policy direction on equity equivalent investment programmes in the sector may introduce new entrants in the market, e.g. Starlink, which may exacerbate this risk. Telkom strengthens its competitiveness through different strategies, based on the OneTelkom approach.	This risk declined to medium and within risk appetite. However, the risk of losing talent to competitors remains, as does the shortage of critical skills. The following contributes to retaining and attracting talent: - We were certified as a Top Employer in South Africa in 2025 - We have maintained a hybrid work approach since 2020 - Employees participate in innovation challenges - Our learning programmes, bursaries, learnerships and internships - Career growth prospects for talented employees through succession development See page 63 for more on our HR practices.	Telkom's ESG strategy is progressing well and will be revised in FY2026 (refer to page 37). We monitor ESG risks and report on them to various governance structures. Our external maturity assessment continues. We completed our first climate risk assessment. Although we have made significant progress, the risk remains high as some deliverables are in progress.
Strategic pillars			
Material matters			

	4 Financial sustainability	5 Macro-environmental instability	6 Inability to manage and meet material stakeholder expectations
Risk definition	Maintaining financial capacity is crucial to sustain and grow operations while building financial resilience to manage unforeseen economic events. This risk is due to: - A depressed economic environment - Insufficient liquidity and/or cash flow deterioration - Inability to generate FCF - Customers not paying on time - Unsustainable leverage ratios	Socio-economic challenges impact consumers' quality of life and influence their attitudes, behaviours and preferences. Since consumers are critical to the Group's success, this instability could lead to levels of profitability and cash generation that are unsustainable. It could also impact shareholders' perspectives on future growth.	When Telkom fails to meet the material needs and expectations of its stakeholders, this can result in: - A diminished reputation - Loss of trust, investor confidence and access to capital - Customer dissatisfaction and loss of market share - Public backlash and potential boycotts of our products and services - Low employee morale, decreased productivity and increased employee turnover
Mitigating activities and monitoring	- Monitor cost-optimisation initiatives - Continue the data-led strategy to drive revenue - Maintain adequate debt headroom and disciplined capital allocation, with flexible capex investments and secured debt facilities - Use device financing to stimulate further growth in post-paid services while managing FCF - Efficiently manage bad debts - Maintain a sound governance framework that ensures transparent financial and operational frameworks and supportive credit ratios	- Monitor macro-economic indicators to guide financial decision-making and strategy execution - Monitor geopolitical developments and their effect on strategic execution and operations - Monitor trade receivables, bad debts and involuntary customer churn - Sustain a robust balance sheet to withstand fluctuations in the economy - Continuously engage with credit rating agencies and lenders - Increase collaborative efforts with social agents and foster private-public partnerships - Strengthen CSI	- Developed an integrated stakeholder engagement framework - Continue the brand refresh journey - Continuously monitor and track performance against stakeholder expectations, creating opportunities to revise plans, collect feedback and adapt to evolving needs to ensure alignment Read more in the stakeholder chapter on page 42.
Assessment rationale and opportunities arising from managing risks	This risk abated in FY2025 due to improved financial performance, as set out in the GCFO's report on page 17. We continually explore other revenue streams to reduce operational costs and improve profitability.	Macro-economic indicators showed some improvement in FY2025. Loadshedding was reduced, the GNU improved investor confidence, and inflation and interest rates decreased. However, unemployment remains high and customers remain under pressure to manage their debts and prioritise essential needs. Most of these factors are beyond Telkom's control. However, we can ensure that our products and services are competitive to reflect changing customer attitudes and behaviours. Telkom has introduced affordable mobile devices for low-income customers. Opportunities exist for products and services to improve the economy, and for community partnerships to address social issues such as the digital divide and grow SMMEs.	We made significant progress in proactively engaging strategic stakeholders, including government, regulators and investors. Our brand refresh to position Telkom as the brand of choice is ongoing. However, more work is required to include other stakeholder categories and improve our existing relationships.
Strategic pillars	P V O DP DS EC	P V O DP DS EC	P DP DS EC BS
Material matters	MM5	MM3 MM5	MM3

Compliance governance and oversight

Telkom is committed to comply with all applicable laws and regulations, and supports the application of non-binding codes and standards. This fosters stakeholder trust and safeguards the Group's long-term viability.

The Board, through the Group Risk Committee, oversees compliance risk management and internal controls to ensure compliance with legislation. We have a specialised team that oversees our compliance landscape, ensuring that we meet regulatory obligations and stay ahead of emerging legislation.

We confirm that no material or repeated regulatory penalties, sanctions or fines for contraventions of or non-compliance with statutory obligations were reported in FY2025.

Our stringent compliance regime supports our combined assurance approach through three lines of defence and regular reporting. The compliance function also reports to the IT governance structures and the economic crimes forum on data privacy, cybersecurity and potential areas of non-compliance.

”

We have zero tolerance for regulatory non-compliance, fraud, bribery and corruption.

The Group Exco annually reviews and approves the regulatory universe derived from our risk-based approach. This is an important part of our due diligence, strategic planning and risk management. It safeguards Telkom's compliance posture and allows us to drive innovation and growth within a sound regulatory framework. We also invest in comprehensive employee training to foster a culture of compliance and integrity.

The annual compliance plan supports the ERM strategy and objectives. It sets out plans to enhance the Group's compliance culture and monitor compliance risk management. We provide quarterly reports on the status of compliance deliverables to the ERM forum, integrated governance risk and compliance forum, Risk Committee and the Board.

We continuously monitor and report on the effectiveness of controls to ensure compliance with the Electronic Communications Act and applicable regulations. In response to growing data privacy concerns, we have strengthened our efforts to safeguard personal information.

We play a proactive and influential role in the regulatory space. This includes:

- Advocacy for regulatory balance between safeguarding consumer interests and flexibility to innovate and grow
- Participating in dialogues with regulators and policymakers and contributing our expertise to draft policies (e.g. RICA) that could impact the industry

We respect the personal information of our customers, employees and service providers. We are committed to safeguarding the personal information we handle.

Compliance with data privacy legal frameworks and information security standards is Telkom's priority. Two instances of unauthorised access to personal information (FY2024: 2) were reported to the Information Regulator, with limited exposure. Telkom immediately enhanced the control environment.

We received five customer complaints (FY2024: 5) from the Information Regulator regarding direct marketing. Telkom investigated all incidents, reported on the outcomes, and addressed the control environment.



Focus areas for FY2026

ERM

- Enable effective tracking of key risk indicators and mitigating actions
- Improve the ERM framework in line with risk management advancements
- Redefine organisational resilience by ensuring sustainable operations during disruptions
- Continue to support the ESG strategy by managing the associated risks
- Collaborate with the first line of defence in managing the Telkom business plan risks for 2026 to 2030
- Continue to embed the risk culture through training and awareness across the Group

COMPLIANCE

- Continue to monitor the top 10 regulations in line with the regulatory universe, with a focus on core legislation
- Continue to monitor any emerging regulations impacting Telkom

FY2025 performance

5



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Productive capital



Performance

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

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

Key strategic focus areas

- Commercialise the network
- Scalable network
- Transform service delivery

Challenges

- Ongoing legacy voice decline
- Uncertain economic conditions
- Increased competition in the connectivity market



Strategic achievements

50.4%



Market-leading connectivity rate in FTTH

Network simplification and implementing green energy solutions

5.9%



Fibre-based data services revenue growth

Performance overview

Openserve's strategic channel diversification is yielding results. External revenue grew by 7.7% to R4 875 million, driven by a 9.2% (R333 million) increase in fibre-based products and services. However, overall revenue declined by 1.3% year on year to R12 349 million due to ongoing declines in fixed-voice services, interconnection services and legacy data revenue of 25.4% (R732 million). This reduction was largely offset by the growth of the fibre portfolio.

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

We made substantial progress in optimising costs through network simplification and energy transformation. Initiatives included consolidating sites to reduce power usage, decommissioning legacy network systems and installing solar power and lithium-ion batteries. A total of 1 244 sites are equipped with lithium-ion batteries and 326 with solar power, up from 800 and 50, respectively, in FY2024.

These efficiency measures, combined with minimal loadshedding, brought diesel costs down to R62 million, representing savings of R378 million.

Commercialise the network

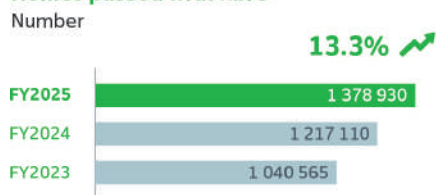


Openserve increased the number of homes connected by 17.6% (104 103) to 694 630. This is an industry-leading connectivity rate of 50.4%. This rate reflects our efforts to drive our commercialisation strategy while leveraging infrastructure investments to meet the growing demand for high-speed connectivity.

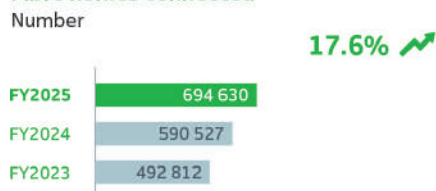
Openserve made further improvements across the broadband product portfolio to cater for its diverse customer base. We enhanced the Openserve WebStream offering by introducing a new entry-level speed and a free installation promotion for all Openserve Web Connect Prepaid and WebStream Prepaid customers.

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

Homes passed with fibre



Fibre homes connected



Scalable network



Balancing cost efficiencies while continuing to invest in infrastructure is critical to Openserve. We invested R2 535 million in modernising our network. This expanded our fibre footprint, resulting in a 13.3% (161 820) increase in the number of homes passed with fibre to 1 378 930.

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

Our proactive approach to network enhancement ensures we can accommodate the exponential increase in data usage while maintaining service quality and reliability.

Openserve's data consumption increased by 26.4% to 2 915 petabytes.

Transform service delivery

Openserve is committed to exceptional service delivery. We introduced new capabilities, such as the white label ISP platform. This platform provides an affordable, all-encompassing solution, enabling smaller ISPs to offer a seamless digital customer experience, from ordering to billing and assurance.

Through the ISP platform, Openserve can enable community-based ISPs and direct strong business-to-consumer brand positioning. This positions Openserve at the centre of the fixed home connectivity ecosystem.

Openserve delivered an outstanding network performance, with uptime reaching 99.92% for the access, 99.88% for the transport, and 99.99% for the core network layers. Our customer satisfaction metrics were strong, with iNPS increasing to 72.3 (FY2024: 69.7).

ESG: Empowered communities

EC

Customers connected to broadband and fixed wireless broadband by 2025



SA homes and businesses connected through our FTTx footprint by 2025 (homes passed)



Openserve is driving its open-access wholesale data connectivity to broaden access to affordable and inclusive digital connectivity, enabling a better life for all South Africans.

We continue to grow our product offering and fibre footprint in line with our connected strategy. This year, we connected 120 852 homes in underserved areas at a connectivity rate of 52%.

Outlook

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

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



Productive capital



Performance

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

Key strategic focus areas

- Accelerate mobile growth
- Mobile network expansion and resilience
- Drive revenue through digital and financial services

Challenges

- High fuel costs exacerbating a constrained macro-economic environment
- Site vandalism and battery theft remain critical issues and continue to cause financial losses

Strategic achievements

12.3%	↑	Mobile data revenue growth
36.0%	↑	Consumer EBITDA growth
13.4%	↑	Mobile active subscriber base increase
24.1%	↑	Surge in mobile data traffic
15.5%	↑	Fibre revenue increase

Performance overview

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

Our fibre portfolio continued to perform well, in line with the data-led strategy. Fibre revenue surged by 15.5%, driven by a 3.4% increase in subscribers and a 12.4% uplift in fibre ARPU (including internet).

Beyond Connectivity revenue grew by 1.4%, reflecting our efforts to improve customer stickiness and increase our share of the wallet.

Accelerate mobile growth



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

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

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

Despite a challenging operating environment, the mobile business delivered a robust 30.3% increase in EBITDA to R6 564 million, with an EBITDA margin of 26.7% (up 4.5 percentage points). This improvement was mainly due to increased service revenue and prudent cost management.

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

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

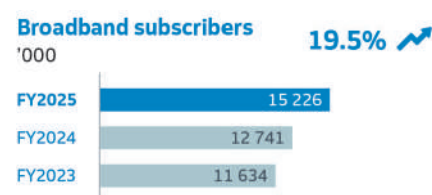
Our ongoing commitment to cost discipline is underpinned by continuous refinement of operational efficiencies and strategic cost-optimisation initiatives.

At the broader Telkom Consumer level, EBITDA grew strongly by 36.0% to R5 567 million, with a 4.5 percentage point increase in the EBITDA margin to 20.0%.

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

The year was transformative for our brand. We solidified our purpose-driven positioning and commitment to empowering customers through seamless connectivity. Our "Possible Begins Here" positioning strengthened brand equity and elevated customer loyalty. We were named Best Mobile Provider in South Africa by the 2024 Ask Afrika Orange Index®. Strategic collaborations drove a significant uplift in social media sentiment and reinforced our standing as the fastest-growing telecommunications provider.

We will continue this trajectory, redefining connectivity, fostering meaningful customer relationships and setting new benchmarks for service excellence.



Mobile network expansion and resilience



Demand for data surged relentlessly, spurring a 24.1% increase in data traffic to 1 759 petabytes. We spent R2 792 million in capex on our mobile programme, primarily for capacity expansion given our subscriber growth. This investment facilitated an expansion of network coverage, which now encompasses 7 909 sites.

To alleviate pressure in high-demand areas, we advanced the deployment of multiple-input and multiple-output technology, scaling it to 722 sectors. A total of 1 757 sites are equipped with this technology.

We repurposed 122 sites from 3G to 4G through the reallocation of the 2 100 MHz spectrum. We also introduced 648 low-band sites to bridge coverage deficiencies, enhance indoor signal penetration and fortify 4G capacity.

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

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

Drive revenue through digital and financial services

We reinforced our Beyond Connectivity strategy by expanding our value propositions, including:

- Airtime advance lending
- Insurance
- Advertising services

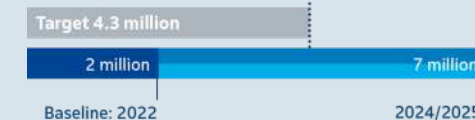
Revenue from Beyond Connectivity contributed R1 685 million to overall growth. The airtime lending segment remained a significant revenue driver, accounting for 31.1% of total pre-paid recharges. Approximately 11.8 million unique customers utilised this service.

Our insurance portfolio grew steadily by 3.9%, generating R292 million in revenue. This growth was primarily due to stronger device insurance sales and improved policy management and retention. It was aided by investments in more advanced digital services and a content platform to support these services.

ESG: Digital services

DS

Customers with access to Telkom's diversified digital platforms by 2025



Businesses with access to digital platform solutions by 2025



Mo'Nice continues to be a key growth driver in our pre-paid segment, driven by increased adoption of personalised offers. More than 5 million subscribers access personalised offers through the Mo'Nice platform across our digital channels.

Over the past three years, we have experienced significant growth in customer adoption, validating the success of our strategic approach. These outcomes highlight the strong return on investment from our digital transformation efforts. Our objective to shift customers from staff-assisted to self-service channels is progressing as planned.

Outlook

We are confident in the robustness of our data-driven strategy and are well positioned to sustain growth and diversify revenue streams to Beyond Connectivity. Strategic investments in mobile and fibre technologies are set to accelerate the next phase of growth.

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

Productive capital



Performance

The strategic shifts of BCX are generating positive momentum. We focused on strengthening the business fundamentals, expanding our high-margin services portfolio and optimising the cost structure.

These initiatives reduced the cost to serve and enabled us to continue shifting our converged communications offerings to fibre-based platforms. As a result, we saw a marked improvement in performance during the second half of FY2025 and a stronger financial foundation overall.

Key strategic focus areas

- Migrate clients to next-generation technologies
- Shift to higher-margin IT business
- Improve the service/product sales mix

Challenges

- Product mix impacting EBITDA performance
- Challenging macro-economic environment continues to constrain IT spend



Strategic achievements

Fibre data service revenue grew by **12.7%**

EBITDA margin increased from 9% in H1 to 13.2% in H2

5.8%

growth in cloud solutions revenue

Performance overview

Our performance for the year reflects a transitional period, with encouraging signs of recovery towards the end of the year. The second half saw a positive shift in momentum, with BCX experiencing growth across its key metrics compared to the first half. Specifically, total revenue increased by 1.2%, and EBITDA rose by 48.8%. This helped moderate the overall revenue decline to 4.4%, resulting in total revenue of R12 346 million as we reshaped the revenue mix towards higher-margin IT services.

A key driver of the improved performance was the **IT Services** portfolio, which delivered 2.6% growth and reinforced BCX's shift toward higher-value offerings. This increase was mainly driven by strong demand for cloud and IoT solutions. Revenue from managed cloud services climbed by 5.8% and IoT services grew by 1.5% as clients expanded their adoption of connected, data-driven technologies. Application solutions saw a 2.0% increase, reflecting a tough market and muted growth compared to FY2024, which had benefited from one-off SAP implementation projects. However, cybersecurity services contracted by 27.6%, underperforming expectations in a market that remains a strategic focus for future growth.

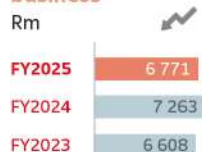
The deliberate moderation of **IT hardware and software sales**, which was accelerated in the second half, along with an increase in sales classified as agent revenue, resulted in revenue from this portfolio declining by 23.7%. As a result, BCX reduced the working capital consumption that characterised prior years, with far less cash tied up in inventory and receivables. The strategic rebalance of this business improved overall financial efficiency and aligns with our initiative to improve working capital and profitability.

Revenue

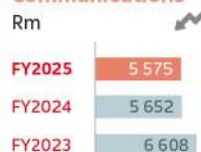
Revenue total



IT business



Converged Communications



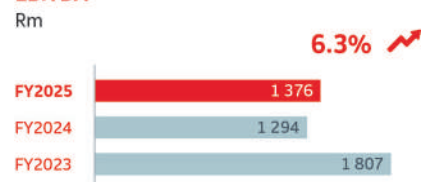
International business revenue declined by 4.7% to R667 million as a result of a higher portion of revenue being classified as agent revenue. Additionally, the performance was impacted by economic turbulence in many of the African countries we operate in and the clean-up of ageing inventory and receivable balances. The clean-up positions the business for a healthy performance in the coming financial year.

The decline in **Converged Communications** revenue slowed down from the levels reported in the prior year and first half, decreasing by only 1.4%, reflecting the deliberate migration of clients from legacy services to fibre-based platforms. This proactive transition temporarily reduces revenue, but fundamentally enhances the business mix. Currently, 79% of data services (which grew by 12.7%) and 37% of voice services revenue are delivered over fibre platforms.

The growing prevalence of fibre in the network is already lowering the cost to serve and enhancing customer experience through more reliable, higher-bandwidth connectivity. The fibre-centric pivot is critical to the communications portfolio's long-term growth, even though it entails a short-term impact on revenue during the migration phase.

BCX generated EBITDA of R1 376 million before restructuring costs of R157 million, an increase of 6.3% from FY2024, representing an adjusted EBITDA margin of 11.1%. Notably, performance accelerated in the latter half as the EBITDA margin rose to 13.2%, reflecting early gains from the cost transformation programme.

EBITDA

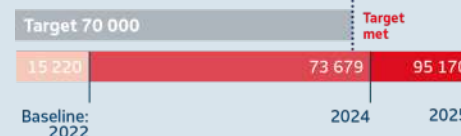


The proactive management of receivables resulted in the impairment of receivables declining by R24 million. BCX optimised its facilities footprint, reduced employee costs, and deployed generative AI-driven automation. Together, these actions streamlined operations and lowered the cost to serve, contributing to sustained gains in margin and cash flow.

ESG: Digital planet

DP

IoT devices deployed by 2025



We have successfully deployed 95 170 IoT devices, surpassing our goal and demonstrating our commitment to leveraging technology for sustainable development.

We also initiated several measures to enhance the monitoring of utilities, including electricity, gas, steam and water, as well as environmental conditions. By implementing advanced monitoring systems, we aim to achieve greater transparency and efficiency in our utility consumption. This initiative will help us identify and address inefficiencies, reduce our carbon footprint, and more effectively conserve natural resources.

Outlook

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

Investments in reskilling the workforce, embedding new ways of working, and deepening customer insights will drive seamless experiences and maximise life cycle value. BCX plans to further strengthen its go-to-market capabilities, broaden the scope of service offerings, and position XaaS opportunities effectively to meet evolving client needs.

By continuing to optimise cost structures, fostering innovation through own-IP platforms, and migrating to fibre-based communications, BCX is set to unlock greater profitability, growth and value creation in FY2026.

Productive capital



Gyro successfully disposed of non-core properties through three public auctions held during the year. These included properties previously earmarked for property development.

The conveyancing process was accelerated to ensure the transfer and registration of significant high-value properties in FY2025.

A total of 57 Gyro and Telkom-owned properties were transferred, yielding cash proceeds of R730 million.

As at 31 March 2025, 30 properties with sales proceeds of R280 million remain in the conveyancing process. These include 28 properties that were auctioned in December 2024 for proceeds of R125 million.



Key strategic focus areas

- Commercialise the property portfolio and dispose of non-core properties
- Reduce building costs and enhance operational efficiencies

Challenges

- Increasing energy costs
- Vandalism and illegal occupation in view of dispersed property portfolio

ESG: Operational efficiencies

OE

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

We reduced diesel consumption by 78% due to limited loadshedding and successful diesel optimisation projects. This lowered emissions and reduced operational costs.

Outlook

All 30 properties that were under conveyancing at 31 March 2025 are expected to be transferred in FY2026.

The exit and disposal of non-core properties is expected to continue in FY2026. This will further streamline Telkom's property footprint, optimise property operating costs and enhance the Group's liquidity position.

Property sales in FY2026 are not expected to yield the same level of proceeds, as most of the high-value non-core properties were sold in FY2025.



Swiftnet continued to grow and commercialise the masts and towers portfolio and organically grow the co-location business while scaling up the PaaS offering.

Effective 31 January 2025, in line with the Group's Value Unlock Strategy, Telkom disposed of its 100% equity interest in Swiftnet. The buyer was an infrastructure fund managed by TowerCo BidCo (Pty) Ltd, a subsidiary of Actis LLP, with Royal Bafokeng Holdings (Pty) Ltd as its B-BBEE partner.



Key strategic focus areas

- Optimise and grow the masts and towers portfolio
- Build new towers to meet the demand of mobile network operators (MNOs)
- Expand the range of products and services offered

Challenges

- Ongoing loadshedding costs have impacted clients' profitability
- Clients (MNOs and non-MNOs) are prioritising capex for power security over network expansion
- Increasing theft and vandalism as high-value backup power systems are built

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

- 15 new towers built and completed and eight towers under construction, resulting in 4 012 productive towers
- Continued focus on PaaS, with 501 PaaS solutions built
- Revenue increased by 11.7% year on year to R1 221 million. PaaS was a significant contributor. Growth was also augmented by inflationary increases, new tenancies, 5G expansion and antenna upgrades by Swiftnet clients
- EBITDA increased by 12.0% to R912 million at a strong EBITDA margin of 74.7%

Outlook

In view of the completed sale transaction, Swiftnet is being treated as a discontinued operation in Telkom's FY2025 financial results and will not form part of the Group's future reporting.

Intellectual capital



Markets around the world, including South Africa, showed clear signs of being reshaped by the disruptive technology of the fourth industrial revolution.

Telkom's technology and information strategy focuses on progressing our digitalisation efforts, initiating holistic, Group-wide digital business transformation, and exploring the opportunities presented by AI.

Performance snapshot

Highlights of FY2025

- **Streamlined revenue processes**, reducing order processing time to under two days and improving billing stability
- **Optimised order management**, billing cycles and customer experience through an integrated wholesale business support systems (BSS) application
- Finalised a **Group-wide digital strategy** aligned with the PIVOT and ESG strategies to strengthen Telkom's role in the digital transition
- **R46 million** invested in research, development and innovation

Key strategic focus areas

- Product and service transformation
- Operational efficiency and cost optimisation
- Technology governance and enterprise resilience
- Customer experience
- Digital business transformation
- Artificial intelligence
- Our investment in research, development and innovation
- Our brand equity

Digitalisation

Telkom has invested steadily in integrating technology and data in the front and back offices of our business. These digitalisation initiatives enable us to:

- Amplify or transform existing products and services
- Improve operational efficiency and optimise costs
- Enhance governance and enterprise resilience
- Enhance customer and user experience through innovative, differentiated experiences

Product and service transformation

Digital self-service

Openserve introduced several technology-enabled self-service capabilities, such as:

- The Unified Partner Platform – A digitally led omni-channel experience that enables wholesale customers (ISPs) to manage offers and users with easy-to-use streamlined processes
- Enhancements to the Openserve Connect App to improve self-service enabled customer interaction
- The Openserve Technician App – A secure digital platform that gives technicians essential self-service capabilities, driving major improvements in fulfilment and assurance metrics

Technology modernisation

Telkom Consumer continued its multi-year programme to upgrade critical elements of its core platform, including the e-business suite, enterprise data warehouse and BSS.

Development also started on the Telkom Super App and Digital Marketplace (YEP) with features designed to increase digital sales, reduce call centre volumes, and accelerate time-to-market for new products.

Operational efficiency and cost optimisation

Shared service enhancements

Telkom's shared services model and enterprise architecture were enhanced to improve the speed and efficiency of internal processes, reduce redundancies and ensure seamless system interoperability.

In addition, we reshaped our third-party application maintenance contracts for critical shared systems that yield a significant saving per year. This is part of our ongoing technology cost-optimisation initiative.



BSS and operational support systems (OSS) transformation

Openserve's OSS transformation programme continues to modernise its operational environment to improve efficiency, promote simplicity and standardisation, and automate processes.

In September 2023, the first phase of the OSS project delivered the fibre national private leased circuit products in our carrier links' next-generation network portfolio. Following rigorous planning, the second phase commenced in December 2024. It covers a broader range of products, services and technologies.

Planning for the third phase is underway, with a focus on gigabit passive optical network-based services fulfilment. It will also incorporate a unified inventory system, enabling simpler fulfilment processes.

In parallel, the Openserve BSS transformation project yielded significant benefits:

- Order capturing is seamless and significantly faster, with the product catalogue and product construct embedded. The order processing period was reduced to less than two days after customer sign-on, a marked improvement
- Billing operations remain stable and on schedule, ensuring timely invoice delivery and improving collections. The average debtor days remain on target due to realised efficiencies
- Customer queries decreased significantly post-implementation, indicating an improved customer experience
- Product launches became more efficient. For instance, the broadband speed update in December 2024 was completed within two weeks, a significant improvement

Data-driven insights

The use of actionable data insights, machine learning and predictive analytics was central to improving operational efficiency at Openserve. A cloud data platform provided insights for focused marketing campaigns that identified target areas. This contributed to an improved fixed-line active service and fixed-line connected home rate.

We established a model for proactive assurance management that optimised technician dispatch and enhanced service quality through predictive maintenance.

Cloud transformation

BCX completed its transition from traditional on-premises infrastructure to a modern, cloud-based architecture, integrating workforce analytics and Employee Central Payroll solutions. This transformation optimised internal operations and workforce management and enabled delivery of seamless, responsive and data-driven solutions to customers.

Order-to-cash transformation

Openserve continued to execute its order-to-cash transformation programme. This aims to streamline revenue processes and enhance financial performance by reducing cycle times and optimising the customer journey from order placement to invoicing.

The initiative enabled Openserve to optimise billing cycles, financial account management, and order-to-cash processes through an integrated wholesale BSS application. It improved operational efficiency and enhanced customer experiences through automation and seamless integration with digital channels and client systems via APIs.

Technology governance and enterprise resilience

Our focus on technology governance and enterprise resilience ensured we had no major technology-related disruptions. This contributed to Telkom's reputation as a highly resilient and reliable ICT service provider.

Technology oversight and leadership

The Board strengthened its oversight of technology by establishing a focused Technology Committee (page 85). Telkom appointed a Group Chief Digital Officer, Sello Mmakau, in April 2024 to lead and accelerate our technology playbook transformation.

Information security risk and governance

We continued to implement our proven risk-based approach to information security, staying agile in the evolving technology landscape amid potential emerging risks. We strengthened our information security governance and management system by reviewing and aligning our information security strategy with regulatory changes and leading industry practices and benchmarks.

Improvements in FY2025 included:

- Enhancing our data loss prevention capabilities in both on-premises systems and cloud services
- Progressing towards replacing outdated technology by migrating to zero trust network access
- Advancing our information security operations centre's monitoring capabilities to ensure 24/7 aggressive threat monitoring and detection
- Implementing robust due diligence processes to ensure third parties comply with our security, compliance and performance standards

Customer experience

We continued to provide customers with innovative, differentiated experiences through data-driven insights.

Data-driven customer experience

Telkom developed and launched Bafo, an AI-powered platform designed to improve the efficiency of our contact centres and the end-user experience. Bafo was built on the foundation of our earlier investment in speech analytics and large language models that can operate effectively within the African context.

We developed an AI-powered Voice of the Customer platform that provides comprehensive insights into our customer experience. The platform leverages behavioural economics and consumer analysis, together with our custom AI models, to generate insights that will shape future products and consumer engagement strategies.

We also launched a new Policy Chatbot, an AI-powered, internal HR solution that improves the employee experience when interacting with Telkom's policies and procedures.

Data-driven enterprise customer experience

The Microsoft Fabric transformation at BCX has translated into faster, more accurate and actionable insights into the experience of enterprise customers. This enables BCX to deliver personalised services, improve response times, and develop solutions tailored to customers' evolving needs.

Digital business transformation

Holistic digital business transformation is a strategic imperative to enable our growth and long-term sustainability. It will enable us to use our digitalised front- and back-office capabilities to reimagine our business and operating models. This will create new customer and business value through innovative digital products, services, platforms and ecosystems.

Group digital business strategy

Telkom initiated a Group-wide technology diagnostic and strategic review during FY2025. The aim was to reimagine Telkom's potential and value to customers and other stakeholders when seen through "digital-eyes". The review considered how best to respond to current business challenges and technology needs. It also sought to anticipate what the future business will need to be sustainable in a digitally transformed world.

A Group digital business strategy was developed through this process. It includes a digital business vision and blueprint, and designs for a fit-for-purpose technology operating model and enabling enterprise architecture that align with Telkom's long-term objectives.

Alignment with the PIVOT Strategy

The Group digital business strategy aligns with and accelerates Telkom's PIVOT Strategy, as it:

- P** Provides enabling technology and data capabilities to realise the full potential of our partner ecosystem
- I** Enables Telkom to reimagine customer value propositions to ensure they are relevant in the digital era

- O** Uses technology-centric thinking to optimise our operating model and lower cost to serve

The strategy also considers Telkom's core telecommunication platform, our affordable broadband solutions and state-of-the-art network assets that provide us with:

- V**
- T**
- A strong customer base to which we can market new digital offerings
- A country-wide distribution network
- Significant data assets (structured and unstructured) to fuel next-generation data-led, AI-enabled digital offerings

We will start implementing the Group digital business strategy in FY2026. This will be our key priority going forward.

Artificial intelligence

AI has immense potential to help Telkom optimise our value chain and unlock new growth opportunities. However, it comes with new societal and business risks that need to be carefully considered and managed. These risks are counter-balanced by the growth of network traffic and changing customer requirements that make traditional systems inadequate for an AI future.

We began to define the nature of Telkom's future business relationship with AI through the Group digital business strategy.

We have three strategic AI considerations – for Telkom to be a consumer, a contributor and a producer.

Telkom as an AI consumer

We have begun and will continue to explore opportunities to integrate AI-powered applications in our front- and back-office

processes. The aim is to amplify and transform our existing products and processes, improve efficiency and deliver differentiated customer and colleague experiences.

We are developing an AI policy to establish the framework for responsible use, good governance and internal control. This will create an enabling environment for AI to proliferate safely and sustainably across the Group.

In parallel, the business units have adopted an exploratory approach. They are experimenting with and learning from focused AI use cases before scaling their use.

Telkom as an AI contributor

Our research in FY2025 found opportunities for Telkom to develop, operate and market a new breed of cloud-based, data-intense, AI-powered digital solutions for our enterprise customers. The solutions can utilise available third-party AI platforms that can be linked to and leverage the scale of our core data and distribution assets.

We are exploring options for enabling algorithmic access to Telkom's vast data assets while preserving privacy. This would further cement our position as a key South African AI contributor.

Telkom as an AI producer

We see an opportunity for Telkom to operate as a downstream AI infrastructure player. We believe Telkom has a role to play in enabling "AI last mile". Through our advanced connectivity infrastructure and modern local data centres, we believe we can support the distributed processing of AI-related workloads by global players operating in our market.

We will explore this opportunity further in FY2026, taking care to balance prudence and innovation.

Our investment in research, development and innovation

Telkom invested R46 million in innovation, industry research and development, and academic research to enhance customer experience and develop cutting-edge innovations by leveraging AI.

Driving customer-centric innovations

Through the Telkom Innovation office, we are seeing green shoots from our investments. These include the Bafo and Voice of the Customer platforms discussed on [page 60](#).

We conducted an in-depth diagnostic study on the operational efficiency and customer experience of our customer acquisition technologies and processes. This extensive research supports technology, automation and process redesigns to enable evidence-based solutions to streamline sales, accelerate onboarding, and reduce the cost of customer acquisition.

Developing intellectual capital in South Africa

Telkom's investment in academic research at South African universities continues to drive cutting-edge ICT research that is shaping the future of industry and solving pertinent societal challenges.

Our inaugural Telkom/National Research Foundation (NRF) FutureTech flagship grants covered:

- Large language models for South African languages
- 5G technologies in remote and rural areas for essential services
- IoT and virtualisation solutions for network-integrated smart agriculture

Our Centres of Excellence (CoEs) are researching and developing high-impact solutions, including:

- IoT and AI tools for visual and hearing-impaired individuals
- Network technologies for biodiversity conservation
- Sensors and geotechnical monitoring of infrastructure to prevent catastrophic damage or failure

Refer to the chapter on social and relationship capital on [page 68](#) for details on these programmes.

The Telkom Innovation Challenge

The Innovation Challenge reflects Telkom's commitment to investing in employees and cultivating a culture of innovation.

There was a significant increase in employee participation (100 ideas submitted versus 57 in FY2024) in the second season of the Innovation Challenge.

Season one winners continue to progress, with several ideas, including Bafo, being implemented.

Our brand equity

Telkom leverages several tools, services and policies to ensure the purposeful impact of our brand and reputation in the market. These include:

- Policies and evaluation metrics to align brand activity with the business purpose and vision
- Tools to stay “on the pulse”, ensuring intentional steps for brand impact, shared value and reputational resonance
- Tools and services that ensure an “outside-in” approach to business operations guided by the voice of our customers, driving continuous improvement in customer satisfaction



Our brands

Openserve is at the heart of connectivity and has successfully built and run high-speed broadband networks that link banking systems, hospitals, schools and every part of society.

Telkom Consumer focuses on consumer and SMME solutions such as fixed and mobile broadband services, voice technology and related value-added services.

BCX is Africa's premier end-to-end digital solutions partner, enabling enterprises to future-proof their business.

Gyro provides two business services – property management services and property development.



Our awards and recognition in FY2025

Telkom and BCX were both certified as a Top Employer in South Africa.

Telkom was ranked as the leader in high-scoring value plans by Tarifica, an independent global pricing and research firm.

Telkom was named Best Mobile Provider in South Africa by the 2024 Ask Afrika Orange Index®.

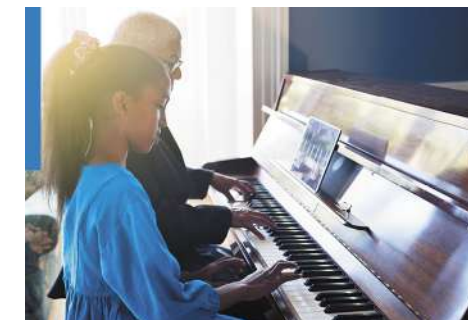
Telkom and Levergy won a Gold Award for effectiveness at the WARC Awards.

BCX won the Emerging Market SASE Partner of the Year Award.

Analytico's Brand Health survey recognised Openserve for the best service delivery.

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

Telkom ranked “Excellent” for the eighth consecutive year at the EY Integrated Reporting Awards in September 2024, recognising progressively higher adherence to the spirit of integrated reporting.



Human capital



Telkom cultivates an engaged, high-performing workforce by continuously enhancing employee experience, skills development and workplace culture.

Through strategic workforce planning, recognition programmes and targeted learning initiatives, we equip our people to drive business growth and strengthen our position as an employer of choice.

Performance snapshot

KPIs and key measures for FY2025

- Employee voluntary turnover: **5%**
- Training and development spend: **R166 million** ^(A)
- Number of unemployed graduates, interns and learners supported: **532**
- Number of employed learnerships and internships: **810**
- Employee diversity statistics: **72% Black and 33% female**
- Women in leadership positions: **35.5%** ^(A)
- Total recordable injury frequency rate¹: **0.57** ^(A)
- Lost-time injury frequency rate²: **0.46** ^(A)

Key strategic focus areas

- Workforce planning
- Performance and growth
- Employee experience
- Sustainability
- Culture transformation

Telkom's human capital strategy

Our human capital strategy enables a positive business experience by aligning employee and customer strategies across business units. It is grounded in an agile, business-led, HR-enabled approach. We refreshed the strategy to better align with evolving business needs.

The revised strategy has four key pillars. These are underpinned by Telkom's ongoing culture transformation journey, Group shared values, and integration of HR technology and analytics to enhance decision-making and efficiency.

Our strategic ambition

Developments

1. Workforce planning

We conduct strategic workforce planning to ensure the right skills are in place for current and future business needs. We continually optimise workforce structures and processes for efficiency. We aim to attract and retain top talent aligned with our capability requirements and culture.

Telkom initiated a strategic workforce planning project to ensure that we have people with the right skills in the right places at the right times to achieve our current objectives and future growth and transformation ambitions. The project was launched in November 2024 and runs until September 2025 in three phases:

Phase 1 was completed in March 2025 and focused on aligning senior leadership with the project's vision and objectives. One-on-one and group sessions covered strategic goals and workforce needs. A leadership review identified critical capabilities, scarce skills and key roles required for future priorities. The outcome outlined current leadership capabilities, future requirements, gaps, and a leadership risk mitigation plan.

Phase 2 will focus on piloting and rollout to key areas of the business. **Phase 3** will concentrate on extending the rollout to other areas of the business. Both these phases, along with project close-out, will be completed in FY2026.

¹ Calculated as the number of recordable injuries over the number of person hours worked, multiplied by 200 000.

² Calculated as the number of lost time injuries over the number of person hours worked, multiplied by 200 000.

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report available online.

Our strategic ambition

Developments

2. Performance and growth

Total reward programmes ensure employees are fairly rewarded. Talent and succession planning builds a strong leadership pipeline. Ongoing learning and development supports continuous skills enhancement. Performance management aligns individual contributions with business goals. Recognition initiatives celebrate high performance and desired behaviours.

In March 2024, Telkom launched a series of recognition programmes led by individual business units to celebrate employees who consistently demonstrate the Group’s shared values. Each business unit tailored its programme to its unique culture while reinforcing the collective OneTelkom vision.

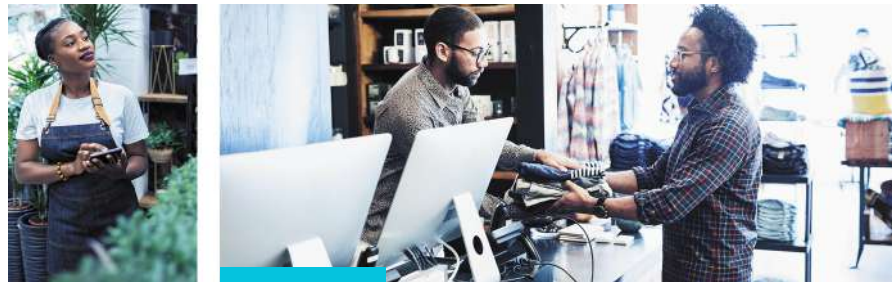
In May 2024, we relaunched our Spotlight Awards, which give on-the-spot recognition to individuals and teams for their exceptional contributions to Telkom’s success and the OneTelkom vision.

Since the launch of the OneTelkom Group Recognition and Reward Programme, we have received over 250 nominations from various business units. A total of 39 winners were voted for by their colleagues. We awarded 552 Spotlight Awards to individuals and teams for their exceptional contributions aligned with our shared values and business objectives.

Telkom spent R166 million on training, with a focus on leadership and future skills. We continued to build a Learning4Growth culture through online learning, mentoring, coaching and training, such as Back2Basics for leaders. In total, 799 employees benefited from structured learning programmes. In FY2026, we will upskill and reskill employees in line with our strategic workforce plans.

Highlights of our initiatives include the following:

- 220 women, from junior to executive leadership levels, are on our unique Female Leadership Development programme and Women in Operations programme
- The launch of X-celer8, a 12-month programme designed to fast-track the growth of internal talent and succession pipelines
- Our graduate internship programme, Elevate, had a second intake of 79 interns



Our strategic ambition

Developments

3. Employee experience

We foster leadership and employee engagement to enhance the employee experience. We focus strongly on diversity, equity and inclusion. We prioritise employee wellbeing through holistic support. We position Telkom as a desirable workplace through employer branding initiatives aimed at improving our Top Employer status.

We held three engagement sessions with the top 150 leaders. This enabled leaders to connect around the Group strategy, embrace the OneTelkom vision, and discuss transformational leadership.

The FY2025 employee engagement survey measured various aspects of Telkom’s organisational culture to provide insights into the overall employee experience. The survey assessed employees’ perceptions of diversity, equity and inclusion and the extent to which these principles are integrated into policies and practices. It evaluated employee engagement, wellbeing, perceptions of the work environment and organisational culture, remuneration, reward and development opportunities, and Telkom’s overall reputation.

Employee participation in the survey was 65%, an 8% increase from FY2024. The employee NPS improved across all key areas, including perceptions of Telkom as a great place to work, confidence in the Group’s products and services, and satisfaction with the work environment.

The employee engagement score measures employee mindsets. It found that 86% of employees were prepared to “walk the extra mile” or go beyond the scope of their roles, 12% were “fulfilling what is required”, and 2% were “quietly quitting”. The improved results demonstrate stronger commitment and a greater sense of unity across the Group.

The employee wellbeing section indicated that 68% of employees are satisfied with our approach to employee wellbeing; 74% of employees feel safe in their work environment; and 70% indicated that Telkom provides resources or programmes to manage work-related stress.

Telkom was certified as a Top Employer in South Africa by the Top Employers Institute for the third year in a row, and BCX for the fourth year in a row.

Our strategic ambition

Developments

4. Sustainability

We are actively driving B-BBEE transformation and have strengthened our female leadership pipeline to advance gender equity. We engage stakeholders to foster strong internal and external partnerships. We also take a proactive approach to identifying and addressing people-related risks through systemic risk management.

Telkom continued to foster a more inclusive and representative leadership team, advancing overall transformation across the Group.

We retained our Level 1 B-BBEE rating and increased female representation in leadership to 35.5% (FY2024: 34.1%). These efforts align with our values and are critical for our long-term sustainability and resilience.

We are intentional about creating opportunities for female leaders while ensuring operational efficiency and business sustainability.

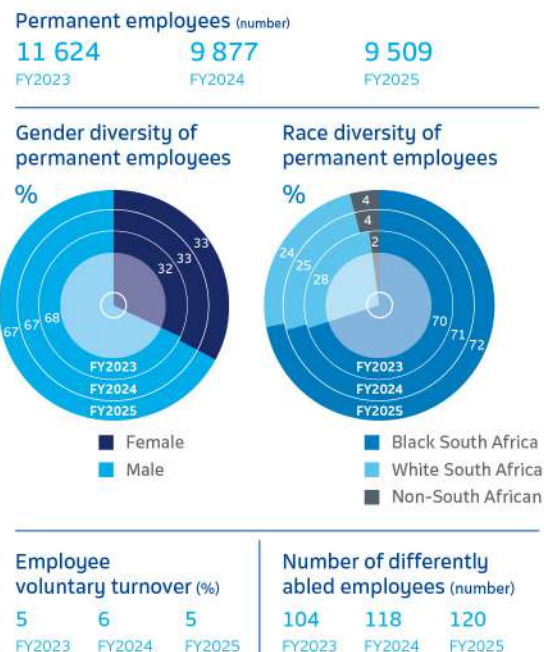
Workforce overview



Telkom continued to optimise its workforce in FY2025, with the number of permanent employees decreasing to 9 509 following the S189 process concluded at BCX. Despite this, we achieved steady improvements in our diversity profile.

Female representation increased slightly, while representation of Black South Africans grew 1% year on year over the last three years. We continue to foster an environment that mirrors the country's demographic makeup, with South African female representation at 33% and Black representation at 72%.

Voluntary turnover remained stable at 5%.¹ We will continue to build a more representative and future-ready workforce through strategic workforce planning.



Females in leadership roles increased to

35.5%

¹ Voluntary turnover includes voluntary exits such as resignations and retirements, and excludes Company-initiated losses such as retrenchments and inter-company transfers.

CASE STUDY

Uniting teams, living our values



The OneTelkom Challenge Series serves as a dynamic platform to embed Telkom's shared values – collaboration, customer centricity, accountability, agility, and simplicity – while bringing the Group together. Collaboration anchors the series, reinforcing the need for synergy across business units and the shift towards a unified OneTelkom mindset.

This six-part series features two teams made up of employees from various business units, competing in challenges that bring these values to life. The format intentionally breaks down silos, encourages teamwork, and generates momentum through healthy competition.

- 6 612 employees engaged with the Challenge Series

The journey as OneTelkom has only just begun, but already the results are outstanding in terms of how employees are experiencing the workplace and contributing to overall achievements. Results from the 2024 Employee Voice survey show year-on-year increases in customer centricity, accountability and collaboration – ranging from 3% to 9% – signalling growing traction in how these values are lived. Supported by regional in-person and online engagement sessions, the Challenge Series is deepening cultural alignment across the Group.

Post-series feedback indicated strong alignment among ratings from employees, leaders and participants. This underscores the role of the series as a cultural activation tool that strengthens cohesion and supports performance across the Group.

Managing talent

Talent acquisition

In FY2025, we strengthened our diversity, equity and inclusion, addressed the risks associated with an ageing workforce, improved our succession bench strength for some key roles, and filled some gaps in our leadership structure.

In the last quarter, we began a strategic shift from traditional, reactive vacancy-based recruitment to more forward-thinking, targeted and strategic talent acquisition. This transition is grounded in comprehensive workforce planning and the alignment of our talent strategies with evolving business needs. It allows us to fill vacant roles while cultivating the right mix of skills and capabilities. In doing so, we are building a workforce that is aligned with our future goals, agile in capability and composition, and equipped to thrive in a digital-first environment.

Our future acquisition will use a variety of tools and strategies to attract technologically savvy, digitally enabled professionals who can drive innovation and support our long-term growth objectives.

Succession planning

We have a robust talent management and succession planning framework to mitigate vacancy risk. When leadership exits occur, our succession plans ensure business continuity, enabling us to seamlessly move internal talent into the relevant roles, either as full replacements or in an acting capacity as emergency replacements.

Our talent mapping process ensures we have 100% succession maps in place for executive leadership roles. While our succession bench strength at senior executive level needs more focus, 83% of successors are African and 42% are female.

Our talent framework feeds directly into our learning plans. This ensures we proactively invest in and develop future successors for key roles in the business.

Our leadership investments aim to fast-track the development of these successors to increase our bench strength.

Learning and development

Telkom continued to invest in learning and development, guided by a strategy built on three pillars:

- 1. Developing future-fit leaders and an internal pipeline of solid leaders
- 2. Equipping employees with future-focused skills through upskilling, reskilling and multi-skilling initiatives
- 3. Fostering a culture of continuous learning through our Learning4Growth programme

We launched the Back2Basics People Leadership programme to strengthen core leadership capabilities in Telkom Consumer and the Corporate Centre. The programme was developed in response to low employee engagement scores, particularly in manager-employee relationships. It aims to equip leaders with skills to build high-performing, engaged teams.

The initial rollout was well received, with 91% of participants indicating increased confidence in applying leadership fundamentals. Early feedback highlights:

- Improved engagement levels in participating teams
- Enhanced ability of managers to handle difficult conversations and provide constructive feedback
- Stronger collaboration across teams, fostering a more inclusive leadership culture

Further rollouts of the programme are planned for FY2026.

Telkom awarded 162 new bursaries for the 2025 academic year, investing R7.8 million in part-time bursaries. Further to the Telkom Foundation bursaries, we expanded our full-time bursary offering to 46 students in line with our business needs. These students will feed into our Elevate graduate internship programme, which is in its second year with 159 interns.

The OneTelkom learning programmes saw positive uptake, with 406 employees participating in FY2025. These programmes include a leadership programme, the Female Leadership Development programme across three levels, as well as training in digital skills, innovation and design thinking.

Training and development spend (Rm)

	FY2023	FY2024	FY2025
Telkom ¹	44 ¹		
BCX	45	65	66
Gyro	2 ²	2	
Openserve	54	46	54
Telkom Consumer		46	33
Corporate Centre		10	12
Group	145	168	166 ^(A)

¹ Telkom includes Telkom Consumer, Corporate Centre and Openserve in FY2023.
² Gyro includes learnership stipends.

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report available online.

Collaborating with organised labour

We continued to maintain cordial relations with organised labour by sharing information on matters affecting and/or impacting Alliance members.

Section 189 process

BCX embarked on a S189 process due to financial and operational challenges faced by the business unit. The S189A notice was issued on 1 August 2024, inviting unions with members likely to be affected by retrenchments to participate in the consultation process. BCX had 3 683 employees, of whom 475 were likely to be retrenched. Of these, 175 employees took voluntary severance packages and voluntary early retirement packages, 84 employees were retrenched and 216 jobs were saved.

Inter-company transfers

As a result of the Swiftnet disposal talks and related divisionalisation of Gyro, employees were duly consulted in terms of the transfer process.

Sale of Swiftnet

Employees who were dedicated to supporting the Swiftnet business will continue their employment with Swiftnet under the new ownership of Actis from 1 April 2025. Employees were consulted and have successfully transitioned to Actis.

Permanent employees belonging to a union (%)

	FY2024	FY2025
Telkom Company ¹	25	25
Openserve	57	55
BCX	—	—
Gyro	28	—

¹ Telkom Company includes Telkom Consumer and Corporate Centre.

Creating a safe working environment

Telkom fosters a safe working environment where employees, contractors and suppliers embrace a zero-incident culture. Occupational health and safety (OHS) is integral to our operations. We ensure compliance with statutory requirements while safeguarding employee wellbeing.

In FY2025, we revised the Group OHS strategy to align with evolving operational realities, regulatory requirements and stakeholder expectations. This updated strategy emphasises visible felt leadership, employee engagement, hazard identification and risk assessment, and continuous improvement.

We conducted an OHS pulse survey to support data-driven health and safety decision-making and planning, with participation from 4 102 employees. The survey covered employee engagement, health and safety leadership, hazard identification and risk management, and employee awareness of policies and procedures. We were rated at 90% and above in all these areas.

To test the relevance and efficacy of existing controls, we conducted a health risk assessment of high-risk operations, in line with regulatory requirements. Key recommendations included improving motor vehicle safety and reviewing controls for employees p repetitive manual tasks. These recommendations have been adopted and will be implemented in FY2026.

We are pleased with our zero employee and third-party fatalities in FY2025, a milestone that underscores our unwavering commitment to safety excellence. This accomplishment stems from targeted safety interventions designed to transform our safety culture and operational performance.

Our flagship Safety Starts With Me campaign has been instrumental in cultivating personal ownership of safety practices across all organisational levels.

Complementing this initiative, we conducted a comprehensive human factor analysis to identify and address behavioural and systemic elements that potentially predispose employees to injuries. This evidence-based approach has enabled us to implement targeted preventative measures that address root causes rather than symptoms, creating more resilient safety systems.

The integration of cultural transformation with data-driven human factor insights has strengthened our safety foundation. This holistic approach reflects our philosophy that safety is not merely a compliance requirement, but a core value embedded in everything we do.

	2023	2024	2025
Telkom ^{1,2}			
Total recordable injury frequency rate	0.61	0.50	0.57 (A)
Lost-time injury frequency rate	0.51	0.39	0.46 (A)
Fatal injury frequency rate	–	–	–
BCX ^{1,3}			
Total recordable injury frequency rate	0.29	N/A	N/A
Lost-time injury frequency rate	0.27	N/A	N/A
Fatal injury frequency rate	–	N/A	N/A

¹ Permanent employees only.
² FY2024 and FY2025 figures include BCX.
³ FY2024 and FY2025 included in Telkom Group number above.

(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.

Employee wellness

Telkom aims to foster a diverse, inclusive and thriving culture where the holistic wellness of employees takes precedence. Ten wellbeing goals are outlined for the next three years, covering mental health, physical fitness, cultivating a healthy culture, and enhancing financial literacy.

We hosted the annual wellness month in August 2024 and expanded the wellness days to eight regional sites. The main risk areas identified in wellness days were physical inactivity and unhealthy diets.

We hosted 10 online wellness sessions covering motivation, positive thinking, workplace bullying and victimisation, mental health, stress and burnout, financial wellness, nutrition, and skeletal health. We offered three online exercise classes and a session to help line managers identify wellness challenges among employees. On average, 10% of employees joined each of the sessions. Employees were asked to evaluate the webinar offerings and gave them an overall rating of 4.6 out of 5, indicating a high level of satisfaction.

Key focus areas in FY2026

We will support our culture transformation, engage and enable our employees and develop our capabilities. This will include:

- Creating a two-way listening platform for employees to share challenges and ideas and provide feedback
- Formalising the employee value proposition and reward statement to outline employee benefits and recognition
- Embedding the OneTelkom mindset to ensure employees actively practise the values, fostering a unified and collaborative culture
- Piloting and rolling out the strategic workforce planning process in six critical areas of the business, including upskilling of internal resources
- Reviewing the outcomes of the diversity, equity and inclusion survey and focus groups and implementing interventions and activities as needed
- Implementing the OHS strategy and improvements identified from the health risk assessment, employee engagements and the pulse survey
- Strengthening our succession pipelines and talent bench strength for leadership, key and critical roles, and intentionally bolstering the Group's female leadership pipelines

Social and relationship capital



Telkom strives to create shared value for its business and society through strategic interventions that meaningfully impact the South African economy, creating social and commercial value.

We made significant strides in supporting SMMEs through the FutureMakers programme over the last decade. We have anchored our position as a leading corporate partner in developing SMMEs in the ICT sector.

Performance snapshot

KPIs and key measures for FY2025

- Number of SMMEs impacted or supported: **459**
- Number of jobs created (direct and indirect): **73 890**
- Lives impacted through SMME development: **251 203**
- Investment in developing advanced digital skills (Telkom Centre of Excellence (CoE) Programme and Telkom/NRF postgraduate programmes): **R9.6 million**
- Total ESD (FutureMakers): **R166 million** ^(A)
- Investment in the Telkom Foundation: **R68 million** ^(A)
- Number of learners and teachers impacted: **36 254**
- B-BBEE rating: **Level 1**
- Diversification of procurement spend: **R859 million** worth of procurement opportunities for suppliers on FutureMakers programmes

Key strategic focus areas

- Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs (FutureMakers). This mitigates supply chain risks
- Digital skills development
- Holistic school development and integrating ICT into schools (Telkom Foundation)

Supporting ESD: FutureMakers



FutureMakers marked **10 years** of unwavering support for SMMEs since its launch in 2015, with an initial R250 million investment in the IDF Future Fund.

Over 2 600 black-owned SMMEs have been supported through incubation, investment, connectivity, and business development support services.

FutureMakers supports SMMEs through financial and non-financial programmes. Our ESD programmes aim to unearth innovation through SMMEs that can improve Telkom's business and offerings. This is achieved through:

- Telkom Consumer Dealers Programme
- Hackathons and innovation programmes
- I'M IN Women Pre-Accelerated Programme
- Aion's R58 million ICT Venture Builder for seed and development to early-stage phases
- Absa's R39 million Supplier Development Fund for SMMEs within Telkom's supply chain

The FutureMakers Programme focuses on two areas: diverse supply chain programmes and innovation programmes. In FY2025, Telkom supported 459 enterprises (FY2024: 428) through procurement opportunities worth R859 million (FY2024: R339 million) and innovation programmes. Some suppliers who had grown too large exited the programme and the Independent Field Technicians (IFT) Programme ended. BCX increased its support for SMMEs from 300 to 357.

FutureMakers businesses collectively created and sustained 73 890 job opportunities (FY2024: 69 500), a 6% improvement, as the adoption rate of the platform businesses we supported increased. We have impacted over 250 000 lives through our support for SMMEs.

We work with youth- and female-owned businesses and promote inclusive innovation and localisation. The second cohort of the Township Innovation Incubator Programme graduated in February 2025. Since its launch in April 2023, the programme has supported 13 entrepreneurs from North West, KwaZulu-Natal, Gauteng and the Western Cape – providing each with R50 000 in seed capital along with business development support and training.

FutureMakers continued to support the I'M IN Women Pre-Accelerated Programme. This followed a successful ideation phase in partnership with JP Morgan and the Embassy of Ireland in South Africa. The programme supports investment readiness among 15 African women-owned technology start-ups from underserved communities and universities.

ESG strategy alignment

IWP

FutureMakers contributes to the investing with purpose pillar of the ESG strategy. It does this by developing and investing in a new generation of black-owned, high-growth enterprises that create the most jobs and economic outcomes in society.

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.

CASE STUDY

Empowering township tech entrepreneurs



In 2023, the Telkom FutureMakers programme recruited 13 township entrepreneurs in the ICT sector for its Township Innovation Incubator Programme.

This followed a successful 18-month virtual programme that was piloted in Soweto a year earlier. Here, the final cohort included 11 technology social entrepreneurs chosen from over 100 applicants.

The 18-month programme included training in taking solutions from ideation to solution stage, digital skills, and support to develop solutions into minimum viable products (MVPs).

The programme provided the following support to the 13 entrepreneurs:

- A business enablement pack that included mobile data, laptops and Wi-Fi devices
- An "MVP" product developed by BCX that turned their ideas into ready-to-deploy web service platforms or downloadable applications. The few that had existing applications received enhancements from BCX
- The Mapaseka Academy provided them with digital skills and project management training to equip them with a better understanding of how to launch and sustain a technology-based product in the South African market



The second cohort of the Township Innovation Incubator Programme at their graduation ceremony in Bryanston on 28 February 2025.



The table below maps our programmes according to the start-up life cycle and classifies programmes according to our two focus areas.

Start-up life cycle stage:	Seed and development (ideation)	Early stage (start-up)	Later stage (growth, establishment and expansion)
Focus areas:	Enterprise development Innovation	Enterprise development Innovation	Supplier development Diverse supply chains Localisation
Programme:	1 Telkom Township Innovation Incubator An 18-month structured innovation and digital skills training programme with software development support.	1 ICT Venture Builder with Aions A scale-up programme fusing equity investment and business development support. The aim is to scale up tech start-ups by unlocking blockages in their development path and making them venture capital ready.	1 Mentorship programme and business development support services An annual structured programme customised for Telkom's suppliers to increase their business growth and provide business development support.
	2 Hackathons and incubation Hackathons to solve Telkom innovation challenges in partnership with start-ups. These are followed by 12 to 18 months of incubation covering business and technology readiness.	2 Women in ICT Pre-Accelerator The I'M IN Women Pre-Accelerated Programme develops female ICT entrepreneurs using a progressive elaboration process. The programme graduated 15 young women from previously disadvantaged backgrounds and aims to progress them to an accelerator in FY2026.	2 Direct support services per business unit Ad hoc material, marketing, and grant support to SMME suppliers per business unit (Gyro, Telkom Consumer and Openserve).
			3 Early payment days Payment of invoices within seven to 14 days for all FutureMakers-approved SMMEs.
			4 BCX SMME Subcontractor Programme Partnering of BCX and SMMEs when responding to clients through subcontracting.

The table below maps the three investment vehicles across the start-up life cycle.

Programme:	1 Telkom Future Fund managed by IDF Capital Established in 2015 with a R150 million investment from Telkom (R250 million including BCX) to fund the stages of the start-up life cycle. The fund is in divestment phase and expires in September 2026. The fund manager is charged with optimising returns while meeting the set expiry date.	3 Supplier Development Funder Established in FY2023 with R100 million over five years depending on business performance. Provides capital to SMMEs in Telkom's supply chain who are part of FutureMakers.
	2 Aions: ICT Venture Builder Established in FY2023 with a commitment of R150 million over five years depending on business performance. It builds other technology companies from seed and development to early-stage phases and facilitates investments in those companies.	

Ensuring the long-term sustainability of our SMMEs through a wider pool of procurement, funding and technical mentorship opportunities remains a key challenge.

In FY2025, FutureMakers leveraged a shared pool of opportunities through improved collaboration and partnerships. Employees serve as transformation ambassadors in a shared commitment to nurture FutureMakers' SMMEs and incorporate them into our supply chain. Market access remains a key focus as we seek sustainable opportunities for the SMMEs.

Our investments in SMMEs and development programmes resulted in positive social and commercial outcomes:

Telkom	Society
Commercial Telkom Consumer distribution channels: R186.6 million in sales revenue (FY2024: R104 million)	SMMEs in our programmes generated revenue of R538 million (FY2024: R388 million)
Social A contribution to Telkom's ESG strategy to impact 100 000 lives through SMME development by FY2025 resulted in the target being met in FY2023. The target has been revised to 250 000 lives impacted by FY2027. Target by 2027* Impact 250 000 lives through SMME development Target250 000 129 561*221 308251 203 2023202420252027 The 251 203 lives impacted by FY2025 shows the resilience and sustainability of the underlying businesses. We have achieved the target of 250 000 lives impacted by 2027* two years in advance. However, the IDF Future Fund is in divestment stage (ending in September 2026), which poses a risk as Telkom exits investments. The attainment of this target has largely been due to Telkom's investments in digital platform companies in the IDF Future Fund that created jobs. The jobs created at exit will continue to be included in the report, but any additional jobs after the exit date will not be included. * Target date was revised to 2027.	73 890 new jobs created and sustained (FY2024: 67 063), resulting in 251 203 lives impacted.* * According to Statistics South Africa, every income supports on average 3.3 people.

INNOVATION CASE STUDY

AdvannoTech



AdvannoTech has shown resilience since graduating from the Tech Accelerator Programme in FY2024. The IoT solution and platform provider made significant strides after being onboarded as a solutions partner for Telkom Consumer.

Solution partner status effectively graduates AdvannoTech from enterprise development to supplier development. The partnership is forecast to unlock IoT opportunities in various industries.

Description

AdvannoTech is a 100% black-owned IoT solution and platform provider servicing the property, agriculture, utilities, asset management industries, and more.

VantageX is an advanced data fusion platform that integrates seamlessly with existing business applications. It provides comprehensive business intelligence, data automation and machine learning capabilities. This empowers organisations to transform raw data into actionable insights, driving efficiency and innovation.

Business needs

AdvannoTech needed additional investment to develop and productise its VantageX platform and to source additional software tools, cloud infrastructure, and specialised talent. In addition, it required:

- Operational support and market access opportunities to onboard more customers and scale
- A strategic alliance with Telkom to expose its solutions to a wider client base

Results

A partnership with Telkom Consumer came through FutureMakers, allowing AdvannoTech to go to market with Telkom on its IoT offering.

AdvannoTech received R620 000 in grant support (inclusive of awards prize money) and further funding from the Absa Supplier Development Fund of R6.3 million to fulfil current orders and its pipeline of orders at that time.

Marketing and business development support, including access to market exhibitions and awards:

- Vastly Sage Women Empowerment Luncheon 2022
- Telkom Tech Trailblazer of the Year Award 2023
- Vastly Sage Women Empowerment Luncheon 2023
- Telkom AI Innovation of the Year Award 2024
- Smart Procurement Enterprise and Supplier Development Expo 2024
- Dynamic ICT Women Luncheon 2024
- UK Tech Hub x Telkom Tech Summit Showcase 2024
- IEEE Global Communications Conference 2024
- Proudly South African Buy Local Summit 2024 and 2025

Key partnerships and clients:

- Telkom SA SOC Ltd
- Intelsat SA Ltd
- UK Solar Power Ltd
- Italtile Retail (Pty) Ltd

Driving impactful research and innovation



The Telkom CoE Programme supports cutting-edge developments that address critical societal and industrial challenges together with its 15 CoEs. This programme delivers impactful solutions through strategic partnerships and multi-disciplinary research.

In FY2025, the Telkom CoE Programme supported 250 students across various disciplines, including two postdoctoral, 81 doctoral, 146 master's, and 21 honours students.

Telkom and the NRF launched the Future Technologies (FutureTech) Programme as a pilot, with an initial co-investment of R18 million over three years. It supports ICT research and development in areas such as network and fibre-optic solutions, multi-modal sensing, IoT, virtualisation, and AI, with a focus on local language and speech technologies.

The programme will drive innovation, enhance South Africa's ICT sector and support historically disadvantaged institutions through partnerships. It also aims to develop a skilled workforce through research funding, mentorship and internship opportunities. As part of the programme, student beneficiaries will have the opportunity to complete an internship at Openserve.



Supporting communities: Telkom Foundation



The Telkom Foundation contributes to the transformation of disadvantaged communities. It achieves this by investing in education, youth and skills development, working in collaboration with government, the private sector and civil society.

In FY2025, the Telkom Foundation invested R68.3 million (including administration costs) (FY2024: R71.2 million). Of this, R36.3 million ^(A) was invested in education, R22.4 million ^(A) in digital skills, and R1.6 million ^(A) in social development programmes.

The Foundation provides ICT resources, connectivity and digital literacy training to bridge the digital divide.

It supports the zero-rated Telkom Lightbulb Platform, which delivers content aligned with the Curriculum and Assessment Policy Statement (CAPS) to learners in Grades 7 to 12. Its targeted digital skills development initiatives equip young people with skills in coding, robotics and other emerging technologies.

The Foundation's academic support programme reached 2 206 learners face-to-face and 33 798 learners online. This contributed to a Grade 12 pass rate of 99%, with an average 1.6 distinctions per learner. In addition, 92% of learners passed with university entrance.

The Foundation's psychosocial support programme assisted 314 002 individuals (FY2024: 346 707) with counselling and awareness programmes. Increased call volumes at the national toll-free lines (Childline and Lifeline) highlighted a growing need for these services.

A total of 250 learners completed the Foundation's multi-year future-fit skills programme. They received certifications in IC3 digital literacy, web, game and app development, Microbit, entrepreneurship, and Scratch.

The Foundation awarded 40 bursaries to university students from its post-school academic support programme. The students achieved a 90% pass rate with 29 distinctions. In addition, 1 207 youth received accredited ICT skills training, with 488 certified, 400 undergoing moderation, and 207 at the work experience stage.

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.



CASE STUDY

Teacher Development Programme



The integration of ICT in education has long been hindered by limited teacher training, outdated methodologies, and misalignment with rapid technological advances. This has particularly affected science, technology, engineering and mathematics (STEM) education.

In response, the Telkom Foundation established the Teacher Development Programme to equip educators with digital competencies and modern teaching skills.

The programme trains teachers in digital tools like Google Suite and Office 365, fosters the creation of digital content, and uses hands-on workshops to close gaps in digital literacy. This has strengthened STEM instruction and enhanced learner outcomes.

Under the programme, 697 teachers have received ICT integration training and 848 educators have benefited from targeted pedagogical support.

An independent impact assessment conducted in November 2024 estimated that the programme has generated R192 million in value through improved teaching quality, from a total investment of R6 million. This translates to a social return on investment of R32 for every rand invested.

The programme also aligns SDG 4, SDG 8 and SDG 9, reinforcing Telkom's innovative approach to community support and sustainable development.

R192m

Value added by the Teacher Development Programme based on the TGA impact assessment

982

Number of training hours

290

Teachers trained

Impact flow

Teacher capacity building > Empowered educators > Higher quality of education delivery

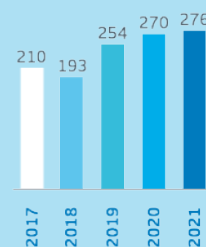
Digital skills development > Equipping teachers and students with future-ready skills

Blended learning > Promoting sustainable, innovative and inclusive education models

131%

Retention rate – Total number of teachers at the start (210) and at the end of the project (276)

Teachers trained per year



Longer-term reflection

Over the past decade, the Telkom Foundation has become a cornerstone of Telkom's commitment to transform education in South Africa. By integrating supplementary tuition, resilience-building initiatives, digital skills training and targeted teacher development, it has consistently elevated the quality of education.

Evaluations indicate that more than 15 000 learners have benefited from supplementary tuition, resulting in an average matric pass rate of 90%, with 36% achieving university entrance.

Over 46 000 learners have participated in face-to-face resilience-building sessions. In parallel, more than 7 000 teachers have been equipped with skills for traditional and virtual learning environments, ensuring that educational support reaches every corner of the community.

This comprehensive initiative reflects a long-term financial commitment. The Foundation has invested approximately R158 million in education transformation over the past five years.

More than

7 000

teachers have been equipped with skills for traditional and virtual learning environments

Key focus areas in FY2026

Telkom FutureMakers

- Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs
- Foster partnerships to enhance Telkom's product offering in areas where we do not have a strong presence, such as IoT
- Enhance the sustainability of our SMMEs by growing customers and strategic partnerships

Telkom CoE Programme

- Strengthen ongoing ESG research, including the development of low-carbon technologies and smart solutions for water security
- Accelerate the translation of high-impact research into practical solutions with societal and industry impact
- Increase engagements between the Group, Telkom/NRF FutureTech hubs, and CoEs to inject industry expertise and shape flagship projects in AI, 5G and smart agriculture

Telkom Foundation

- Continue investing in education to increase uptake and performance in STEM subjects
- Expand digital skills programme to reposition youth towards opportunities in ICT

Natural capital



Telkom continued to decarbonise. We optimised our diesel and energy usage, built our renewable energy portfolio and managed resource efficiencies.

Telkom Group's science-based targets were validated and approved by the Science Based Targets initiative (SBTi). This reflects our commitment to combat climate change in line with global goals.

We have reduced 32% of our Scope 1 and 2 emissions against the FY2022 baseline.

Performance snapshot

KPIs and key measures for FY2025

- Scope 1 emissions: **35 127 tCO₂e** ^(A)
- Scope 2 emissions: **541 268 tCO₂e** ^(A)
- Scope 3 emissions: **1 713 336 tCO₂e** ^(A)
- Water consumption: **775 103 kL** ^(A)
- E-waste recycled: **8 276 tonnes** ^(A)

Key strategic focus areas

- Driving energy efficiency and alternative energy
- Reducing Telkom's carbon footprint
- Managing Telkom's water consumption
- Responsibly managing hazardous waste

Compliance

We ensure compliance with environmental regulations through site inspections, audits and regular reviews of our procedures and operations. No environmental incidents were reported to the authorities for FY2025.

The Department of Environmental Affairs promulgated the phasing out of ozone-depleting substances in 2014. The regulation outlines 2020, 2025 and 2030 requirements for phasing out and managing these substances. From the 2016 baseline, we have reduced R22 refrigerant gases from 97 tonnes to 30.7 tonnes, exceeding the December 2025 target.

We are decommissioning various Telkom sites and replacing heating, ventilation and air conditioning units that exceed the expected commercial life cycle by 30%.

Driving energy efficiency and alternative energy



Telkom's energy strategy has three key objectives: improving resilience, reducing cost, and lowering emissions.

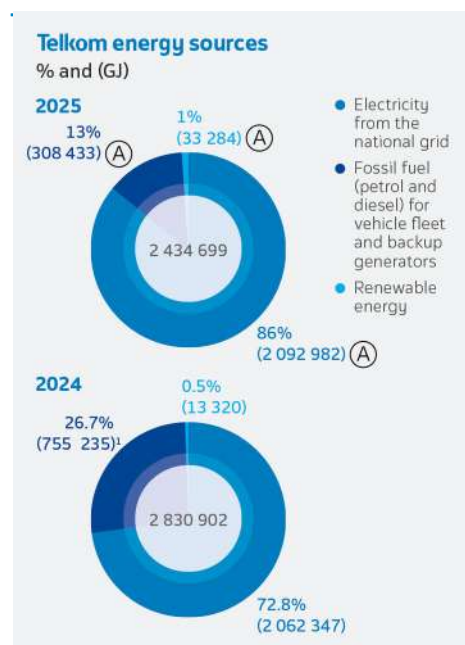
The strategy focuses on crucial asset classes where business interruption (including loadshedding) would impact contractual obligations and customer experience. We are reducing diesel usage, thereby lowering costs and Scope 1 emissions, while providing energy security.

We have already achieved a number of milestones:

- Telkom Park 1 MW solar PV construction completed and operational since July 2024. It generated 749 664 kWh of green energy. Telkom Park 3 MW and Bellville 168 kWp solar PV plants are also operational
- 613 smart energy meters installed, with 552 installed at the top 500 sites
- Bulk diesel monitoring meters are being installed at 478 sites. This includes meters on an IoT platform for 325 sites. A further 153 sites will be completed on the IoT platform by FY2028
- Diesel consumption declined by 59% due to diesel optimisation and reduced loadshedding
- Power factor correction project completed at 12 sites
- Continued deployment of lithium-ion batteries and solar panels, with batteries installed at 1 240 sites



^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.



Telkom's day-to-day operations are powered by a combination of grid power and renewable energy. We have been aggressively installing solar panels and lithium-ion batteries in key sites to improve resilience and lower costs and emissions.

We have decommissioned legacy technologies and replaced inefficient equipment, significantly reducing diesel usage.

These initiatives are ongoing. Despite limited roof space for solar installation, capex constraints, theft and vandalism, the completed installations are successfully reducing costs and emissions.

¹ The FY2024 Fossil fuel energy (petrol and diesel) was understated by approximately 22% (162 GWh) due to the omission of fuel used for fleet and petrol for one generator. We will conduct ESG training to improve awareness of evolving ESG requirements and reporting frameworks.

Reducing Telkom's carbon footprint



KEY DEFINITIONS

Scope 1 emissions relate to fossil fuel consumed by vehicles, backup diesel generators and replacement of air conditioning gases. Scope 1 represents approximately 2% of Telkom's total carbon footprint.

Scope 2 emissions relate to energy consumed from the national grid. In South Africa, the national utility has a high grid emissions factor due to its reliance on coal-fired power generation. Scope 2 represents 23% of Telkom's carbon footprint.

Scope 3 emissions relate to indirect upstream and downstream emissions of Telkom's value chain that are not accounted for in Scope 1 and 2. They comprise 15 categories, of which 12 are relevant to Telkom's operations and are reported on accordingly, including purchased goods and services, fuel- and energy-related activities, and use of sold products. Scope 3 represents 75% of Telkom's carbon footprint.

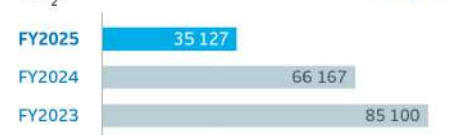
In FY2025, we reduced our Scope 1 emissions by 47%, mainly due to a decrease in diesel consumption. This was due to both improved loadshedding conditions and internal efforts such as rolling out lithium-ion batteries and optimising generator use across our network. This reduced emissions, improved network uptime and lowered fuel costs.

Our Scope 2 emissions decreased by 6%, mainly due to legacy equipment decommissioning, terminations and proactive management of anomalies.

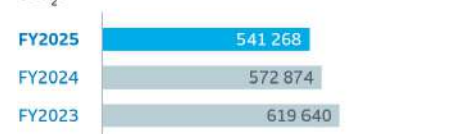
(A) External moderate assurance on selected sustainability indicators. Please refer to the FY2025 Independent Assurance Report, available online.

In previous years, Telkom used the Eskom Grid Factor 1 for Scope 2 emissions. In FY2025, we adopted South Africa's National Generation Grid Emission Factor to align our GHG reporting with the South African Greenhouse Gas Emission Reporting System and the compliance requirements of the Carbon Tax Act.

Contribution to total carbon footprint per scope for Group tCO₂e



Contribution to total carbon footprint per scope for Group tCO₂e

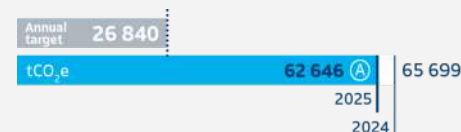


Target by 2035 and 2040

OE

Reduce carbon emissions:

Carbon neutral by 2035 and net zero by 2040.



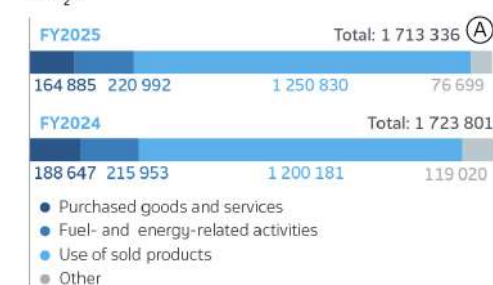
Aligned with the science-based targets' near-term and net zero goals, Telkom reduced its annual carbon dioxide emissions at a 4.2% (26 840 tCO₂e) linear annual reduction rate (LARR).

Telkom applies rigour in its internal processes and governance. We incorporate various approaches for the calculations, such as:

- Using actual consumption data. We retrieve a large part of our consumption data directly from source invoices using AI programmes, such as optical character recognition
- Installing smart meters at high-consuming sites

Telkom Scope 3 emissions

Contribution to total carbon footprint per scope for Group tCO₂e



We continuously refine our approach to managing and reporting on Scope 3 emissions.

Our category 1 emissions for purchased goods and services make up 9.6% of our Scope 3 emissions. Therefore, we seek to collaborate with suppliers to reduce emissions across our value chain. We hosted a supplier day where we communicated the Group's emissions reduction targets to foster collaboration.

Looking ahead, we will finalise Telkom's sustainable procurement strategy to address our Scope 3 emissions. We will onboard high-impact suppliers onto our reporting platforms in FY2026. This will enable us to track their ESG performance and ensure alignment with the Group's sustainability objectives. Also refer to the TCFD disclosure on [page 99](#).

Managing Telkom's water consumption



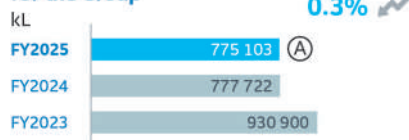
Telkom is not a material water user. However, we recognise the increasing risks associated with water shortages, particularly their impact on our employees, operations and the broader economy. Our water consumption is primarily for cooling, drinking, catering, hygiene and landscaping. Municipal supply is our main source.

Telkom's water consumption decreased by 0.3% to 775 103 kL ^(A) driven by site terminations and ongoing site monitoring. Our focus on leak detection and repairs yielded further efficiency gains.

Our ESG strategy commits us to a 50% reduction in water usage by 2030. The following water-saving initiatives will enable us to reduce consumption:

- Borehole installation completed at two sites in the Eastern Cape (Linton Grange and Sidwell)
- Sites earmarked for rainwater harvesting in the Nelson Mandela Region are being revised as some will be sold or terminated
- The Telkom Park rainwater harvesting project was postponed to FY2026 due to budget constraints

Total water consumption for the Group



^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available online.

Responsibly managing hazardous waste



Telkom's largest source of hazardous waste is used electronic equipment (e-waste). We reduce e-waste by implementing practices to reuse, resell or recycle network and other waste generated by our operations. We increased our e-waste recycling to 8 276 tonnes (FY2024: 6 458 tonnes), mainly through the ongoing decommissioning of legacy equipment.

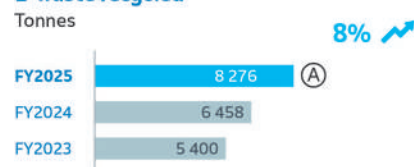
E-waste is a source of income for waste collectors and handlers. We sell our cabling to a leading e-waste recycling organisation. They process the cabling using environmentally and socially responsible techniques. This sensitive, labour-intensive process provides employment and empowerment for an Eastern Cape rural community.

We sell copper recovered from the recycling process on local and international markets.

In FY2025, Telkom Consumer launched packages that allow for trade-ins. By year-end 42 devices had been traded-in.

We also focused on reuse, which involved educating customers about repair warranties and extended warranties on certain devices from original equipment manufacturers.

E-waste recycled



CASE STUDY Investing in a greener future powered by the sun



To avoid operational disruptions due to power outages and loadshedding, Telkom installed 4.2 MWp of solar PV capacity at its Telkom Park and Bellville sites. Approximately 2 000 solar panels were strategically installed on rooftops and in parking areas to power telecommunications equipment, improve network resilience and reduce reliance on costly diesel generators.

The impact of this initiative is already evident, including a substantial reduction in operational costs. By transitioning to solar power, we are reducing our carbon footprint and advancing our sustainability goals.

In the coming years, we plan to deploy an additional 3 MWp of solar capacity nationwide across more than 1 000 electronic telecommunication exchanges.

Telkom believes that environmental responsibility and operational efficiency can go hand-in-hand, building a resilient and sustainable future.

Key focus areas in FY2026

In FY2026, we will continue with our energy efficiency project, renewable energy projects and lithium-ion battery installations. We will also complete our water conservation initiatives at Telkom Park and sites in the Nelson Mandela Region in the Eastern Cape.



Ensuring transparency and accountability 6

Our governance report

Our approach to governance is anchored in the principles of transparency, accountability, efficiency and effectiveness. We align our governance structures and processes with our strategic objectives, enabling us to remain sustainable over the short, medium and long term.

We ensure that our decision-making is transparent and that we are accountable for our actions through clear communication and open dialogue with stakeholders.

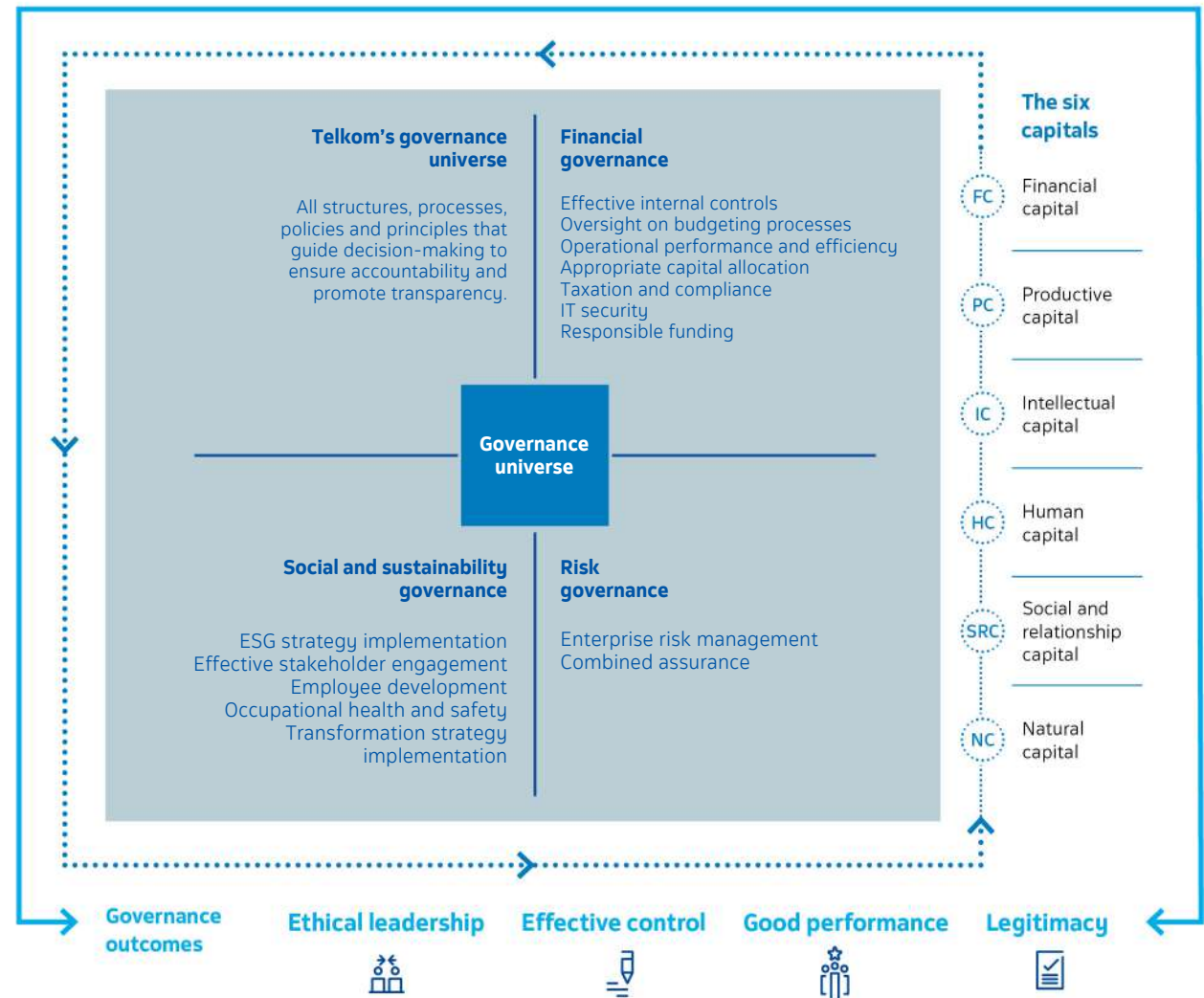
Through effective governance we strive to foster trust, drive innovation, and enhance our overall impact in the communities we serve.

We believe that a robust governance framework is essential for navigating challenges, seizing opportunities and achieving our overarching purpose.

Our governance report 76

Social and Ethics Committee report 90

Remuneration report summary 93



An effective Group governance framework

Our Group governance framework ensures effective decision-making, co-ordination and accountability. It delineates clear roles and responsibilities and establishes decision-making processes. This fosters alignment with strategic objectives and core values across the Group.

The framework is adaptable to remain compliant with the statutory and regulatory prescripts that govern our operations. Key regulatory considerations are the JSE Listings Requirements, the Companies Act, our memorandum of incorporation (Moi) and the principles of King IV. These are all tied to the six capitals. By adhering to these regulations, we uphold governance excellence and enhance stakeholder trust and confidence in our operations.

The revised governance framework was approved in June 2025 and will be implemented throughout the Group. It is reviewed every three years or as and when required.

Key matters addressed in the framework:

- The Group governance approach
- Ethical and effective leadership
- Governance processes and structures
- Authority and delegation
- Key governance policies
- Reporting and communication
- Inter-company transactions

The practices and processes within the framework enable the Group to:

- Give effect to the direction set by the Board on relationships and the exercise of authority across the Group
- Acknowledge the existence of each subsidiary as a separate and independent juristic person to which the directors of the subsidiary owe fiduciary duties
- Adapt appropriate practices to the Group

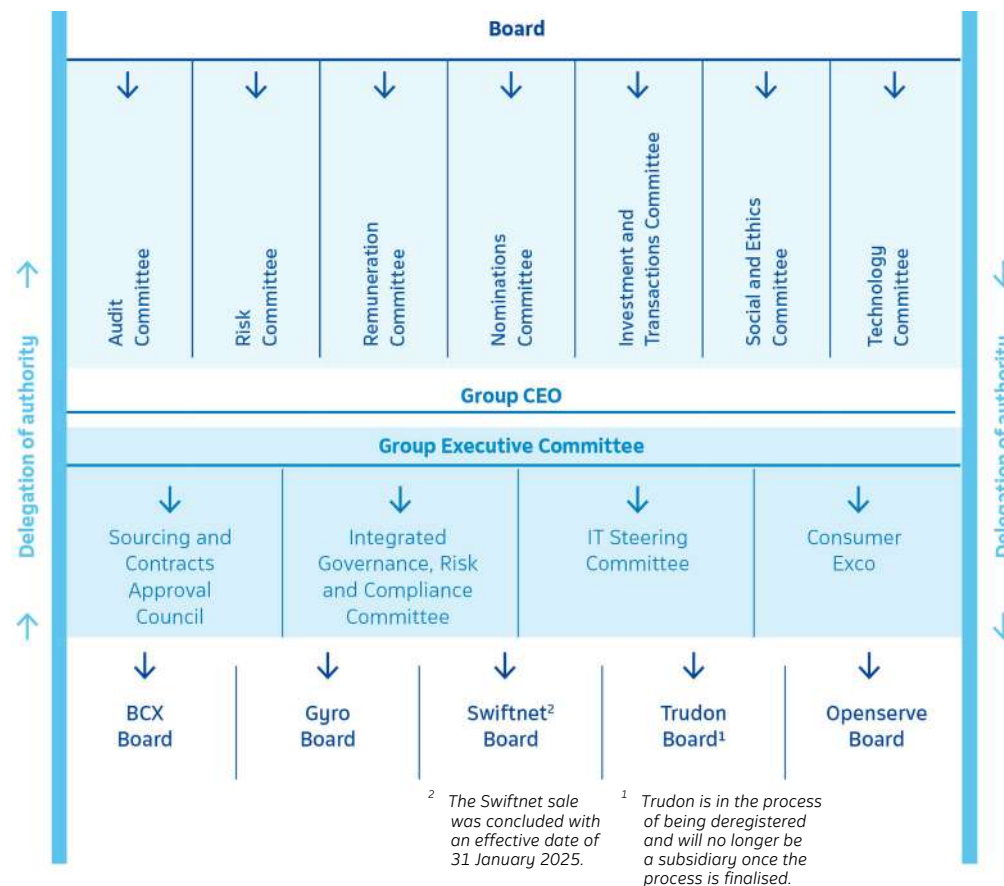
Delegation of authority

The DoA ensures smooth and effective day-to-day operations. It is embedded as a key driver of productivity and agility within the risk framework.

In FY2025, we extensively reviewed the DoA to align it with existing and amended legislation, regulations and applicable codes.

Through policies and operational plans, the Board delegates the implementation of approved strategy to the GCEO, who in turn delegates to management as necessary.

Group Exco comprises the Executive Directors, CEOs of all business units, Chief HR Officer, Group Chief Digital Officer, Chief Capital Projects Officer and Chief of Corporate Affairs as Members. The Group Executive of Internal Audit, Group Company Secretary, Chief of Strategy, and Head of Strategy and Project Management Office are permanent attendees of Group Exco meetings.



Diverse and competent leadership

The Board guides and oversees our strategic direction and operations. It comprises individuals with diverse expertise, experience and backgrounds. This enables it to take a broad perspective in decision-making, engage effectively in strategic planning, risk management and performance evaluation, and provide valuable insights and oversight to management.

The Board is the cornerstone of governance excellence, guiding Telkom towards sustainable growth and success.

Independent Non-executive Directors

as at 31 March 2025

Committees

	Audit Committee
	Risk Committee
	Remuneration Committee
	Nominations Committee
	Investment and Transactions Committee
	Social and Ethics Committee
	Technology Committee
	Chairperson

 MG Qhena (59) Chairperson Appointed: 27/03/2023 Principal skills: Accounting, auditing, business leadership, corporate finance, governance and mergers and acquisitions Other directorships*: Exxaro Resources Ltd, Investec Bank Ltd	 O Ighodaro (62) 01/07/2021 Accounting, auditing, business leadership, finance, strategy, governance, mergers and acquisitions, risk management and commercial expertise	 B Kennedy (65) 15/07/2022 Business leadership, corporate banking, debt and equity capital markets, e-commerce, governance, private equity, commercial property finance, and mergers and acquisitions (M&A)	 KP Lebina (44) 15/07/2022 Accounting, auditing, business development, business leadership, corporate finance, governance, investor relations and risk management	 PCS Luthuli (52) 25/05/2018 Accounting, auditing, business leadership investments, corporate finance, M&A, and risk management	 EG Matenge-Sebesho (70) 01/07/2021 Financial markets and investments, international business, marketing, risk management and governance	 KA Rayner (68) 15/07/2019 Accounting, auditing, business leadership, corporate finance, ESG, governance, human resources, policy, regulatory, risk management, strategy, and M&A
 SP Sibisi (70) Appointed: 01/04/2019 Principal skills: Business leadership, e-commerce, finance, start-up ventures, business-to-business intelligence skills, and technology Other directorships*: FirstRand Bank Ltd	 H Singh (64) 25/09/2020 Accounting, auditing, business development, business leadership, e-commerce, governance, large-scale IT developments and IT innovation, marketing, risk management, and technology	 IO Selele (48) 15/07/2022 Business leadership, business strategy, ESG, governance, renewable energy, digital technology, marketing, supply chain management, AI and innovation	 SH Yoon (62) 01/05/2022 Business leadership, corporate finance, digital transformation, e-commerce, global strategy, international telecommunications, marketing, and turning around difficult businesses	 M Booï (61) 01/07/2024 Business strategy, innovation, engineering, policy, regulatory and general management, ICT	 MLB Msimang (48) 01/07/2024 Regulatory, public policy, competition policy, broadband policy and funding	 LL Von Zeuner (64) 10/12/2012 Accounting, auditing, business leadership, ESG, finance, governance, M&A, policy, regulatory, commercial, risk management
Other directorships*: FirstRand Bank Ltd	Adcorp Holdings Ltd, Payments Association of South Africa, African Bank Ltd and others	Brand SA Trust, RRS Investment Holdings (Pty) Ltd and others	None	Peco Power (Pty) Ltd	Exxaro Resources Ltd, South 32 Ltd and others	FirstRand Ltd, FirstRand Bank Ltd, Sappi Ltd

Board changes in FY2025, effective 20 August 2024:

- **Mr LL Von Zeuner** retired by rotation from the Board and Committees
- **Ms O Ighodaro** was appointed as Chairperson of the Risk Committee and Member of the Audit Committee
- **Mr M Booï** was appointed as a Member of the Technology Committee
- **Ms MLB Msimang** was appointed as a Member of the Social and Ethics Committee
- **Ms KP Lebina** was appointed as a Member of the Remuneration Committee

* Directorships listed do not include all directorships and dormant entities. We have disclosed public and JSE-listed entities where substantive commitment will be required. Curricula vitae of the Board Members are available at www.telkom.co.za/ir/Governance/Governance.shtml.

Group Exco team

Exco changes in FY2025: In April and July 2024 respectively, we welcomed Sello Mmakau as Group Chief Digital Officer and Mpho McNamee as Chief of Corporate Affairs.

Althon Beukes, was the CEO of Openserve (Pty) Ltd for nine months of the year and resigned on 31 March 2025.

					
S Taukobong (55)	NS Dlamini (51)	S Khuzwayo (55)	PJ Bogoshi (59)	NM Lekota (54)	M McNamee (43)
GCEO and Executive Director	GCFO and Executive Director	Acting CEO: Openserve (Pty) Ltd	CEO: Business Connexion Group Ltd (BCX)	Chief HR Officer	Chief of Corporate Affairs
Appointed: 01/01/2022	01/12/2023	21/12/2024	01/06/2018	01/03/2017	15/07/2024
Principal skills: Marketing, customer operations, M&A, and business leadership	Finance, business strategy and execution, business leadership and corporate governance	Business strategy and leadership, build and maintenance operations of infrastructure management	ICT specialist, strategy, sales, and business leadership	HR strategy architecture and business leadership	Stakeholder relations, corporate social responsibility, sustainability, ESG
Directorships of Group companies: Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Swiftnet SOC Ltd ¹ , Trudon ² (Pty) Ltd	Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Rossal No65 (Pty) Ltd, Swiftnet SOC Ltd ¹	Openserve (Pty) Ltd	Business Connexion Group Ltd	Business Connexion Group Ltd, Rossal No65 (Pty) Ltd,	Openserve (Pty) Ltd

		
LM Siyo (47)	DJ Reyneke (63)	SE Mmakau (51)
CEO: Telkom Consumer	Chief Capital Projects Officer	Group Chief Digital Officer
Appointed: 01/10/2021	01/12/2023	01/04/2024
Principal skills: Business leadership, sales and marketing, strategy, financial management, digital transformation, and e-commerce	Business strategy and execution, telecommunications, business leadership, regulatory and policy, and corporate governance	ICT strategy, business leadership, digital business transformation, technology operating model, data analytics, cyber, risk and governance
Directorships of Group Companies: Trudon ² (Pty) Ltd	Gyro Properties (Pty) Ltd	Openserve (Pty) Ltd, Business Connexion Group Ltd, Auditor-General South Africa

¹ Director until 31 January 2025.

² Trudon is in the process of being deregistered and will no longer be a subsidiary once the process is finalised.

Telkom's approach to governance

Role of the Board

The role of the Board is to:

Provide strategic direction to the Group

Approve policies and plans to give effect to the approved strategy and direction

Oversee and monitor implementation and execution by management

Ensure accountability for performance

The Board delegates power to the GCEO to execute Telkom's strategy with the assistance of Exco, and approves the DoA through which the delegation is formalised.

The Board has constituted governance structures to help it discharge its duties, and these structures are reviewed annually for adequacy.

The Board charter is reviewed annually and guides the Board on its mandate, responsibilities and power. The charter aligns with the Companies Act, JSE Listings Requirements and King IV.

The Board is led by an independent Chairperson. He facilitates effective communication, collaboration and decision-making among Board Members, ensuring that discussions focus on key issues and objectives.

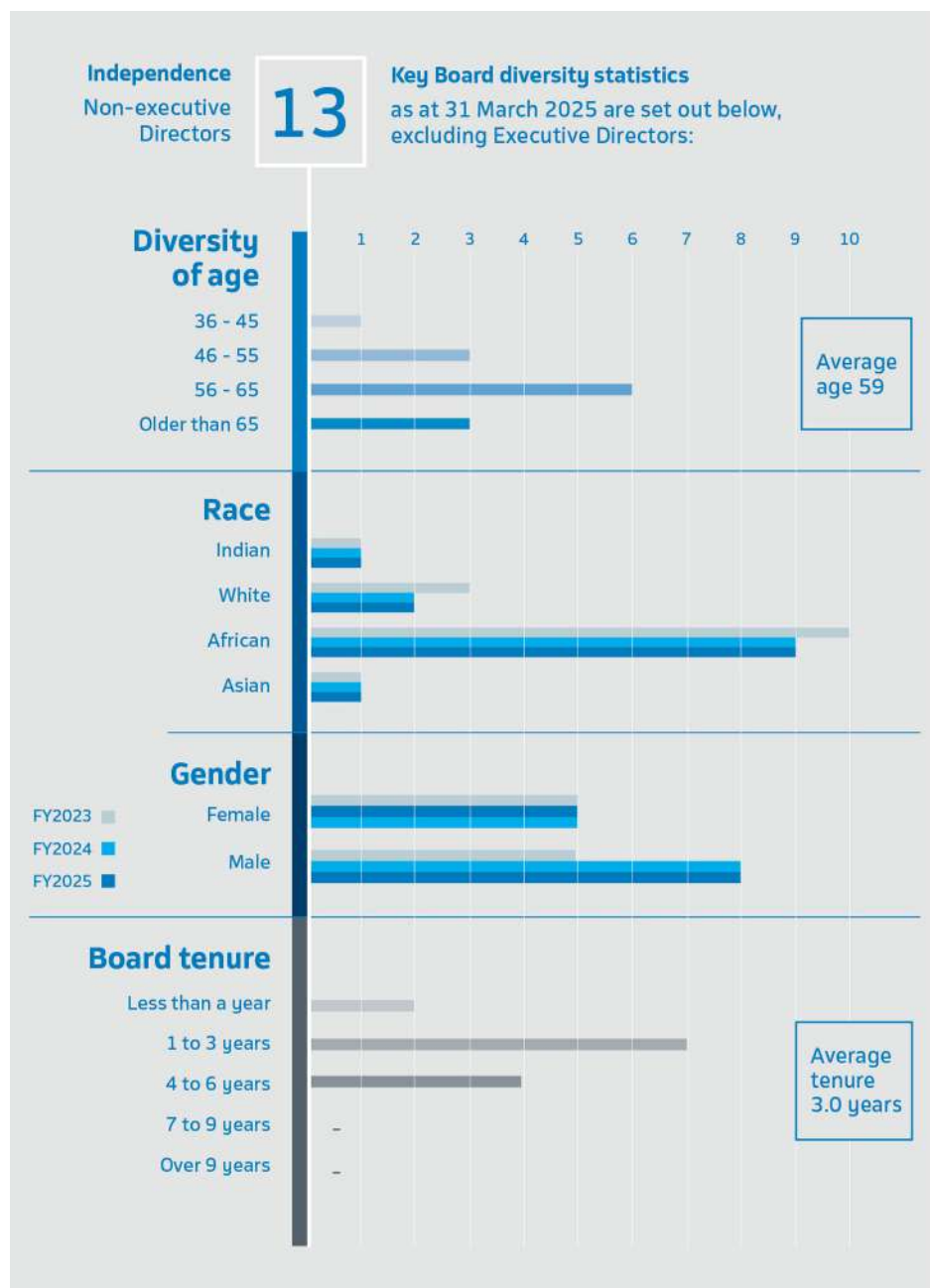
There is a clear balance of power and no one individual has unfettered powers.



B Apleni (46)

CEO: Openserve (Pty) Ltd (effective 1 July 2025)

Beauty has over 25 years of experience in the ICT sector, with 15 years in executive roles spanning mobile, fixed-line, and IT systems. She is a strategic leader with expertise in digital transformation, M&A, stakeholder engagement, and operations. Her previous roles include Chief of Direct Sales and Technology, Chief Technology and Information Officer for Telkom Consumer, and Chief of Staff, Strategy, and M&A for Telkom Group.



Diversity of expertise



Board appointments and diversity

The Nominations Committee reviews Board appointments and makes recommendations aligned with the nominations policy and Board diversity policy. The nomination process for Directors is outlined in the Board charter and nominations policy, which incorporates the diversity targets and criteria of the Board.

The Nominations Committee reviews the Board structure and diversity annually and makes recommendations to the Board. The Committee uses a skills matrix to define the skills that Telkom will need in the future and assess the current skills within the Board (see matrix alongside). In making recommendations, the Committee identifies candidates who can bring the required skills to the Board.

The Board is satisfied that it has an appropriate and effective balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities.

Tenure, rotation and retirement

A third of the Directors retire by rotation at every AGM. Retiring Directors are selected from among the longest-serving Directors since the last appointment or election. These Directors may offer themselves for re-election, if available, and are recommended to shareholders for appointment or reappointment at the AGM.

The following Non-executive Directors will retire by rotation at the upcoming AGM and have offered themselves for re-election:

- Mr PCS Luthuli
- Ms IO Selele
- Mr SP Sibisi
- Mr SH Yoon

Any Non-executive Director who has held office for an aggregate period of more than nine years since their first election or appointment must retire by rotation at every AGM thereafter.

Director development

The office of the Group Company Secretary inducts new Directors on Telkom's operations, the legal and regulatory framework within which we operate, and the policies that Directors are required to follow.

The Board approved a development plan for FY2025 to address both its existing and emerging needs. The Board received presentations on the following topics:

- Developments and dynamics post the national elections
- Amendments to the Companies Act (facilitated by an external service provider)
- Mastering risk maturity (as recommended by the Risk Committee)
- Deterring fraud, corruption and unethical behaviour, with a focus on conflicts of interest (as recommended by the Social and Ethics Committee)

The Telkom Foundation also presented to the Board to expose Directors to other facets of the business. The presentation was facilitated by beneficiaries and highlighted how the Foundation influences and motivates change in people's lives.

Board and Exco succession planning

The Board reviews its succession planning as and when required to ensure continuity and sustainability and to increase its resilience and adaptability to evolving challenges and opportunities. Refer to [page 13](#) for more information.

”

Robust succession plans mitigate the risks of sudden departures or disruptions in leadership.

Chairperson's roadshow

The Chairperson's roadshow was held in August 2024.

Key topics raised by stakeholders included:

- Lack of past performance
- Clarity and consistency in the strategy and the Board's position on the Telkom of the future's strategy
- The size of the Board
- The need for consistent disclosure and information sharing

An action plan has been developed. The Board will ensure that the concerns raised by stakeholders are addressed.

Also refer to the Chairperson's and GCEO's interviews on [pages 11](#) and [14](#), respectively.

Conflicts of interest management

The Group Company Secretariat manages the conflicts of interest process at the start of each financial year. Our governance and ethics prescripts define the conditions and process for declarations of interest. All Directors and Group Prescribed Officers update mandatory annual declarations. These are recorded by the Group Company Secretary and tabled for noting by Exco and the Board.

The conflicts of interest process also extends to employees beyond executive management level and to suppliers. Suppliers must agree to comply with the Supplier Code of Conduct upon engagement.

We require Executive and Non-executive Directors, Group Prescribed Officers, Prescribed Executives and executive management to make new declarations of interest if their circumstances change during the year.

The business units apply the Group's governance and ethics prescripts.

- The conflicts of interest register for the Board is available at <https://group.telkom.co.za/ir/Governance/Conflict-Declarations.shtml>
- The Group Code of Ethics is available at www.telkom.co.za/about_us/humancapital/values/group-ethics-handbook.shtml

Group Company Secretary

The Group Company Secretary is responsible for the duties set out in section 88 of the Companies Act. Specific responsibilities include guiding Directors on discharging their duties and informing them of new laws affecting the Group.

The Group Company Secretary engages and supports the Board and its Committees and advises on their fiduciary duties, JSE Listings Requirements, disclosure obligations, good governance practices and ethical conduct.

There are processes for Board Members to access independent professional advice where needed. The Board is satisfied that these are adequate and effective.

The Group Company Secretary maintains an arm's-length relationship with Directors and oversees governance in all subsidiaries in line with the Group governance framework and the operating model.

The Nominations Committee evaluated the Group Company Secretary and Secretariat during its meeting in July 2025.

The Board is satisfied with the performance of the Group Company Secretary and the effectiveness of the Group Company Secretariat function.



An overview of key governance actions

The Board's focus areas

The Board and its Committees are satisfied that they fulfilled their fiduciary duties and responsibilities, as recorded in the charter and respective terms of reference.

The Board confirms that it is operating in conformity with its annual work plans, the applicable provisions of the Companies Act and its Mol.

The Board's key priorities for the year are discussed in the Chairperson's report, starting on [page 11](#).

Special Investigating Unit

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

On 11 December 2023, the High Court granted the President and the SIU leave to appeal to the Supreme Court of Appeal. The appeal is pending before the Supreme Court of Appeal, with a hearing date expected for the latter part of 2025 or early 2026.

Board Committees and their focus

The Board has seven Committees. Each is guided by its respective terms of reference. The Board and Committees may invite external advisors and any executive management members to their meetings, should the need arise. The Committee Members collectively are adequately and appropriately skilled and experienced to effectively discharge their duties.

The Chairperson and Members of each Committee are set out on the pages that follow.

The number of meetings and their attendance are set out on [page 86](#).

We review the Board charter and Committees' terms of reference annually or as and when required. We align them to best practice principles in terms of King IV, the JSE Listings Requirements and other applicable laws and regulations. The Board approved the revised charter and terms of reference for FY2026 in March 2025.

- The Board charter and Committee terms of reference are available at <https://group.telkom.co.za/ir/Governance/ToR-Committees.shtml>
- The summary of the King IV disclosures is available at <https://group.telkom.co.za/ir/overview.html>

Nominations Committee

The Nominations Committee reviews and makes recommendations to the Board on most governance-related matters, particularly the nomination and composition of the Board and Committees, including all aspects of diversity.

The Committee works closely with the Remuneration Committee on succession planning for Executive Directors and critical roles.



Mr MG Qhena



Composition

The Committee is led by the Board Chairperson, **Mr MG Qhena**, and comprises Independent Non-executive Directors.

Members:

EG Matenge-Sebeshe, IO Selele, B Kennedy

Permanent Invitees: GCEO.

The GCFO and Chief HR Officer attend by invitation, as and when required.

Over and above its standard activities, the Committee considered the following:

- Following the appointment of two new Non-executive Directors, the Committee reviewed the Board and Committee composition. It assessed whether the Committees and Board Members have the appropriate mix of skills, knowledge and experience to ensure the effectiveness of the Board and that Members are able to fully discharge their fiduciary duties. As a result, recommendations regarding Committee composition were made to the Board for approval
- Reviewed and recommended the conflict of interest register to the Board for approval. The register was subsequently uploaded on Telkom's website
- Reviewed and approved the JSE Compliance Certificate, King IV disclosure report and Notice of AGM for FY2025, in line with applicable legal and regulatory prescripts
- Evaluated the performance of the GCEO for FY2025, which was found to be satisfactory

Audit Committee

The Audit Committee ensures the Group has effective corporate governance mechanisms and frameworks in place, aligned with applicable corporate governance requirements and benchmarks.

It assists the Board in overseeing the quality and integrity of the Group's integrated reporting (including ESG elements), all financial statements (Group and Company at interim and year-end), and public announcements in respect of the financial results.

Further, it assesses the integrity and effectiveness of the accounting, financial, compliance and other control systems.

¹ Mr LL Von Zeuner, previously a Member of the Committee, retired from the Board and its Committees on 20 August 2024.



Composition

The Committee is led by **Mr KA Rayner** and comprises Independent Non-executive Directors who all satisfied the requirements of section 94(1) of the Companies Act and King IV. The Chairperson of the Risk Committee is a cross-member on the Audit Committee.

The Committee Members collectively were adequately skilled and possessed the appropriate financial skills, expertise and experience required to discharge their duties in FY2025.

Members: O Ighodaro, KP Lebina, PCS Luthuli, H Singh, LL Von Zeuner¹

Permanent Invitees: GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, external auditors

Over and above its standard activities, the Committee considered the following:

- Recommended the dividend policy reinstatement, following a four-year suspension, to the Board for approval. This is indicative of the Group's improved financial position and outlook
- Reviewed and approved the integrated report and annual financial statements for FY2025, as per the legal and regulatory requirements
- Reviewed and recommended the revised external audit policy for Board approval. The review was to ensure the policy remains in line with best practice
- The JSE disclosure policy was recommended to the Board for approval. The policy was reviewed to ensure it remains in line with best practice and complies with the applicable legislative and regulatory prescripts
- As a result of a rule change in the Telkom Retirement Fund, the Committee recommended the change from a "defined benefit" to a "defined contribution" scheme

For more details on the Committee's activities, refer to its report in the annual financial statements, available online.

Also refer to the financial capital report on [page 17](#).

Investment and Transactions Committee

The Investment and Transactions Committee deals with any significant investment or transaction relating to the acquisition or disposal of any assets. This includes any equity injection or possible merger or acquisition approved by the Board.

The Committee ensures that post-merger integration plans for approved transactions are adequate. It monitors the performance of investments against the original investment criteria and pre-investment assumptions through formal post-acquisition reviews.



Composition

The Committee is led by **Mr PCS Luthuli** and comprises Independent Non-executive Directors and Executive Directors.

Members: O Ighodaro, KP Lebina, KA Rayner, S Taukobong, B Kennedy, SH Yoon

Permanent Invitees: GCFO, Group Executive: Mergers and Acquisitions

Over and above its standard activities, the Committee considered the following:

- Oversight of the finalisation of the Swiftnet disposal (refer to [page 15](#))
- Received an update on the sale of non-core assets for Gyro (refer to [page 58](#))
- As a result of the growth in mobile subscribers, the Committee recommended an increase in FY2025 capital allocation to support full funding of the Mobile business case
- Reviewed major Group investment programmes to ensure that capex supported optimal revenue growth, enabling the Committee to monitor capex investment and corresponding revenue performance to track that spend is aligned with the business strategy
- Reviewed and noted the Group's liquidity and foreign exchange treatment

Remuneration Committee

The Remuneration Committee's primary objective is to set the Group's remuneration policy and ensure it aligns with the Group's strategy, shareholder interests, and regulatory requirements on behalf of the Board.

The Committee sets and reviews total remuneration and other incentives for senior executives and all employees. It ensures that pay decisions are ethical, fair, competitive, and linked to Company short- and long-term performance.

The remuneration policy aims to ensure that competitive reward strategies and programmes are in place to attract and retain talent at all levels that will enable the Group to achieve its strategic goals.

The Committee oversees remuneration for Executive Directors.



Mr B Kennedy



Composition

The Committee is led by **Mr B Kennedy** and comprises Independent Non-executive Directors.

Members: O Ighodaro, KP Lebina, MG Qhena, LL Von Zeuner¹

Permanent Invitees: GCFO, GCEO, Chief HR Officer, Group Executive: Remuneration and Performance Management

¹ Mr LL Von Zeuner, previously a Member of the Committee, retired from the Board and its Committees on 20 August 2024.

Over and above its standard activities, the Committee considered the following:

- Reviewed the remuneration policy and philosophy as well as the FY2025 remuneration for Executive Directors, Prescribed Officers and all employees, to ensure that Telkom's remuneration remains competitive and fair within the market
- Reviewed the Group's management of headcount costs to ensure these are aligned to the Group's sustainability principles
- Recommended the following key items for Board approval:
 - FY2025 long-term incentive (LTI) annual share awards and performance conditions
 - Fair and responsible pay policy
 - Human capital strategy
 - Strategic Group performance scorecard
- The Committee considered the outcome of the benchmarking exercise conducted to align the annual fees for Non-executive Directors, ensuring that they remain aligned to the market

Refer to the standalone remuneration report online and the summary on [page 93](#) for more details on the Committee's focus areas.

Risk Committee

The Risk Committee assists the Board in providing independent and objective oversight of risk management in the Group. This ensures the quality, integrity and reliability of the Group's risk management.

Telkom has a risk management framework that monitors the management of key and transversal risks.



Ms O Ighodaro



Mr LL Von Zeuner¹

¹ Mr LL Von Zeuner, previously a Chairperson of the Committee, retired from the Board and its Committees on 20 August 2024.



Composition

The Committee is led by **Ms O Ighodaro** and comprises Independent Non-executive Directors. The Chairperson of the Audit Committee is a cross-member on the Risk Committee.

Members: EG Matenge-Sebesho, KA Rayner, SP Sibisi, H Singh, SH Yoon,

Permanent Invitees: GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, Group Executive: ERM, Security and Forensics, external auditors

Over and above its standard activities, the Committee considered the following:

- Reviewed and recommended the risk appetite statement and risk tolerances to the Board for annual approval. These were reviewed to ensure that the thresholds remain relevant in the context of various prevailing socio-economic factors, promoting effective risk management and protecting the Group's sustainability
- Reviewed the strategic, emerging and operational risks and mitigation actions to ensure effective risk management and appropriate internal controls
- Reviewed the combined assurance plan to ensure it enables an effective control environment
- Received an update on the impairment of receivables and was comfortable with the procedures in place
- Was apprised of the impact of the mobile network outage and corrective action taken
- Reviewed the information security risks, specifically cyberattacks, and the Group's mitigation measures
- Reset the Group's risk management approach to be more strategic in nature

Refer to [page 46](#) for ERM and compliance.

Social and Ethics Committee

The Social and Ethics Committee is a statutory Board Committee per the provisions of the Companies Act. Its activities cover environment, social, governance and ethics-related matters.



Ms EG
Matenge-
Sebesho



Composition

The Committee is led by **Ms EG Matenge-Sebesho** and comprises Independent Non-executive Directors and Executive Directors, in line with King IV.

Members: NS Dlamini, B Kennedy, IO Selele, MLB Msimang, SP Sibisi, S Taukobong

Permanent Invitees: Chief HR Officer and Chief of Corporate Affairs

Over and above its standard activities, the Committee considered the following:

- Monitored the target of at least 36% female representation by 31 March 2025 as part of the diversity, equity and inclusion report, given Telkom's continued commitment to this area
- Received an update on International Fraud Awareness Week in November 2024. This highlighted an improved participation, illustrative of heightened awareness within the Group
- Considered the report on social responsibility, which includes the activities of the Telkom Foundation and FutureMakers, to ensure Telkom continues to be a responsible corporate citizen and play a pivotal role in contributing to broader society
- Monitored the management of ethics, corporate security reports, forensics reports including whistle-blowing matters, and health and safety reports, to ensure Telkom continues to have a good ethical culture
- Considered the impact of the BCX section 189 process on employees and operations and ways in which the business unit can improve its financial performance
- Monitored the ESG strategy implementation to ensure the Group aligns with best practice
- The Committee received training on the Prevention and Combating of Corrupt Activities Act, 12 of 2004 (PRECCA), covering prevention of corruption, fraud and fiduciary duties regarding conflicts of interest

For more details on the Committee's activities, refer to its report on [page 90](#).

Technology Committee

The Technology Committee was constituted by the Board and became operational in August 2024.

The Committee's primary purpose is to assist the Board with oversight of technology and innovation strategies, plans and operations related to information security, cybersecurity, data privacy and third-party technology strategies.



Prof H Singh



Composition

The Committee is led by **Prof H Singh** and comprises Independent Non-executive Directors.

Members: M Booi, PCS Luthuli, KA Rayner, IO Selele, SP Sibisi, LL Von Zeuner¹

Permanent Invitees: Group Chief Digital Officer, GCEO, GCFO

¹ Mr LL Von Zeuner, previously a Chairperson of the Committee, retired from the Board and its Committees on 20 August 2024.

Over and above its standard activities, the Committee considered the following:

- Training related to the Committee's technology governance responsibilities in terms of King IV
- Reviewed the digital business strategy and latest industry trends within satellite technology, interrogating possible opportunities for Telkom to expand services in this area
- Considered cost optimisation of maintenance services provided by third parties to support Telkom's overall financial sustainability

Board and Committee meeting attendance

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee	Investment and Transactions Committee	Social and Ethics Committee	Technology Committee	Joint Audit and Social and Ethics Committees	Joint Audit and Investment and Transactions Committees
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Independent Non-executive Directors

MG Qhena	7/7			6/6	3/3					
EG Matenge-Sebesho	7/7		3/4 ¹		3/3		5/5		1/1	
B Kennedy	7/7			6/6	3/3	6/6	5/5		1/1	1/1
H Singh	7/7	6/6	4/4					2/2	1/1	1/1
KP Lebina	7/7	6/6		3/3 ⁷		6/6			1/1	1/1
PCS Luthuli	7/7	6/6				6/6		2/2	1/1	1/1
IO Selele	7/7				3/3		5/5	2/2	1/1	
KA Rayner	7/7	6/6	4/4			6/6		2/2	1/1	1/1
LL Von Zeuner	5/5 ²	3/3	1/1 ²	3/3 ²						
O Ighodaro	7/7	3/3 ³	2/2 ³	6/6		6/6			0/0 ⁸	1/1
SP Sibisi	7/7		3/4 ¹				3/3	2/2	1/1	
SH Yoon	7/7		4/4			6/6				1/1
M Booi	5/5 ⁴							2/2 ⁶		
MLB Msimang	5/5 ⁴						4/4 ⁵		0/0 ⁵	

Joint meetings are sometimes scheduled between various Committees to deliberate on common interests, such as the draft integrated report and draft business plans.

Special meetings are convened if matters arise outside of the annual work plan that warrant urgent consideration.

Executive Directors

S Taukobong	7/7	6/6	4/4	6/6	3/3	6/6	5/5	2/2	1/1	1/1
NS Dlamini	7/7	6/6	4/4	6/6		6/6	5/5	2/2	1/1	1/1
Total	100%	100%	78.3%	100%	100%	100%	100%	100%	90.9%	100%

¹ Apology (includes unscheduled meetings).

² LL Von Zeuner retired as a Director and Chairperson of the Risk Committee and Member of the Remuneration Committee at the AGM on 20 August 2024.

³ O Ighodaro was appointed as Chairperson of the Risk Committee and Member of the Audit Committee with effect from 20 August 2024.

⁴ MLB Msimang and M Booi were appointed as Non-executive Directors with effect from 1 July 2024.

⁵ MLB Msimang was appointed as a Member of the Social and Ethics Committee with effect from 20 August 2024.

⁶ M Booi was appointed as a Member of the Technology Committee with effect from 20 August 2024.

⁷ KP Lebina was appointed as a Member of the Remuneration Committee with effect from 20 August 2024.

⁸ O Ighodaro was appointed as a Member of the Audit Committee with effect from 20 August 2024.

Combined assurance

Telkom adopts a dynamic and integrated combined assurance approach to enhance and streamline assurance-related activities across the Group.

The combined assurance framework ensures co-ordinated, accountable and guided execution of all assurance activities, aligning them with evolving business challenges and opportunities.

Enhancing assurance through integration

The combined assurance model aims to align and integrate all assurance services and functions so that these can work in unison. This enables an effective control environment, maintains the integrity of information for decision-making, and supports the integrity of Telkom's external reports and underlying statements.

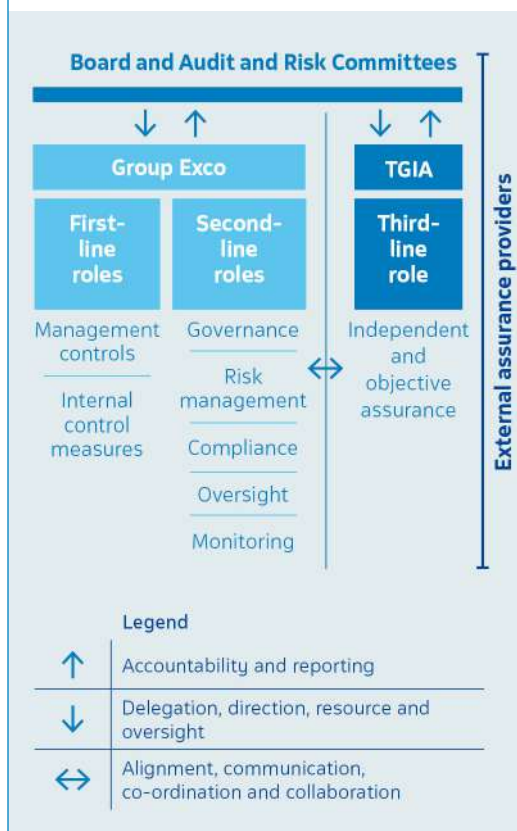
The Board, through the Audit Committee (supported by the Risk Committee), oversees the effectiveness of the combined assurance model. It ensures that the scope of combined assurance is informed by the principal risks and opportunities that materially affect the Group's ability to create value.

Telkom's assurance framework encompasses its business units, functional areas and internal and external assurance providers, and is supported by assurance forums. This collective effort guarantees that our combined assurance mandate is effective and adaptable. Our regulators (e.g. ICASA and the Competition Commission) may institute reviews to gain assurance that Telkom complies with applicable laws and regulations.

Telkom Group Internal Audit (TGIA or internal audit), in collaboration with Telkom ERM, leads the co-ordination and facilitation of the Group's combined assurance efforts across the lines of assurance. It aligns its activities with the other assurance providers, including the external auditors, so that Telkom's significant risks are adequately covered and managed.

The Audit Committee is satisfied with the effectiveness of the combined assurance arrangements.

The combined assurance framework is outlined in the diagram below.



Internal audit

TGIA is a Group-wide function that provides independent and objective assurance and advisory services to add value and enhance Telkom's operations. TGIA is guided by the Telkom Group Internal Audit charter, which sets out the terms of reference for internal audit activity. It serves as a basis for governance of the internal audit activity necessary for TGIA to fulfil its role and to meet the performance criteria set by the Board and the Audit Committee. The charter was updated and approved at the Audit Committee meeting in November 2024.

The Chief Audit Executive reports functionally to the Audit Committee Chairperson and administratively to the GCFO. The Chief Audit Executive attends meetings of the Audit and Risk Committees and is a standard invitee to Group Exco meetings and other Committee meetings comprising mostly senior executives. This promotes the independence of internal audit and the accomplishment of its responsibilities.

TGIA applies a risk-based audit methodology in developing its annual audit plan. It aligns the plan with the Group's strategic risks, considering any opportunities and challenges in the respective operating environments. TGIA supports all business units in achieving their strategic objectives. It collaborates with other assurance providers to continually enhance its combined assurance efforts.

The Audit Committee approves the audit plan annually. TGIA reviews and revises the plan quarterly, as relevant, to align with key business priorities and changes in the business and risk environment. All changes to the plan are tabled with the Audit Committee for approval.

In FY2025, TGIA executed its internal audit plan and prepared the plan for FY2026. TGIA followed a systematic approach to evaluate and enhance the effectiveness of governance, risk management and internal control processes within the Group. It provided assurance to the Group's stakeholders by:

- Evaluating and recommending improvements to Telkom's governance processes
- Assessing the effectiveness of and recommending improvements to Telkom's risk management processes
- Evaluating the adequacy and effectiveness of Telkom's internal controls

TGIA conducts ongoing internal quality assessments and is subject to an external quality assurance review at least once every five years. In FY2022, an external review was performed by the Institute of Internal Auditors South Africa. The review found that TGIA conforms with the International Standards for the Professional Practice of Internal Auditing and performs its services effectively. TGIA achieved the highest ratings of "Generally Conforms" and "Generally Effective".

Embedding combined assurance through structured collaboration

To continue strengthening combined assurance, we ensured that collaboration across assurance lines was solidified through the establishment of the following key structures:

1 Combined assurance awareness forum: This forum serves as a platform to embed a robust risk and ethics culture across the Group. It ensures that engagement and communication by second-line assurance functions and management are co-ordinated and aligned.

2 Economic crimes forum: This forum consists of functions that have a direct and indirect role in fighting economic crimes within the Group. It co-ordinates strategies and shares expertise, tools and resources to prevent and mitigate economic crime losses across the business.

3 First-party insurance working forum: This forum co-ordinates activities and provides operational governance on first-party insurance. It brings together policy leads, insurance subject matter experts and assurance providers to optimise insurance practices within Telkom.

By establishing these forums, we have reinforced a structured and proactive approach to combined assurance, enhancing Telkom's resilience and governance.

Managing our business with integrity

Embedding an ethical culture

The Board approved the annual ethics leadership and employee commitment statement for FY2025, inclusive of the new Telkom shared values.

The Board Chairperson and the GCEO signed the statement on behalf of the Board and management to demonstrate ethical leadership. This annual ethics leadership pledge is cascaded down to business unit level and adopted by the respective subsidiary boards. Refer to the annual ethics pledges available at <https://group.telkom.co.za/ir/Governance/Ethics-Pledges/>

The Group Ethics Office conducted regular awareness initiatives to embed a Group-wide ethical culture and promote ethical behaviour by employees and suppliers. These were supported by business unit Ethics Champions, the Group Ethics Office and Group Forensics.

The Group Ethics Office provides advisory and information-based activities to the Group, enabling Telkom to provide sound resolutions to ethical dilemmas.

1	Whistle-blowing	We developed a procedure to enhance protection of whistle-blowers and parties who participate in investigations.
2	Group Code of Ethics	This document guides, promotes and encourages ethical behaviour and decision-making, enabling Telkom to live its values and standards. We reviewed the Code to ensure: - Its purpose, language, tone and format are clear and understandable - Employees can easily navigate and find what they are looking for - Its different parts form a logical whole This review considered which parts of the Code relate to ethics and which could be contained in other documents more suitable as part of employment conditions. We evaluated whether the Code addresses ethical principles adequately, and benchmarked it. The revised Code is in its final stages and is scheduled for approval in FY2026.
3	Annual ethics compliance	The annual ethics compliance statistics demonstrated commitment to ethical conduct and doing what is right, especially when no one is watching. We achieved 99% compliance for FY2025 (FY2024: 99%), with declaration of interest compliance at 89% (FY2024: 92%).
4	International Fraud Awareness Week	The Group Ethics Office participated in the annual International Fraud Awareness Week under the theme "Be a whistleblower. Bua, Vuvuzela, Report Fraud! We Have Your Back". A summit event was held on 20 November 2024, with a panel discussion by internal parties and presentations by external experts. Topics covered included the new PRECCA offence of "failure to prevent corrupt activities", protection of whistle-blowers, setting the tone from the top, and conflicts of interest.
5	Ethics and Fraud Survey	The three-yearly Ethics and Fraud Survey was conducted in October 2024 to: - Measure the effectiveness of the Group's ethics and fraud risk management programmes - Enhance the control environment and ethical culture within the Group The outcomes were: - An improved 44% participation rate (FY2021: 30%) - The responses to individual questions were above 90%, indicating a mature ethics awareness level. This was similar to the 2021 results, indicating that our fraud and ethics awareness is on track and yielding the desired results

Share dealing policy

Telkom's share dealing policy promotes transparency when dealing in the Company's shares. The policy is informed mainly by the Financial Markets Act, 19 of 2012 and the JSE Listings Requirements.

All Directors, Group Prescribed Officers and Affected Persons must obtain clearance from the Dealing Committee before trading. A SENS announcement must be released thereafter for Directors and Prescribed Officers and their associates, according to the provisions of the JSE Listings Requirements.

We also have a Subsidiary Dealing Committee to manage the clearance process for trading by subsidiary prescribed executive members, which is under the auspices of the Group Company Secretariat.

Directors and employees must adhere to the policy's provisions. We do not permit trading in the Company's securities during prohibited periods, which comprise price-sensitive periods and closed periods (financial and cautionary closed periods). The respective closed periods are communicated to affected Directors, persons and employees under the share dealing policy.

A collaborative approach to address fraud, corruption and other forms of economic crime

The FY2025 fraud risk management plan consisted of 80% of proactive forensic activities, i.e. fraud prevention (including fraud awareness and training) and fraud detection. Execution of the plan was supported by management and second- and third-line assurance providers as part of combined assurance.

Fraud and other economic crime risks were also managed through the economic crimes forum. The forum was established to look holistically at economic crime beyond conventional fraud. It draws on Group functions including forensics, revenue assurance and fraud management, physical security, cybersecurity, and credit management.

The economic crimes forum exploits synergies and expertise across different functions. This contributed to a 35% year-on-year decline in economic crime losses. We are also improving our processes for recovering the proceeds of economic crime.

This combined approach has helped reduce the impact of fraud, corruption, theft and other economic crime on Telkom's operations.

Proactive awareness and monitoring to combat economic crime

This year's activities to combat economic crime were aimed at enhancing ethical culture and leadership, continuous monitoring and improvement. They included:

- A gap analysis on the amended Prevention and Combating of Corrupt Activities Act
- Ethics and fraud leadership pledges
- An ethics and fraud culture survey
- Monthly fraud and whistle-blowing awareness campaigns
- Hijacking and mugging master drive awareness (for Openserve and BCX technicians)
- A roundtable discussion during the International Fraud Awareness Week
- Increasing and enhancing fraud data analytics exception reports
- Supplier due diligence and other fraud detection reviews

The Ethics and Fraud Survey indicated that 97% of respondents had confidence in the anonymity of the whistle-blowing hotline and were committed to report incidents of economic crime and irregular conduct. In addition, the hotline incidents analysis showed that 92% of those who reported did not claim anonymity and 5% claimed partial anonymity.

This indicates confidence and trust in Telkom's whistle-blowing processes. It is supported by the FY2025 numbers, with 1 239 incidents reported to the hotline, a 16% increase year on year.

To make it easy to report, Telkom has six hotline reporting touch points. The hotline is independently managed and operates 24/7.

We are grateful to internal and external stakeholders who report incidents. They affirm Telkom's stance of zero tolerance towards fraud, corruption and irregular conduct.

Telkom is committed to the protection of whistle-blowers as per the approved Whistle-blowers and Investigation Participating Parties Protection Procedure.

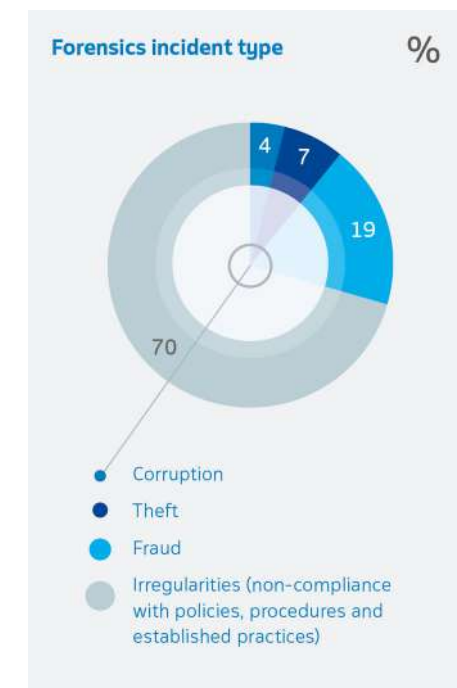
Response to economic crimes

To improve our economic crime prevention measures, we participate in external forums like the Communication Risk Information Centre, South African Fraud Prevention Services, and Non-Ferrous Metals Crime Combating Committee.

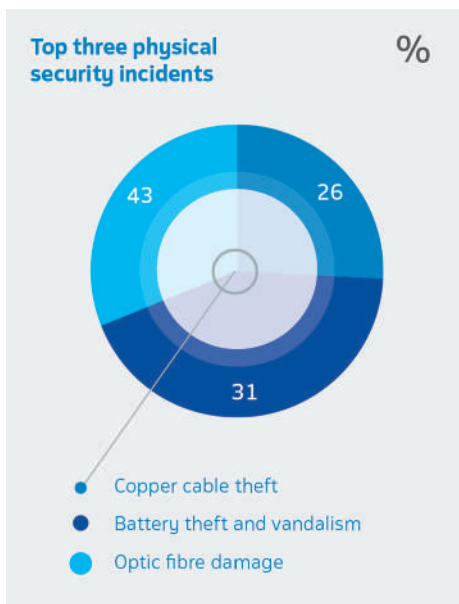
Telkom Group Forensics (TGF) and Telkom Physical Security (TPS) work closely with the police to ensure traction on criminal cases opened on behalf of Telkom.

TGF substantiated or confirmed 60% of the allegations that were reported. As a result of the work done by TGF and TPS, multiple consequence actions were taken against those implicated.

The graph below shows the percentage split of incident types dealt with by TGF.



The top three physical security incident types are set out below. These declined by 39% year on year.



The economic crime strategy focuses on prevention, detection and improvement of internal controls. As a result of our economic crime prevention activities:

- 19 employees or third-party employees were dismissed
- 12 employees or third-party employees received various types of warnings
- 11 employees or third-party employees resigned after being placed under investigation
- 20 employees received various types of coaching to align their conduct with Telkom's values

- Four employees were on suspension as at 31 March 2025 due to allegations or findings of forensic investigations
- Six service providers' contracts were terminated and one received a warning
- 668 people were arrested relating to security incidents
- 289 matters relating to security incidents were taken to court and 207 people were convicted

In FY2026, we will focus on:

- Adopting a new fraud risk management strategy in line with the new ERM strategy
- Fraud awareness initiatives geared towards external stakeholders, particularly customers
- Enhancing fraud exception reports as part of strengthening fraud detection
- Improving our combined assurance in dealing with economic crimes
- Enhancing the Group's ethical culture



Social and Ethics Committee report

Q&A with the Committee Chairperson

Q

What did the Committee focus on this year, and what were the related actions, decisions and impacts?

A

We remained committed to our oversight role in promoting fair and ethical practices within the Group and in how Telkom engages with customers.

The Committee oversaw the Ethics and Fraud Survey, which is conducted every three years. The survey measures the effectiveness of our ethics and fraud risk management programmes and helps to enhance the control environment and ethical culture within the Group. Participation increased to 44% (2021: 30%), and employees gave encouraging feedback.

We finalised the revised Group Code of Ethics and will take it through the governance structures for approval in FY2026. The Group introduced a procedure to enhance protection for whistle-blowers and parties who participate in investigations. The Committee also received training on PRECCA to refresh us on our duties to monitor ethical conduct and eradicate corruption. Read more about our ethical culture on [page 88](#).



In FY2025, the Committee prioritised oversight of Telkom's ethical culture. We also considered how we can refine stakeholder engagement to create value for all our stakeholder groups.

Ethel Matenge-Sebesho
Chairperson, Social and Ethics Committee

We monitored the Group's progress in strengthening customer fairness and experience. We considered various reports related to customer treatment, particularly initiatives aimed at:

- Reducing billing-related complaints
- Enhancing digital capabilities
- Improving customer centricity with a focus on SMMEs

The impact of these efforts was reflected in various external benchmarks. Telkom placed second in the customer relationship management category and first in NPS in the Orange Index for the telecommunications industry. Telkom Mobile achieved second place for customer relationship management and first place for NPS.

The Group achieved 100% compliance with ICASA's service level agreements. The top escalation categories were disputes, debit orders and suspensions. These are all being addressed through targeted service improvements.

In FY2026, we will implement the revised Group Code of Ethics and further enhance Telkom's ethical practices, with a focus on ethics in the digital era. This will include understanding ethical practices related to AI adoption, data privacy and cybersecurity.

Q

Stakeholder engagement was a key focus for the Committee in FY2025. What stakeholder matters did the Committee oversee?

A

We monitored how stakeholder issues, particularly from customers, employees, regulators and communities, were identified, addressed and integrated into business decisions.

The Board approved the revised stakeholder engagement policy in March 2025 following extensive input from management. The policy outlines Telkom's principles and long-term approach to engagement. It reflects our evolving landscape and the need for consistent, structured and responsive engagement across the Group.

The Committee also guided the development of the stakeholder engagement framework. This is a dynamic and practical tool for tailored engagement. It will evolve alongside Telkom and its stakeholders, enabling more targeted and meaningful interaction.

We reviewed stakeholder-related reports to ensure that key concerns were adequately addressed, from customer service issues to employee wellbeing and regulatory compliance. We elaborate on stakeholder relationships from [page 42](#).

Telkom's values are crucial to how we engage with all stakeholders. Our new values promote a culture where teams truly collaborate across functions to get things done in the best interests of OneTelkom. The values will guide us on how to break silos, act with purpose, and focus on what matters most for our customers and stakeholders. Read more about Telkom's values on [page 6](#).

Employee wellness was a priority as BCX concluded the section 189 process with employees. We tracked culture health indicators and the ethical climate in the Group

to ensure that leadership models the values introduced in the recent values shift.

In FY2026, the Committee will oversee the implementation of the stakeholder engagement framework across the Group. We will oversee how Telkom extends its reach in driving stakeholder inclusion in digital transformation. We will advocate for increased partnerships with public and private entities that have similar objectives for digital inclusion.

Q

This year, Telkom conducted a double materiality assessment. What was the Committee's role in this process, and how will the outcomes impact the sustainability strategy?

A

The Committee played an oversight role in reviewing the outcomes of the double materiality assessment, which provided Telkom with a robust understanding of matters material to both our external stakeholders and our business. It highlighted a strong alignment between stakeholder concerns and Telkom's focus on energy supply, digital inclusion and ethical leadership.

The outcomes will enable us to refine our sustainability strategy and reporting, ensuring they reflect the financial and non-financial risks that matter most to Telkom's long-term success. They will also help enhance our sustainability governance framework.

Q

Why is the Group revising its ESG strategy and what is the Committee's role in this?

A

The Group will revise its ESG vision for 2030, given that we have met almost all the medium-term goals we set for 2025. We are taking a robust approach to sustainability, given its importance as a driver of resilience and impact amid local and global challenges.

The Committee will guide, advise and monitor execution of the strategy. We will also keep a close eye on the energy transition in the business, as this is key to our decarbonisation and cost management journey.



Q

Telkom conducted its first climate risk scenario analysis. How will this impact its future sustainability strategy?

A

The climate risk scenario analysis provided granular insights into the physical and transition risks facing our infrastructure assets. It used RCP 4.5 and 8.5 climate scenarios to help us understand the climate-related hazards that could affect our business continuity.

The findings will guide the development of strong mitigation strategies and business continuity plans, ensuring Telkom is prepared to navigate future climate challenges.

Q

Investing with purpose and empowering communities are key ESG strategic pillars. Is the Committee comfortable with progress in these areas?

A

We monitored Telkom's efforts to advance digital inclusion, particularly in underserved communities. Expanding fibre networks in townships, informal settlements and rural areas is a top priority. Telkom more than doubled the number of township homes connected via fibre, from 47 619 in FY2022 to 120 852 in FY2025.

In FY2025, we achieved our target of 35% women in leadership roles. We will continue to monitor diversity and inclusion overall, particularly the target of reaching 50% female leadership representation between 2027 and 2029.

We are pleased with the impactful work of the Telkom Foundation amid leadership changes. Beyond bridging the digital divide through infrastructure, the Foundation is committed to closing the usage gap, i.e. ensuring that access is matched with the skills and support needed for meaningful participation in the digital economy.

Read more on the Telkom Foundation on [page 71](#) and our commitment to diversity and inclusion on [page 65](#).

Q

As you reflect on the year, do you have any acknowledgements to make?

A

I am thankful to my fellow Committee Members for their invaluable support and contribution during the year. I am also grateful to management and the Group's employees for their commitment to Telkom's success.

We are excited about the opportunities to do more and increase our impact as the backbone of South Africa's digital future.

Ethel Matenge-Sebesho
Chairperson, Social and Ethics Committee

About the Committee

The Social and Ethics Committee is a statutory committee in terms of section 72(4) of the Companies Act, read together with Regulation 43 of the Companies Regulations, 2011.

The Committee has an annual work plan aligned with its terms of reference. The work plan sets out the activities to be executed each year. In FY2025, we completed all 40 planned activities and fulfilled our duties in line with our approved terms of reference.

The Committee's collective expertise enables it to oversee a range of critical issues. In FY2025, the Committee's composition was reviewed, with the addition of a Member with extensive experience in ESG projects. The Committee's meeting attendance is on [page 86](#) and its summary on [page 85](#).



Remuneration report summary

In line with Telkom's PIVOT Strategy, the Remuneration Committee (Remco) focused on achieving sustainable business performance and strong financial results to create value for both shareholders and employees.

Our remuneration approach

Our Group total remuneration offering aims to:

- Drive a high-performance culture by monitoring the implementation of the retention strategy and scheme
- Influence remuneration decisions, with ESG metrics/performance conditions included in the short-term incentive (STI) and long-term incentive (LTI) scheme rules
- Be responsive to legislative changes to ensure that the remuneration policy is fit for purpose to attract and retain talent
- Balance the remuneration mix for Executive Directors and Group Prescribed Officers to continuously align their interests with those of shareholders

We applied best practice, fit-for-purpose governance principles in developing the remuneration strategy and framework. The framework enables us to attract and retain diverse talent to drive the Group strategy through the OneTelkom shared values. This cultivates a high-performance culture and enables effective succession planning and leadership development.

To ensure long-term sustainability for all our stakeholders, all remuneration elements are linked to the PIVOT Strategy.

Aligned to the Group's PIVOT Strategy

Guaranteed Pay (GP) enables the Group to attract, motivate and retain diverse talent with the right mix of skills through competitive pay that reflects the right size, scope and complexity of the roles required to deliver on the business strategy.

STIs Encourage discretionary effort by rewarding the achievement of exceptional performance outcomes relative to annual performance targets set to drive strategy execution. Three scorecards are used for STI: Group, business unit and individual scorecards.							LTIs Enable the achievement of exceptional and sustainable long-term results by creating value-sharing opportunities for all employees. There are separate Group performance conditions for the LTI.		
	Group scorecard		Business unit scorecard		Individual scorecard		Group performance conditions – LTI		
Strategy priorities	KPIs	Weighting	KPIs	Weighting	KPIs	Weighting	Strategy priorities	KPIs	Weighting
Financial	- Group profit after tax (PAT) before STI - Group revenue - Group FCF	65%	- External revenue (Rm) - EBITDA before STI (Rm) - Free cash flow (Rm)	50% - 55%	Financial performance	100%	Profit	HEPS growth	30%
Strategic execution	- Business transformation	10%	- To execute in line with the FY2026 approved business plan and scorecard	15% - 20%	Execution - Business unit and function specific		Share value	Total shareholder return	30%
Customers	- Mobile subscriber growth - Fibre subscriber growth - FTTH connected premises - Revenue growth in the eight priority high-touch client accounts	15%	- Improve customer experience - Increase pre-paid performance - Achieve customer satisfaction through digital channels and iNPS - Revenue growth in the eight priority high-touch client accounts	15%	Leadership - People strategy - Culture transformation - B-BBEE			ROIC	25%
ESG	- Annual CO ₂ emissions reduction - Culture transformation: Improve employee engagement - Women in leadership (M5 and above)	10%	- Improve employee engagement - Compliance with assurance providers' findings - Annual CO ₂ emissions reduction	15% - 20%	- Systemic risk management - Energy interventions		ESG	Business strategy	15%

Executive Directors' and Prescribed Officers' individual scorecards are 20%, adding up to the Group and business unit weighted score of 100%.

FY2025 summary of remuneration policy changes

The remuneration policy is a critical part of our employee value proposition, enabling the Group to mitigate people risks while embedding a high-performance culture.

The shareholder engagements, along with our annual assessment, resulted in the following changes to the policy:

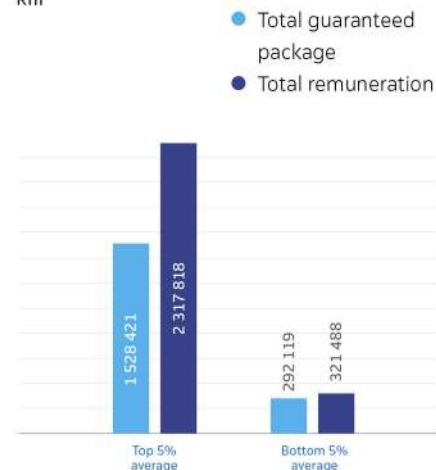
- Benchmarked Executive Directors' remuneration and Group Prescribed Officers' pay mix on-target performance relative to the market
- Increased alignment with Group strategy through the Group, business unit and individual scorecards
- Reviewed and tested the STI and LTI schemes to ensure they drive sustainable growth and strategic performance achievement over the short and long term
- Continued to ensure that ESG metrics are integrated into the performance conditions of the STI and LTI schemes
- Conducted a fair pay analysis and introduced the fair pay policy as a guide to remuneration decisions that are ethical, fair and responsible

Fair pay policy

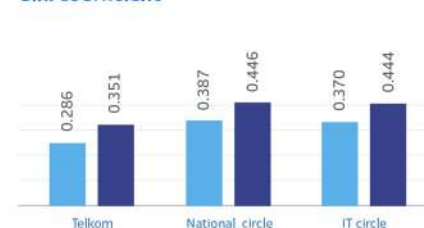
Remco approved the fair pay policy, which captures Telkom's fair pay philosophy. The policy will serve as the basis of the remuneration policy, ensuring it:

- Establishes a structure for fair and responsible pay practices that align with our Group values
- Supports our business objectives
- Meets the expectations of stakeholders in a sustainable manner

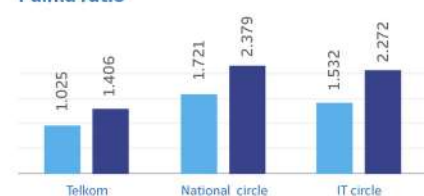
Telkom
Rm



Gini coefficient



Palma ratio



The Group's actual achievements against the targets are reflected below:

Performance measures	Group scorecard weighting	Threshold (25%)	On target (100%)	Stretch (150%)	Actual achievement	Actual achievement %
Group financial	50%					
PAT before STI	20%	2 579	3 185	4 302	3 630	119.9%
Group revenue	10%	46 585	47 612	49 080	44 572	—%
FCF	20%	1 918	2 525	3 642	2 778	111.3%
Strategic project execution	20%	Key initiatives approved by the Board	100% Key initiatives executed	100% Key initiatives exceeded and incremental revenue upliftment	3 (100% Key initiatives executed)	75%
Customer	15%	Customer metrics scorecards driven by Consumer, Openserve and BCX	Customer metrics scorecards driven by Consumer, Openserve and BCX	Customer metrics scorecards driven by Consumer, Openserve and BCX	2 (Customer metrics scorecards driven by Consumer, Openserve and BCX)	127.8%
ESG	15%					
Environment: Annual CO ₂ emissions reduction	5%	3.5%	4.2%	5.0%	5.5%	115.0%
Social: Improve in terms of: 1. Business unit as a good place to work 2. Products and services 3. Current work environment	5%	6 point overall average score improvement	7-12 point overall average score improvement	13 points and above overall average score improvement	Good place to work for - achieved 17 basis points, Products and services achieved - 61 basis points, Work environment achieved - 10 basis points	150.0%
Increased women in leadership (M5 and above)		35.0%	36.0%	37.0%	35.5%	59.5%
Governance, Compliance and Assurance	5%	85%	90%	100%	100.0%	150.0%
Total	100%					100.9%

Overview of Group financial performance outcomes

- The Group's short-term incentive scorecards cover various aspects of financial and non-financial performance. These performance conditions are aligned with market practice and weighted accordingly
- Financial performance considerations include achieving significant revenue growth beyond budget, optimising PAT and increasing FCF. Telkom is also committed to strategic project execution, customer satisfaction, and its ESG strategy
- Overall Group, business unit and individual performance directly impact the bonus pool that is approved for distribution
- Based on our FY2025 audited financial results, we exceeded PAT on-target performance by 27% against the approved STI scheme plan. The Board approved a profit sharing of 14.3%, resulting in a bonus pool of R711 million that will be distributed to all eligible employees.

Single-figure remuneration

Executive Directors

The following table outlines the aggregate remuneration, benefits paid and STIs for FY2025:

GCEO: S Taukobong

	FY2025	FY2024
GP	R9 922 500	R9 450 000
Motor car insurance	R11 997	R11 997
Funeral benefit	R296	R296
STI	R10 000 000	R2 972 575
LTI (vested shares)	R13 357 447	R0
Total remuneration paid	R33 292 240	R12 434 868
Telkom Retirement Fund (TRF)*	R902 948	R859 950

GCEO: NS Dlamini

Appointed 1 December 2023

	FY2025	FY2024
GP	R6 825 000	R2 166 666
Motor car insurance	R0	R0
Funeral benefit	R296	R99
STI	R6 142 461	R545 234
LTI (vested shares)	R0	R0
Total actual remuneration paid	R12 967 757	R2 711 999
TRF*	R514 605	R163 367

* Company contributions included in GP. However, employees have the flexibility to determine contributions.

Group Prescribed Officers

The following table outlines the aggregate remuneration, benefits paid and STIs for FY2025:

Group Prescribed Officers								FY2025 Total	FY2024 Total
	DJ Reyneke	NM Lekota	AC Beukes	LM Siyo	PJ Bogoshi	SE Mmakau	M McNamee*		
GP	R6 420 960	R4 656 161	R5 985 000	R6 001 338	R5 956 856	R4 250 000	R2 855 244	R36 125 559	R27 601 534
Motor car insurance	R11 997	R0	R11 997	R11 997	R0	R0	R2 999	R38 990	R37 990
Funeral benefit	R296	R296	R296	R296	R296	R296	R0	R1 776	R1 554
STI	R4 367 627	R4 190 767	R0	R5 679 695	R2 251 937	R3 940 910	R2 740 642	R23 171 578	R7 090 358
LTI (vested shares)	R6 533 339	R7 012 235	R9 229 178	R7 964 960	R10 685 255	R0	R0	R41 424 967	R10 732 525
Separation	R0	R0	R6 901 595	R0	R0	R0	R0	R6 901 595	R2 214 864
Leave payment	R0	R0	R552 462	R0	R0	R0	R0	R552 462	R112 350
Sign-on	R0	R0	R0	R0	R0	R908 333	R0	R908 333	
Total remuneration paid	R17 334 219	R15 859 459	R22 680 527	R19 658 286	R18 894 344	R9 099 539	R5 598 885	R109 125 260	R47 791 174
TRF**	R726 211	R488 897	R544 635	R348 078	R580 794	R331 500	R225 165	R3 245 279	R2 443 437

* M McNamee joined on 15 July 2024.

** Company contributions included in GP. However, employees have the flexibility to determine contributions.

Executives' and Group Prescribed Officers' emoluments are set out in the annual financial statements, which are available online.

Refer to the Remuneration Committee report on [page 84](#) for its focus areas.

The separate remuneration report online includes:

- The report from the Remco Chairperson
- Our detailed remuneration policies
- The implementation report for FY2025

Appendices

7

Our approach to ESG disclosures

Sustainability reporting covers economic performance, social responsibility and environmental care. Telkom subscribes to several ESG-related frameworks and aligns its ESG strategy with our obligations under these frameworks.

The Group has an impact on the creation, protection and enabling of socio-economic value throughout the business. Refer to the ESG strategy on [page 37](#) for more information.

Our ESG-related policies show our commitment to environmental management, employees, social matters, human rights and anti-corruption, and are available online.

The Group adopted the various sustainability frameworks and participated in the indices as set out here.

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The SDGs

Telkom supports four primary SDGs with selected targets. We demonstrate our contribution throughout this report, with a detailed summary on [page 97](#).



Task Force on Climate-related Financial Disclosures

We formally support the TCFD. Refer to the summary on [page 99](#).



CDP

Telkom continues to participate in CDP climate reporting. We achieved a B score in 2024. The 2025 score will be concluded after December 2025. Refer to the CDP report online.



MSCI

At the date of approval of this report, we were rated A in the MSCI ESG Index, consistent with our score in 2024.



S&P Global – Corporate Sustainability Assessment

Telkom took part for the third time this year and scored 48/100 (2024: 45/100). We aim to improve this score going forward.



Sustainalytics

Telkom's overall ESG score was 26.8 (medium risk) for 2024 (2023: medium risk at 25.8).



The DTI

We are a Level 1 B-BBEE contributor for BCX and Telkom.



B-BBEE Codes of Good Practice

We are a Level 1 B-BBEE contributor for the third year in a row.



JSE Sustainability Disclosure Guidance

We conducted a gap analysis to assess our alignment with the JSE Sustainability Disclosure Guidance and JSE Climate Change Disclosure Guidance. This process identified gaps in our reporting, which we are actively addressing. These enhancements will be largely reflected in our first sustainability report, scheduled for publication in FY2026.



Telkom's contribution to the SDGs

The four SDGs and selected underlying targets present the most material opportunities for Telkom to enhance its positive impacts (SDG 4, SDG 8 and SDG 9) and decrease its negative impacts (SDG 12) in support of the SDGs. The table below provides an overview of our contribution to the SDGs. Cross-references indicate further information to be found in this report.

While developing the ESG strategy, Telkom adopted an additional four SDGs (SDG 1, SDG 6, SDG 10 and SDG 16) that it can support and influence. The ESG strategy is discussed on [page 37](#).

Quality education

Subtargets	Our contribution	Telkom KPIs
4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	We contribute materially to improving proficiency in mathematics and science at secondary school level and supporting teacher development in pedagogical methods and subject content (specifically in science, technology, English and mathematics). Telkom Foundation invested R68 million ^(A) in education, digital skills and social development.	Social and relationship capital (page 68) - Learners who complete the National Senior Certificate - Proficiency in mathematics and science - Investment in digital skills - Teachers empowered through improved teaching practice in science, technology, English and mathematics
4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	By providing integrated ICT solutions for teachers and learners, we bridge the digital divide and enhance the quality of teaching and learning outcomes.	Social and relationship capital (page 68) - Zero-rated education sites - Corporate social investment in school infrastructure - Investment in digital skills

Decent work and economic growth

Subtargets	Our contribution	Telkom KPIs
8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labour-intensive sectors.	We enable economic growth through our technology-driven products and services. We enhance our contribution by continuously investing in our network and infrastructure. We invest in innovation and launch new value propositions that support economic growth and long-term sustainability.	Productive capital (page 51) - Capital expenditure - Network coverage - Openserve's network reliability indicators

Subtargets	Our contribution	Telkom KPIs
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of SMMEs, including through access to financial services.	Our procurement policy supports inclusive growth through B-BBEE, ESD and targeted investment. We support entrepreneurs and small businesses through tailored e-commerce and digital solutions.	Social and relationship capital (page 68) - Total ESD spend - Number of SMMEs impacted and/or supported - Number of entrepreneurs supported through the Township Innovation Incubator Programme - Rand value invested in development programmes - Rand value of financing provided to SMMEs - Direct and indirect jobs created - Number of lives impacted - Revenue generated by SMMEs - Number of SMMEs onboarded into Telkom's supply chain
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	We are an equal opportunity employer regardless of gender, race or physical ability. We contribute materially through quality education, skills development programmes, our remuneration policies, workforce diversity and investment in ESD.	Social and relationship capital (page 68) - Number of jobs created (direct or indirect, including new hires) Human capital (page 63) - Employee voluntary turnover - Employee diversity statistics (including differently abled employees) - Number of learnerships and internships Remuneration report (online) - Remuneration and benefit disclosure - Income differentials (gender and race wage gap)

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2025 Independent Assurance Report, available [online](#).

Subtargets	Our contribution	Telkom KPIs
8.6 By 2030, substantially reduce the proportion of youth not in employment, education or training.	We directly employ a significant number of people and support a greater number of indirect jobs by providing business to local organisations and through our ESD programmes (see SDG 8.5). We develop young people through internships, learnerships and training opportunities.	Human capital (page 63) - New employee hires - Employee turnover - Employee diversity statistics (including differently abled employees) - Training spend - Internship programmes Remuneration report summary (page 93) and standalone remuneration report - Remuneration and benefit disclosure
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	We provide network access and maintenance to banks, ATMs and point-of-sale platforms. We provide insurance and funeral cover through our mobile products. Telkom Digital Wallet enables payment and receipt of money for customers. We enable access to financial services through provision of connectivity and infrastructure.	Productive capital (page 52) - Verified users accessing Digital Wallet

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries acting in accordance with their respective capabilities.	We contribute by leveraging Gyro and its infrastructure upgrades to increase resource-use efficiency and adopt clean and environmentally sound technologies. This includes: - Solar PV expansion - Energy efficiency initiatives - Moving from copper to fibre cables - Water and energy smart meters at high-consuming sites to optimise consumption	Natural capital (page 73) - Carbon footprint - Water consumption - Electricity usage from renewable resources - E-waste recycled
9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private R&D spending.	We enhance ICT research and innovation through our partnerships and platforms. In FY2025, we invested R46 million in innovation, industry and academic research. Our COEs drive research on impactful technologies, including IoT and AI tools for people with visual and hearing impairments, biodiversity-supporting network technologies, and infrastructure sensors for geotechnical monitoring. Our connectivity infrastructure and modern data centres position us to support distributed AI workloads by global players operating in South Africa.	Social and relationship capital (page 68) - Total invested in innovation and industry research and development - Number of students supported through the Telkom CoE Programme



Industry, innovation and infrastructure

Subtargets	Our contribution	Telkom KPIs
9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.	We contribute materially by: - Extending and upgrading our infrastructure - Connecting remote, less-included communities - Stimulating economic participation - Supporting IoT-related innovation We provide affordable products and services, supporting equitable access to connectivity for all.	Productive capital (page 52) - Active 5G sites - FTTH homes passed - FTTH homes connected - FTTH homes connected (underserved areas) - Network uptime performance (access, transport and core)
9.3 Increase the access of small-scale industrial and other enterprises in developing countries to financial services, including affordable credit, and their integration into value chains and markets.	We contribute to this target through our ESD programmes (refer to SDG 8.3). We provide other industries with a platform for technological advances through our products and services.	Social and relationship capital (page 68) - Number of SMMEs impacted and/or supported - Total ESD spend



Responsible consumption and production

Subtargets	Our contribution	Telkom KPIs
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Our business activities, products and services lead to high volumes of e-waste, such as batteries, copper cabling, phones and electronic equipment. We increased our e-waste recycling to 8 276 tonnes. We sell recovered cabling to a leading recycler. We expanded our reuse initiatives by launching trade-in packages and promoting repair and extended warranty options for devices.	Natural capital (page 73) - Volumes of e-waste disposed of - Number of devices eligible for trade-in - Reduction in waste to landfill
12.7 Promote public procurement practices that are sustainable in accordance with national policies and priorities.	We contribute materially through our procurement practices and terms and conditions. In FY2025, we engaged suppliers on our emissions reduction targets and initiated steps to embed sustainability into sourcing. We will finalise our sustainable procurement strategy and onboard high-impact suppliers onto our ESG reporting platforms in FY2026.	Social and relationship capital (page 68) - Number of SMMEs impacted and/or supported Natural capital (page 73) - Scope 3 GHG emissions

Task Force on Climate-related Financial Disclosures

Climate change affects our operations in various ways. Our infrastructure is vulnerable to extreme weather events, and the availability of resources such as water is essential for our network operations.

We are working to reduce our emissions, increase energy efficiency, and integrate renewable energy into our operations. We are exploring innovative solutions to adapt and build resilience to climate change in our infrastructure and supply chains.



Governance

Telkom acknowledges the increasing importance of climate governance to ensure resilience against climate-related risks and capitalise on emerging opportunities. The Board provides strategic oversight, integrating climate-related considerations into corporate decision-making. Climate has been a standing agenda item at Board level as part of ESG since 2022.

The Board holds ultimate responsibility for overseeing risk and compliance across the Group, including climate-related risks. Climate oversight is delegated to the Social and Ethics, Audit, and Risk Committees. They monitor progress on climate-related initiatives, provide recommendations, and ensure alignment with Telkom's broader ESG and corporate strategy.

In FY2025, we strengthened climate governance by formally integrating climate risk considerations into the ERM framework. This ensures climate-related risks are assessed together with strategic and financial risks.

We completed Telkom's first climate risk scenario analysis, assessing how extreme weather events, temperature changes and regulatory shifts may impact our operations and financial performance. These insights were presented to the Board.

At operational level, the Exco governs and supports climate change initiatives, ensuring that climate-related priorities are embedded in core business functions. The ESG Impact Council oversees climate-related performance. Quarterly meetings review progress against carbon reduction targets, energy efficiency initiatives and adaptation measures.

Telkom appointed a net zero initiative custodian. This role is responsible for tracking, co-ordinating and ensuring successful implementation of decarbonisation initiatives. It will ensure we meet key milestones in our net zero strategy, and drive engagement across business units to integrate climate objectives into operational planning.

Telkom engages with stakeholders, including investors, regulators and ESG rating agencies, to ensure transparency in climate-related disclosures. This ensures we assess climate-related risks and opportunities in the context of long-term value creation, regulatory compliance and investor expectations.

To further strengthen climate governance, Telkom has:

- Integrated climate risk considerations into investment and capital expenditure planning, ensuring infrastructure resilience against extreme weather events
- Enhanced Board oversight and regular risk reviews, equipping leadership to make informed decisions on climate-related financial risks
- Strengthened internal monitoring mechanisms, ensuring climate-related initiatives are systematically tracked and reported on

Strategy

Telkom integrates climate-related risks and opportunities into its strategic decision-making, recognising their impact on business resilience and long-term value creation. They include physical risks, such as extreme weather events affecting infrastructure, and transition risks, including regulatory changes and carbon pricing mechanisms. Our strategy focuses on mitigating risks, enhancing operational resilience, and leveraging opportunities in the transition to a low-carbon economy.

In FY2025, we completed our first climate risk scenario analysis. This assessed the impact of climate-related hazards under two scenarios (RCP 4.5 and RCP 8.5) across the 2030 and 2050 timeframes. The findings highlighted the following:

- Flooding risks to 29 assets, potentially damaging infrastructure and increasing service disruptions and maintenance costs
- Rising temperatures increasing cooling requirements for data centres, driving up energy consumption and costs
- Drought exposure affecting 31 assets, threatening water availability for cooling systems
- Wildfire threats to 18 assets, posing risks to physical infrastructure and insurance costs

We have incorporated these insights into risk mitigation and capital investment planning, ensuring infrastructure resilience against climate hazards.

Telkom also faces transition risks, particularly from the expansion of South Africa's carbon tax. If Scope 2 emissions become taxable, it could impact operational costs. To reduce our carbon tax exposure, we are accelerating our solar power installations and enhancing our energy efficiency initiatives.

A major milestone in FY2025 was the development of Telkom's net zero pathway, outlining clear decarbonisation initiatives aligned with our target of net zero emissions by 2040. As part of this, we submitted our net zero targets for validation under the SBTi framework.

Opportunities arising from our climate strategy include:

- Energy efficiency improvements through smart metering, AI-driven cooling management and LED lighting upgrades
- Finance options such as green bonds and sustainability-linked loans to fund decarbonisation initiatives
- Climate-resilient infrastructure investments, integrating adaptation measures into network expansion and maintenance

Through data-driven scenario analysis, decarbonisation initiatives, and proactive risk management, Telkom is strengthening its climate resilience and positioning itself for sustainable growth in a low-carbon economy.

Risk management

Telkom integrates climate risk into its risk identification, management and assurance processes. A Board-approved ERM methodology and philosophy ensures effective risk management across the Group. Refer to [page 46](#) for further insight into our ERM processes, accountabilities, and emerging and strategic risks.

Regulatory, reputational and physical risks are identified and assessed annually, and considered three to six years into the future. Our integrated assurance framework identifies, assesses, monitors and reports on the Group's complex risks and opportunities.

Through our ERM processes and material matter determination process ([page 2](#)), the Board oversees risk and ensures compliance across the Group, with support from the Group Exco and both the Audit and Risk Committees.

Telkom manages climate-related risks and opportunities within the business functions where they are identified. However, all major climate-related risks have response plans with trigger thresholds (related to severity of impact) where higher levels of management should get involved.

The Group Emergency Management Team reports to the Group Exco and manages risks that significantly impact business-as-usual and the execution of Telkom's strategy (i.e. the highest trigger threshold). The team ensures continuity of service delivery through the implementation of defined emergency management procedures.

We continued to strengthen Telkom's ability to respond to disasters, including extreme weather events. This included:

- Improving the Group's risk and compliance culture
- Senior leadership setting the tone by demonstrating accountability for any governance, risk and compliance matters
- Exploring predictive analysis for risk management
- Strengthening opportunity management and collaboration across the Group



Metrics and targets

Telkom reports its carbon footprint according to the GHG Protocol, in line with global best practice and the TCFD recommendations. We disclose Scope 1, 2 and 3 emissions alongside key climate-related performance indicators such as energy consumption, water usage and waste management.

In FY2025, Telkom enhanced its emissions tracking and reporting capabilities. This included the following:

- In October 2024, the SBTi validated and approved our net zero targets
- Our Scope 1 and 2 emissions were assured and, for the first time, our Scope 3 emissions were independently assured
- Expanded our Scope 3 emissions disclosure, improving the accuracy of indirect emissions reporting from our supply chain
- Refined our emission reduction strategies, incorporating insights from our net zero pathway to accelerate decarbonisation
- Leveraged AI-driven cooling management, smart metering and LED lighting to optimise energy use

	Target and comments
Scope 1 emissions	Target: Reduce Scope 1 and 2 emissions by 4.2% linear annual reduction rate. Aligned with SBTi ambitions.
Scope 2 emissions	
Scope 3 emissions	Target: No target set for FY2025 Telkom intends to finalise the Group sustainable procurement strategy, which will address our Scope 3 carbon footprint.
Water consumption	Target: No target set for FY2025 We are committed to responsible water consumption. This is evidenced by a 0.4% reduction in water consumption due to site monitoring.
E-waste recycled	Target: No target set for FY2025 E-waste recycling increased by 28% due to ongoing decommissioning of legacy equipment.

Goal statement	Goal sub-statement	Progress in FY2025	Priorities in FY2026
Carbon neutral by 2035	100% reduction in Scope 1 and 2 emissions.	The decrease in Scope 1 emissions was due to ongoing diesel optimisation. Telkom Park 1 MW solar PV operational since July 2024. It has since generated 749 664 kWh of green energy. SBTi validated and approved our 2040 net zero target.	Install more lithium-ion batteries to further optimise diesel usage. Continue to decommission legacy equipment to reduce energy consumption in our exchanges.
	Migration from fossil fuels to comprise only 50% of energy use by 2030.	Solar rooftop installations underway. Energy efficiency measures implemented.	Increase focus on solar PV and explore feasibility of alternative large-scale generation, such as quad generation. Ongoing energy efficiency initiatives.
	100% of energy use from renewable sources by 2035.	Redundant legacy equipment continues to be decommissioned.	
	Migration from R22 refrigerant gases by 25% in 2025 and 100% by 2035, from a 2016 baseline.	At year-end, there was 30.7 tonnes of R22 gas in the heating, ventilation and air conditioning system. We met our 2025 regulatory reduction target of 31.5 tonnes.	
Net zero by 2040	Determine Scope 3 emissions from use of sold products.	Scope 3 targets defined and submitted to the SBTi for validation and approval.	Refine the calculation of Scope 3 emissions and finalise the sustainable procurement strategy to address Scope 3 emissions.
	Encourage recyclable and biodegradable materials. 75% reduction in waste to landfill by 2030.	Developing a Group waste strategy that incorporates circular economy principles and practices.	Finalise the Group waste strategy.
	50% reduction in potable water consumption by 2030.	Water-saving initiatives identified (e.g. water harvesting and borehole drilling) and business cases in place.	Implement water-saving initiatives as per the approved business cases.
	Carbon offsets for unavoidable emissions.	Long-term initiative to be considered once Group assets are optimised and on-site opportunities are exhausted.	Factor carbon offsets into long-term initiatives in the sustainability roadmap.

Share and debt holding information

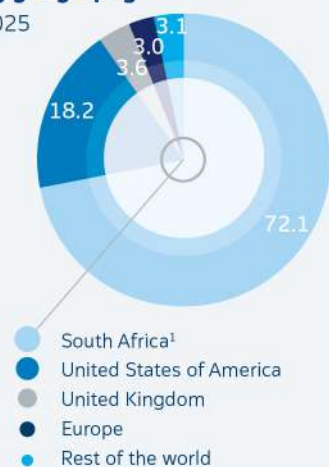
This section provides insight into our share and debt holding as at 31 March 2025.

Equity shareholding 2025 %

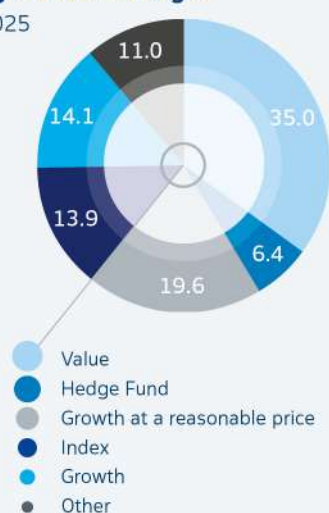


Institutional shareholding – free float

Institutional shareholding by geography 2025 %



Institutional shareholding by investment style² 2025 %



¹ Institutional shareholders comprise various companies, the majority of which are based in South Africa, the USA, the UK and Europe.

² The Department of Communications and Digital Technologies is the shareholder representative of the South African Government.

³ Non-institutional shareholders comprise private and individual investors not in the companies sector.

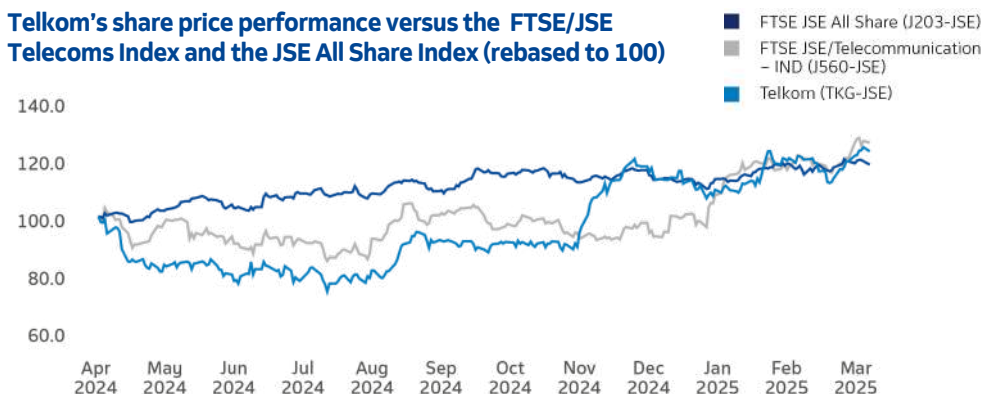
⁴ The treasury shares belong to Telkom and have not been issued to the public.

¹ This excludes government.

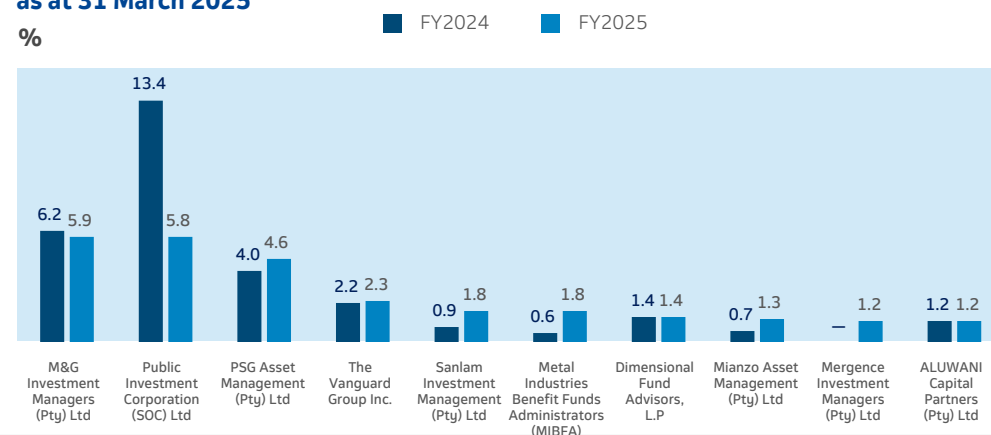
² This excludes the Public Investment Corporation SOC Ltd (PIC) as it has multiple investment styles.

Telkom's share price

Telkom's share price performance versus the FTSE/JSE Telecoms Index and the JSE All Share Index (rebased to 100)



Telkom's top 10 institutional shareholders as at 31 March 2025 %



Debt holding information as at 31 March 2025

JSE bond code: BITEL Issuer rating

Telkom credit ratings	S&P Global Ratings
Long-term global scale	BB
Long-term national scale	zaAAA
Outlook	Positive
Last review date	November 2024

South African listed debt

TL28	TL33
TL29	TL34
TL31	TL35
TL32	

Abbreviations

5G	The fifth generation of mobile network technology
AGM	annual general meeting
AI	artificial intelligence
AIOps	artificial intelligence for IT operations
APIs	application programming interfaces
ARPU	average revenue per user
B-BBEE	broad-based black economic empowerment
BEPS	basic earnings per share
BSS	business support systems
capex	capital expenditure
CDP	Carbon Disclosure Project
CoEs	Centres of Excellence
Companies Act	Companies Act, 71 of 2008, as amended
CSI	corporate social investment
CWU	Communication Workers Union
DoA	delegation of authority
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation and write-offs, impairments and losses
ERM	enterprise risk management
ESD	enterprise and supplier development
ESG	environmental, social and governance
Exco	Group Executive Committee
FCF	free cash flow
FTTH	fibre to the home

FTTx	fibre to the x (x being a placeholder for where fibre will be connected to)
FY	financial year
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GDP	gross domestic product
GHG	greenhouse gas
GHz	gigahertz
GNU	Government of National Unity
GP	Guaranteed Pay
GWh	gigawatt hour
HEPS	headline earnings per share
HR	human resources
IAS	International Accounting Standard
ICASA	Independent Communications Authority of South Africa
ICT	information and communications technology
IFRS	International Financial Reporting Standards
iNPS	interaction net promoter score
IoT	Internet of Things
<IR> Framework	Integrated Reporting Framework
ISO	International Organization for Standardization
ISPs	internet service providers
IT	information technology
JSE	Johannesburg Stock Exchange
King IV	King IV Report on Corporate Governance™ for South Africa, 2016

kL	kilolitre
KPIs	key performance indicators
KWh	kilowatt-hour
kWp	kilowatt peak
LARR	linear annual reduction rate
LED	light-emitting diode
LTE	long-term evolution
LTI	long-term incentive
MHz	Megahertz
M&A	mergers and acquisitions
MNOs	mobile network operators
Mol	memorandum of incorporation
MV	medium voltage
MW	Megawatts
MWp	Megawatt peak
NPS	net promoter score
NRF	National Research Foundation
OHS	occupational health and safety
opex	operating expenditure
OSS	operational support systems
PaaS	Power-as-a-Service
PAT	profit after tax
PIVOT	Partnerships, integrated solutions, victory in broadband, operational efficiency, and Technology innovation
ppts	percentage points
PRECCA	Prevention and Combating of Corrupt Activities Act, 12 of 2004
PV	photovoltaic
PwC	PricewaterhouseCoopers Inc.
RCP	representative concentration pathway

Remco	Remuneration Committee
RICA	Regulation of Interception of Communications and Provision of Communication-related Information Act, 70 of 2002
ROIC	return on invested capital
SACU	South African Communications Union
SBTi	Science Based Targets initiative
SDGs	United Nations Sustainable Development Goals
SMMEs	small, medium and micro enterprises
STI	short-term incentive
TCFD	Task Force on Climate-related Disclosures
tCO₂e	tonnes of carbon dioxide equivalent
TGF	Telkom Group Forensics
TGIA	Telkom Group Internal Audit
TPS	Telkom Physical Security
TRF	Telkom Retirement Fund
XaaS	everything-as-a-service

Administration

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