



Telkom

Telkom SA SOC Ltd

Integrated Report

For the year ended
31 March 2026

Seamlessly connecting
our customers to a better life

Telkom's strategic highlights



Creating value through connectivity and digital infrastructure

For almost 35 years, Telkom has played a central role in connecting people, businesses and communities. From its origins as the national landline telecommunications operator to its evolution into a provider of mobile services, digital infrastructure and technology solutions, Telkom's journey reflects the transformation of South Africa's communication landscape.



1991

Our foundation phase strategy was anchored in a five-year monopoly for fixed-line services while expanding infrastructure and preparing for competition.

1991

Telkom was established following the restructuring of South Africa's telecommunications services, creating the country's primary telecommunications operator

1994

Mobile connectivity was introduced, expanding access to telecommunications services

2008

Our privatisation and JSE listing phase was characterised by aggressive network digitisation and the start of building our own independent mobile capability.

1997

Introduction of strategic investors to support Telkom's commercialisation and operational development

2002

Introduction of ADSL broadband enabled faster internet connectivity for businesses and households

2003

Listing on the Johannesburg Stock Exchange (JSE) expanded access to capital markets and increased public ownership

2007

Participation in West Africa Cable System submarine infrastructure improved global connectivity

2008

Telkom disposed of its majority shareholding in a South African mobile operator and repositioned its mobile strategy

2010

Innovation and brand building supported mobile growth and a broader fixed-mobile convergence strategy.

2010

Launch of 8.ta marked Telkom's entry into the competitive mobile telecommunications market through its own mobile network

2012

Initiated a Group-wide transformation focused on operational efficiency and growth

Acquisition and diversification beyond traditional connectivity led to a new operating structure and accelerated growth ambition.

2013

Official launch of fibre to the home

Telkom Mobile launched LTE, strengthening mobile broadband capabilities

2015

Acquisition of BCX expanded Telkom's information and communications technology (ICT) and digital services capabilities

Openserve launched as an open-access wholesale connectivity provider

2016

Introduction of FreeMe plans (South Africa's first truly data-centric mobile plans) supported subscriber growth and enhanced customer value

2018

Strengthened ICT capabilities through BCX and enterprise connectivity solutions

2019

Telkom Mobile reached 10 million subscribers within 10 years of its establishment

2019

2020

Our PIVOT Strategy directed our response to the shift from voice to data and from copper to fibre, while the OneTelkom approach enabled us to leverage our strategic infrastructure more effectively.

2022

Serame Taukobong appointed Group Chief Executive Officer (GCEO), focusing on infrastructure growth and strategic value creation

Obtained 20 MHz of 800 MHz and 22 MHz of 3 500 MHz from spectrum auction, resulting in efficient network deployment

Mobile business becomes the third-largest operator in South Africa by subscriber base

2023

Launch of the OneTelkom approach to unlock greater value through integrated capabilities, infrastructure leverage and customer-centric solutions

Openserve surpassed 1 million homes passed with fibre

2024

Telkom Mobile reached 20 million subscribers, reflecting strong growth in the mobile market

Openserve surpassed 500 000 homes connected, strengthening Telkom's fibre leadership

2025

Disposal of Swiftnet unlocked value and strengthened Telkom's financial position

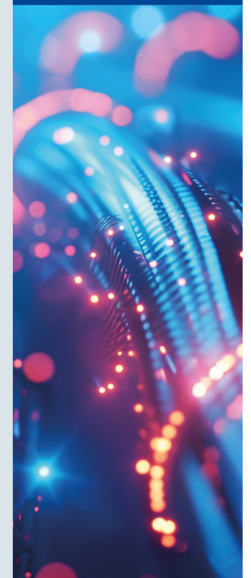
2026

Our Mobile business achieved three years and two quarters of uninterrupted market-leading service revenue growth, reflecting the success of our value-led and data-driven strategy

2026

Today

Telkom continues to invest in mobile connectivity, fibre infrastructure and digital services to be the backbone of South Africa's digital future and create sustainable value for stakeholders.



Telkom's reporting suite

Welcome to the integrated report (the report) of Telkom SA SOC Ltd (Telkom or the Group) for the financial year ended 31 March 2026 (FY2026 or the year).

Telkom is committed to providing stakeholders with transparent, balanced and integrated information that enables informed decision-making. Our reporting suite provides a strategic overview of our financial and operational performance, governance practices and sustainability outcomes.

The integrated report is our primary report and should be read together with the supporting reports and information available on our website: <https://group.telkom.co.za/ir>

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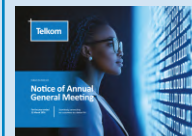
						
	This report	Financial information	Sustainability reporting	Governance and remuneration reporting	Risk management and assurance	Shareholder information
Reporting elements	Integrated report	Annual financial statements (AFS) Annual results booklet Annual results presentation	Sustainability report GHG emissions reporting methodology CDP climate change report Telkom Foundation annual report	Remuneration report Application of King IV principles Board charter and Committee terms of reference Governance policies and declarations	Enterprise risk management policy Independent assurance statement on selected non-financial KPIs	Notice of annual general meeting (AGM) Form of proxy
Purpose and audience	The integrated report is Telkom's primary communication to stakeholders. It provides a holistic overview of the Group's operating context, strategy, business model, governance, risks, opportunities and prospects. It explains how Telkom creates, preserves or erodes value over the short, medium and long term through the effective use of the six capitals. The report also summarises the Group's financial and non-financial performance and highlights how our activities impact the economy, society and the environment.	These reports provide detailed information on Telkom's financial performance and financial position for the reporting period. The AFS present the Group's audited financial results. The results announcement and presentation provide a concise summary of the Group's operational and financial performance and are primarily intended to support engagement with investors, analysts and other capital market participants.	Our inaugural sustainability report provides stakeholders with detailed disclosures related to Telkom's environmental, social and governance (ESG) performance. These include the Sustainability Strategy, material topics, climate-related risks and opportunities, and progress against key commitments. Telkom also participates in the CDP. Our report provides detailed information on climate governance, emissions, and climate risk management The Telkom Foundation annual report highlights social investment programmes and contributions to community development and digital inclusion.	Stakeholders can find detailed disclosure of Telkom's governance framework and oversight structures in these elements, including how the Board of Directors and its Committees discharge their duties in accordance with King IV and other regulatory requirements. The remuneration report provides transparent disclosure of the Group's remuneration philosophy, policy and outcomes, including how executive remuneration is aligned with strategy and performance.	Regulators and other stakeholders have access to Telkom's risk management disclosures, which outline the Group's approach to identifying, assessing and managing strategic, operational and emerging risks. We describe the governance structures and processes that support effective risk oversight. The independent assurance statement provides moderate assurance on selected non-financial key performance indicators (KPIs) disclosed in the integrated and sustainability reports, supporting the credibility and reliability of Telkom's sustainability disclosures.	These documents provide shareholders with detailed information regarding matters to be considered and voted on at the AGM, including resolutions relating to governance, remuneration and other statutory matters. They also provide guidance on how shareholders can participate in the meeting and exercise their voting rights.
Key frameworks and standards applied	- IFRS Foundation 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) - JSE Listings Requirements and Debt and Specialist Securities Listings Requirements	- International Financial Reporting Standards (IFRS® Accounting Standards) - JSE Listings Requirements - Companies Act - King IV	- Considered the JSE Sustainability and Climate Disclosure Guidance - Considered the IFRS S2 sustainability disclosure standards - United Nations Sustainable Development Goals (SDGs)	- King IV - JSE Listings Requirements and Debt and Specialist Securities Listings Requirements - Companies Act	- ISO 31000: Risk management – Guidelines - AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact	- JSE Listings Requirements and Debt and Specialist Securities Listings Requirements - Companies Act - King IV

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

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Preparing our integrated report

This integrated report is a core element of our annual reporting process. In our regular engagement with providers of financial capital, we obtain their views on what is material and how to improve our reporting. Our refinements support our commitment to effective and transparent reporting, while keeping a broader group of stakeholders in mind.

Telkom's business units include:

- **Telkom Consumer** – provides connectivity and digital services to consumers and small businesses
- **Openserve** – the Group's wholesale infrastructure business, providing fibre and connectivity solutions
- **BCX** – delivers ICT solutions and digital services to enterprise and public sector clients

Together, these business units support Telkom's purpose of seamlessly connecting our customers to a better life. Following the divisionalisation of Gyro in FY2025, Gyro has been integrated into the Corporate Centre and is therefore no longer reported separately.

Time horizons used in this report

To provide clarity when discussing strategy and performance, we use the following time horizons:

- Short term: next financial year (ending 31 March 2027)
- Medium term: period ending 31 March 2029
- Long term: beyond 31 March 2029

Integrated reporting process

Telkom's integrated reporting process is based on the Group's commitment to integrated thinking and transparent reporting.

The report is co-ordinated by the investor relations team under the leadership of the Group Chief Financial Officer (GCFO). The team works closely with subject matter experts across the Group to ensure the report adheres to the required regulations, frameworks and standards.

Content development draws on internal management information, stakeholder engagement insights, strategic planning processes and information contained in other reports within Telkom's reporting suite.

The Group Executive Committee (Exco) reviews the report before submission to the relevant Board Committees for consideration.

The Board provides final approval of the integrated report.

Integrated reporting process

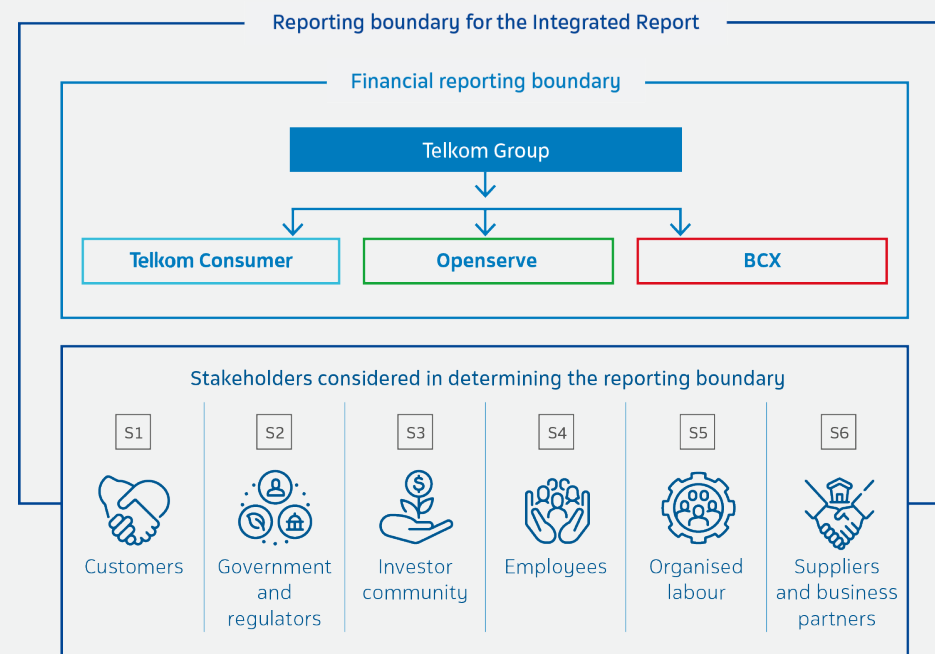
- 1 Content development**
Investor relations team and business unit contributors
- 2 Review and validation**
Exco and Board Committees
- 3 Approval and publication**
Board approval and digital publication

Reporting boundary and scope

The report covers FY2026 and includes significant events occurring after year-end up to the date of approval by the Board.

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

BCX's international operations are excluded from non-financial KPI reporting due to their immaterial contribution to the Group's sustainability performance, unless otherwise stated. Such exclusions are assessed on a KPI-by-KPI basis.



Materiality

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

During FY2026, Telkom finalised a double materiality assessment, evaluating both:

- The financial risks and opportunities that sustainability matters present to the Group
- The impacts of Telkom's activities on the economy, society and the environment

The results of this assessment informed the identification and prioritisation of Telkom's material themes and sustainability priorities presented in this report.

The final set of material themes was reviewed by management and approved by the Exco and Board.

More detailed sustainability disclosures informed by the double materiality assessment are provided in Telkom's sustainability report.



How we determine our material matters

DESKTOP REVIEW

Desktop review to scan the environment, consider risks, determine key topics from Board and Committee packs, and benchmark Telkom against a set of peers.

ENGAGEMENT

Engagement with internal and external stakeholders to identify a universe of topics across financial, environmental, social and governance dimensions.

WORKSHOP

Workshop to prioritise the identified topics according to their potential enterprise value impact, and to understand our potential impacts on stakeholders.

VALIDATION

Validation of the final set of themes and priorities, which the Group Exco, Audit Committee and Board approved.

REPORT

Report on Telkom's material themes, with the integrated report taking a financial materiality approach and the sustainability report focusing on impact priorities.

Details on the material themes are on [page 31](#).

Combined assurance

Telkom applies a combined assurance model to enhance the reliability and integrity of the information presented in this report.

Telkom Group Internal Audit (TGIA) assessed the completeness and accuracy of selected strategic non-financial KPIs disclosed in the report.

Certain financial information in this report is extracted from the Group's audited consolidated AFS, while the pro forma financial information is derived from the Group's annual results booklet and is supported by an unmodified ISAE 3420 reasonable assurance report, both provided by PricewaterhouseCoopers Inc.

Independent external assurance provider IBIS ESG Consulting Africa (Pty) Ltd (IBIS), now SLR Consulting (SLR), provided moderate assurance on selected non-financial indicators disclosed in the report. Assured non-financial indicators are indicated with this icon . Refer to SLR's FY2026 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 this report on 15 July 2026.

Mvuleni Geoffrey Qhena
Board Chairperson

Serame Taukobong
Group Chief Executive Officer

Nonkululeko Dlamini
Group Chief Financial Officer

Feedback

Integrated reporting and stakeholder information requirements continue to evolve. We welcome feedback to improve our reporting. Comments and feedback can be sent to our investor relations team at telkomir@telkom.co.za.

Icons used in this report

We use icons to help stakeholders navigate the report and understand the integrated nature of Telkom's disclosures.

PIVOT Strategy pillars	Material themes	Stakeholder groups	The six capitals	Sustainability Strategy pillars	SDGs
P Partnerships	RR Compliance with regulatory requirements	S1 Customers	FC Financial capital	 Prosperity	Telkom contributes to four primary SDGs:  
I Integrated solutions	CL Competitive landscape	S2 Government and regulators	PC Productive capital	 Planet	
V Value-rich broadband	CE Customer experiences and digital inclusivity	S3 Investor community	IC Intellectual capital	 People	We influence a further four SDGs through our Sustainability Strategy:  
O Operational efficiency	CS Cybersecurity	S4 Employees	HC Human capital	 Practice	
T Technology innovation	EC Economic climate	S5 Organised labour	SRC Social and relationship capital	 External moderate assurance on selected sustainability indicators. Refer to the FY2026 Independent Assurance Report available online.	   
	EL Ethical leadership and future-ready skills	S6 Suppliers and business partners	NC Natural capital		
	CR Climate resilience				

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 (earnings before interest, tax, depreciation and amortisation) 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 connected to our network that are subscribers or can become subscribers without further installation work.

Next-generation networks and fibre refers to advanced fibre-optic technology that offers higher speeds, greater bandwidth and improved performance compared to traditional fibre networks. The technology 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. Spectrum 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, and its availability directly impacts the speed, coverage and quality of wireless communications.

Tier IV data centre is the highest level of data centre classification. Tier IV data centres are designed for maximum uptime and reliability. They offer redundant systems for power, cooling and network connectivity, ensuring 99.99% availability.

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

Refer to [page 85](#) 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 ICT solutions, including high-speed fibre, mobile and data services and information technology (IT) services.

Listed on the JSE, Telkom focuses on sustainable value creation through disciplined capital allocation, operational efficiency, differentiated customer offerings and long-term infrastructure investment.

Where we operate

Telkom's infrastructure footprint spans South Africa, supporting consumers, businesses and public sector organisations with connectivity and digital services.

What differentiates us



Third-largest and fastest-growing mobile network operator in South Africa

8 420
mobile sites integrated

486
active 5G sites

25.7 million
active mobile subscribers, of whom 77.8% are broadband customers



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

1 539 209
homes passed

Over **180 000 km**
of fibre across South Africa

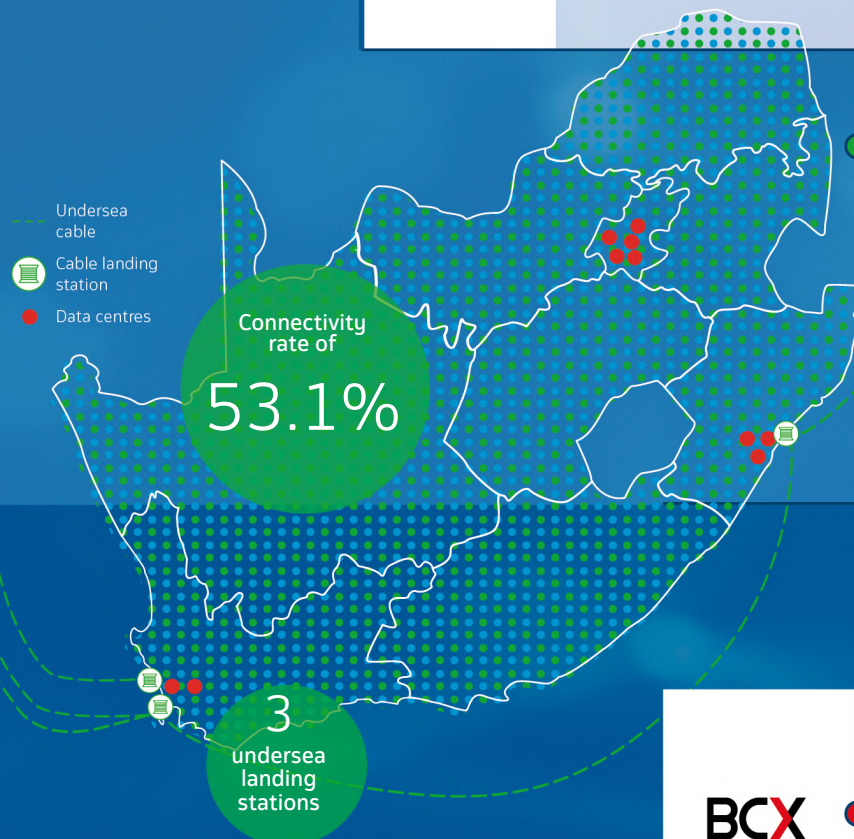
Proprietary IT platforms for enterprise sectors

Integrated digital solutions
for enterprise and public sector customers, combining connectivity, cloud, cybersecurity and managed services



A national footprint of **10 data centres** with a combined footprint of **12 600 m²** and IT capacity of **9.82 MW**

BCX owns **three of the four** Tier IV data centres in South Africa



Our purpose, vision, values and strategic focus areas

Telkom's purpose

Seamlessly connecting our customers to a better life

Our vision

To be a builder of the digital backbone that powers South Africa's digital future by:

- Leading in converged solutions
- Providing a quality network with unmatched reach
- Offering end-to-end digital solutions to businesses
- Creating innovative broadband services for consumers
- Being the wholesale provider of choice
- Being the best place to work for committed and accountable people

Our values

Telkom's culture is built on a high-performance, values-driven foundation.

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.

Our strategic focus

Telkom executes its strategy through the PIVOT strategic framework. This framework guides how the Group creates sustainable value for stakeholders and positions the business for long-term growth in South Africa's evolving digital economy.

The PIVOT Strategy focuses on strengthening Telkom's digital infrastructure leadership, delivering integrated solutions through the OneTelkom operating approach, improving operational performance and leveraging technology innovation to drive sustainable growth and value creation.

Builder of the digital backbone that powers South Africa's digital future

P	I	V	O	T
Partnerships	Integrated solutions	Value-rich 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	Provide broadband solutions that deliver meaningful customer value	Develop operational superiority, which provides a competitive advantage	Modernise and build a state-of-the-art network

Our effects on the capitals and strategic outcomes

- Created sustainable financial value through stronger profitability, cash generation and disciplined capital allocation
- Expanded productive value through investments in networks and infrastructure, improving connectivity
- Strengthened intellectual value through innovation, data-driven insights, security and governance enhancements
- Nurtured human capital through leadership and future-ready skills development
- Invested in social and relationship capital to drive education, digital inclusion and empowerment



Our business unit profiles

Telkom's business units	Telkom Consumer	Openserve	BCX
Explaining our business units	Delivers high-speed mobile broadband via reliable, stable, high-quality converged communications and effective cost optimisation.	South Africa's leading wholesale infrastructure connectivity provider.	A technology company that provides ICT solutions and an integrated portfolio of technology solutions across South Africa.
Products and services	C I S - Broadband (mobile, fixed and nomadic) - Voice services - Non-connectivity and financial services	C I S DE - Broadband and enterprise solutions - Optical and carrier solutions - Global solutions - Interconnect solutions - Voice services	C I D ICT DE - 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



Telkom's products and services

C Connectivity through ducted and aerial copper, fibre, satellite, mobile and wireless transmission.

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

S State-of-the-art mobile and fibre networks
Networks that employ the latest and high-speed broadband technology.

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

ICT 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.

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



Telkom
Consumer

Telkom
Consumer
Division

open serve

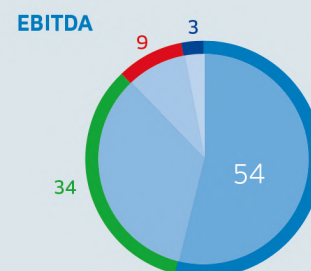
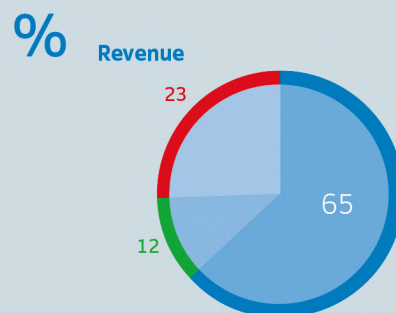
100%
owned
subsidiary

Telkom

BCX

100% owned
subsidiary

Telkom
Consumer
Openserve
BCX
Other¹



¹ Includes Corporate Centre, Telkom Foundation, Gyro and IFRS 16 related reversals.

Our investment case



As a leading digital infrastructure and technology services provider in South Africa, we are uniquely positioned to benefit from increasing demand for connectivity, digital services and enterprise transformation.

Our investment case is underpinned by infrastructure leadership, a data-led growth strategy, disciplined execution through the OneTelkom approach, strong free cash flow generation and a resilient balance sheet that supports sustainable value creation.

Demand for connectivity and digital access in South Africa continues to grow

- We operate in a high-growth sector driven by lively demand for connectivity
- Wider-ranging digital access and inclusion initiatives support subscriber growth
- Artificial intelligence (AI) and evolving digital solutions create new market opportunities
- As one of the largest and fastest-growing mobile network operators, we can meet rapid mobile growth, particularly in the pre-paid segment
- Our compelling value data offerings drive mobile service revenue growth that is outpacing broader market trends

Our growth is data-led

- Growth in fibre-related data services is gaining momentum as the market undergoes a structural shift in demand for broadband connectivity and digital services
- We have the scale, reach and digital infrastructure capacity to support subscriber growth and the increasing demand for both high-speed and high-intensity data use
- We have over 180 000 km of fibre infrastructure across the country
- Our carrier-neutral data centres support growing demand for enterprise digital services
- Through Openserve and its network platforms, Telkom plays a critical role in enabling South Africa's digital economy
- Mobile continues to gain market share through compelling value propositions and growing data consumption

We are improving our financial performance and operational efficiency

- We continue to improve our operational performance through strategic and disciplined execution
- Revenue growth is mainly driven by mobile and fibre services
- Disciplined execution and structural cost efficiencies supported sustainable EBITDA margin expansion
- Strong free cash flow generation supports investment, financial flexibility and enhanced shareholder returns
- We have significantly strengthened our financial resilience
- Enhanced capital allocation discipline supports sustainable long-term value creation

We deliver sustainable value

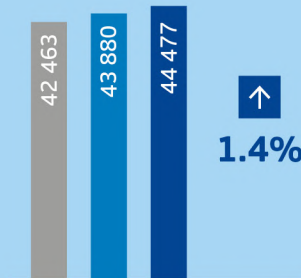
- We remain committed to delivering long-term value for shareholders and society
- We are purpose-led in our efforts to seamlessly connect our customers to a better life
- We remain on track to achieve our long-term climate commitments, including carbon neutrality by 2035 and net zero by 2040
- Our investment in digital inclusion and education through the Telkom Foundation impacts lives across South Africa
- We continue to support small enterprises through supplier development initiatives that create jobs and contribute to empowerment

Integrated performance snapshot

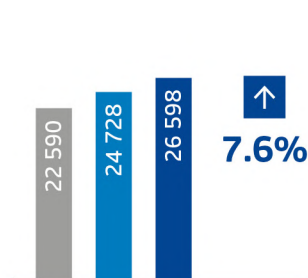
We maintained performance momentum in the current year. This is evidenced by our set of strategic KPIs, which track outcomes against targets. We measure financial and non-financial indicators that offer a balanced view of our effects on the six capitals and Telkom's ability to create and sustain value for the Group and for others.

Our FY2026 performance drivers included the continued execution of our data-led strategy and disciplined cost and cash management, serving as leverage for a stronger underlying free cash flow position. Read more in the GCFO's report on [page 18](#).

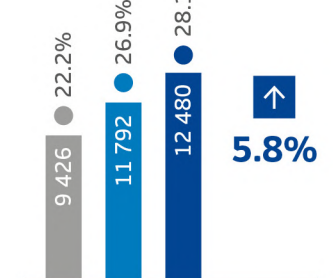
Group revenue
Rm



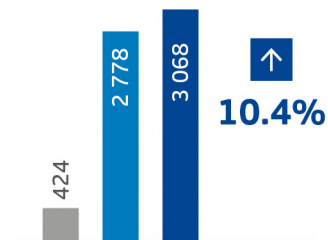
Group data revenue
Rm



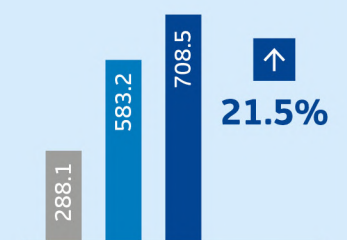
EBITDA^{1,2}/EBITDA margin^{1,2} ○
Rm/%



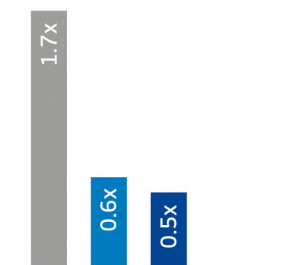
Free cash flow (FCF)¹
Rm



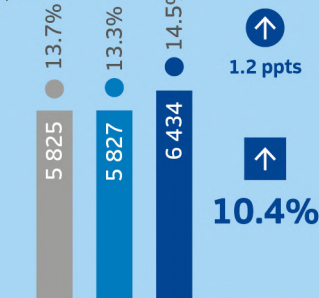
Headline earnings per share (HEPS)¹
cents



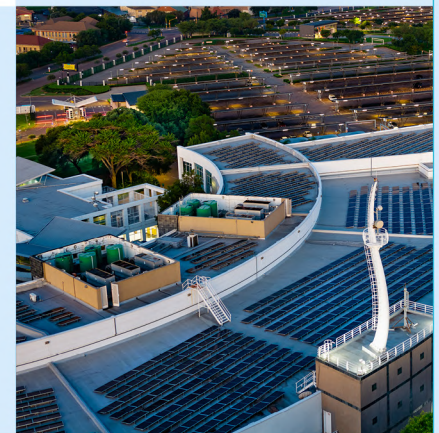
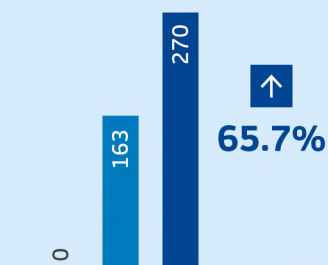
Net debt to EBITDA^{1,2}
times



Capex/capex intensity ○
Rm/%



Ordinary dividend declared
cents

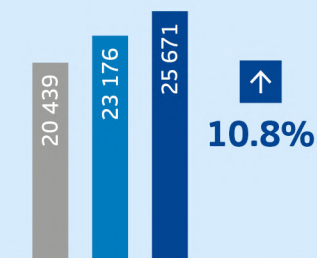


¹ This is a non-IFRS financial measure.

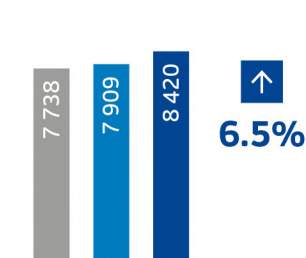
² EBITDA is presented on an unadjusted basis in the current year, as there are no pro forma items requiring normalisation, unlike the prior year.



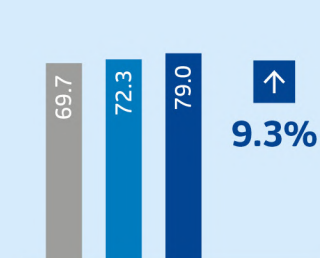
Mobile subscribers
number '000



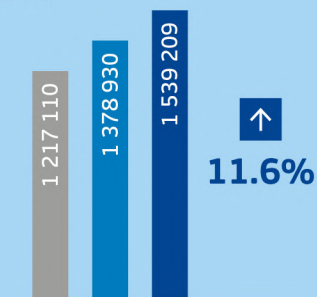
Mobile network sites
number '000



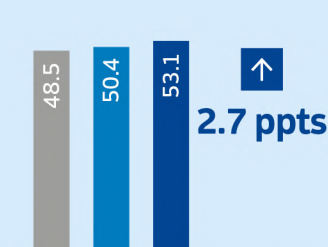
Openserve iNPS
score



Fibre homes
passed



Fibre
connectivity rate
%



Scope 1 and Scope 2
emissions
tCO₂e



Investment in research and
development (R&D) of
R15 million



**260k lives
impacted**
through
SMME spend



37.3%
women in
leadership
positions



R73 million
invested in
education,
social
development,
and digital skills



100%
Independent
Non-executive
Directors



Leadership reflections on FY2026

2

An interview with our Chairperson

Telkom is on an upward performance trajectory that the Board believes is sustainable. Over the past three years, we have provided direction and oversight that have driven strategic improvements and consistent delivery. We are confident that this trajectory will continue despite the many headwinds evident in Telkom's external environment.

Mvuleni Geoffrey Qhena
Board Chairperson



Q | How is the Board navigating a very disruptive time in the world, and what measures are you taking to protect Telkom and its customers from potential negative impacts?

A | We are operating in a global environment that continues to be shaped by geopolitical instability, inflationary uncertainty and ongoing energy and supply chain risks. Our responsibility has been to ensure that Telkom remains resilient, well governed and financially strong.

The FY2026 results speak to this resilience, financial strength and high-performance culture. Telkom delivered an improved EBITDA margin of 28.1%, higher free cash flow of R3.1 billion, and robust leverage at 0.5 times net debt to EBITDA, which gives the Group the capacity to absorb shocks while continuing to invest responsibly. Equally important has been protecting customers and network availability. The Board oversaw sustained investment in energy resilience and network optimisation, while encouraging cost discipline.

We have improved our alternative energy options, battery deployment and operational efficiency. This has strengthened network uptime, reduced exposure to electricity supply risk and lowered operating costs, while supporting our environmental commitments.

Rapid growth in AI adoption is a major feature of our disrupted world. Our data-led strategy, fibre expansion and network modernisation are enabling Telkom to capture this shift while delivering margin expansion.

Taken together, these actions position Telkom to navigate ongoing uncertainty while continuing to deliver secure, affordable and reliable connectivity to South Africans.

Q | Under these conditions, how does the Board steer the Group to ensure business is conducted in an ethical manner?

A | Telkom's ethics governance systems and processes are mature when you consider the work done by our Group Ethics Office. Comprehensive policies and supporting structures such as the economic crimes forum are also in place.

The Board approved a revised Group Code of Ethics and ethics strategy for FY2027 to FY2030, which provide a practical governance and implementation framework.

However, when you are working with people, including our customers, employees and suppliers, there are always potential risks.

The Board relies on the Social and Ethics Committee to provide detailed oversight of ethics. This includes assessing incident reports and related analyses, which enable us to identify root causes and act to remediate them.

We also rely on management to walk the talk and be role models for the behaviour that we expect. They have to set the tone, and for people to experience this, management has to be visible.

As a Group, we can still do more to engage with suppliers on our ethics and values, which are core to our culture.

Q | What emerged in the Board's strategy review this year, and what stood out in terms of implementation?

A | In our annual review, we make sure the PIVOT Strategy remains relevant, deliverable and aligned with the Board's risk appetite and long-term value creation objectives. There were no fundamental changes to the strategy; rather, the emphasis sharpened around execution discipline, capital efficiency and resilience in a more constrained economic and competitive environment.

In terms of progress, implementation has been mixed. Clear areas of strength are the data-led, core connectivity and infrastructure pillars of the strategy. However, the Board is equally clear on areas of weakness. Top-line growth remains below the Group's medium-term ambition, and BCX's performance has yet to stabilise in a subdued enterprise ICT market.

These areas are receiving focused Board attention to ensure that the pace of execution matches the Group's strategic intent.

Overall, the Board believes PIVOT remains the right strategy, and disciplined delivery and sharper prioritisation continue to be essential to realising its full potential.

Q | In last year's report, you anticipated that the Board would pay close attention to FTTH expansion, free cash flow and transformation. What progress was made?

A | Openserve delivered its first year of overall revenue growth in nine years. It boosted homes passed to over 1.5 million and increased the connectivity rate to 53.1% while maintaining strong service quality and uptime. The fibre market remains highly competitive, which places pressure on pricing and returns. However, the Board is satisfied that network capability and monetisation are moving in the right direction.

Free cash flow increased by 10.4%, supported by disciplined cash management, structural cost improvements, lower lease liability repayments and reduced financing costs. Cash flow also benefited from improved collections and ongoing cost optimisation. Net debt reduced materially, strengthening the Group's financial resilience. Sustained cash generation remains essential to fund growth while preserving balance sheet strength.

The Board continues to view transformation as a strategic and governance priority. We saw progress in workforce capability, digital skills development and leadership diversity, as well as measurable advances in sustainability and energy resilience.

However, performance remains uneven across the Group. In particular, the enterprise ICT services business is receiving ongoing Board attention to ensure that execution matches strategic intent.

Q | Telkom is committed to smart capex deployment anchored in improving returns. How has this been shaping capital decisions?

A | We want to deploy capital in smart, cash-generative opportunities where Telkom has enduring structural advantage – notably, in national fibre, mobile and core network infrastructure. At the same time, we want to reduce complexity, capital intensity and operational drag elsewhere.

Returns on invested capital remained stable in FY2026 at 11.2%, applying the effective tax rate, despite increased capital expenditure. This reflects disciplined deployment of capital into value-accretive opportunities.

While it is important to allocate capital to innovation and research and development (R&D), the Board ensures we take a holistic approach. This is based on a rigorous and strategic capital decision-making process that considers growth, operational efficiency, sustainability and shareholder dividend requirements.

Q | Were there any changes to the Board composition and Committees this year?

A | Following recommendations raised during the Board evaluation process, the Board Committees were reconstituted from 1 May 2026 to ensure a better balance of skills, experience, independence, continuity and diversity. We strengthened regulatory expertise on the Social and Ethics Committee and took particular care over the Remuneration Committee, which is always in the shareholder spotlight.

The voting results from our AGM held on 21 August 2025 confirm that shareholders support the appointment of Board and Committee Members. They also voted overwhelmingly in favour of our remuneration policy and implementation report.

Our engagement with shareholders at the Chairperson's roadshow and the AGM continued to build relationships of trust anchored in transparent communication, delivery on our promises and a positive performance trajectory.

Q | A positive performance trajectory means higher dividends for shareholders. How did the Board approach dividends in FY2026?

A | The Board approved a revised dividend policy with a higher payout ratio of 40% to 60% of free cash flow, up from last year's 30% to 40%.

The Board declared a 65.7% increase in the final ordinary dividend per share. Both decisions were based on resilient free cash flow and a strong financial position. We continue to balance Telkom's long-term financial viability and business requirements for additional capital investments to drive future growth.

I am sure our shareholders will appreciate both the short-term reward and a responsible long-term approach. Our commitment is the continued focus on revenue growth, the execution of our strategy, and the delivery of shareholder returns.

Q In providing strategic oversight, what will the Board prioritise in FY2027?

A The Board's priorities for the coming financial year include:

- Ensuring the transformation of Telkom as South Africa's leader in telecommunications and digital services
- Continuously monitoring the geopolitical landscape and its potential impact on Telkom
- Evaluating business plan execution and disciplined capital allocation. This includes improving BCX's financial performance, enhancing Group cost optimisation, diversifying revenue, increasing free cash flow, and maintaining an appropriate balance between investment in strategic growth and shareholder returns
- Planning for management and Board succession to promote continuity and ensure the business is well positioned for the future
- Complying with King V based on the readiness assessment done in FY2026

Q Stakeholders are central to Telkom's value creation. How would you like to thank them?

A We are fortunate to have Board Members who go beyond fulfilling their fiduciary duties and delivering on the Board's charter. I am grateful for their diligence in providing oversight and ensuring Telkom's sustainability through our collective and robust deliberations.

I also thank Telkom's employees for their unwavering commitment and resilience over the years. This does not go unnoticed.

What stood out this year was the openness, continued trust and support of our stakeholders, especially our shareholders. We are privileged to enjoy ever-strengthening engagements and relationships with stakeholders, and we do not take their support for granted.

Mvuleni Geoffrey Qhena
Board Chairperson



An interview with our GCEO

The FY2026 results validate our strategy for Telkom's transformation. We continued to deliver sustainable quality growth, stronger earnings, improved free cash flow, and enhanced shareholder returns. As a result, we increased our dividend payout ratio to 40% – 60% of free cash flow.

Mobile is compounding growth, Openserve is showing inflection, and BCX is focused on execution.

Serame Taukobong
Group Chief Executive Officer

Q | Every financial year has unique challenges and opportunities. What stood out in FY2026?

A | This year will be remembered for a complex operating environment marked by subdued economic growth, evolving customer expectations and increasing competition across key markets. While inflationary pressures eased during the year, consumers and enterprises remained cost conscious, resulting in cautious spending patterns and slower decision-making in parts of our enterprise portfolio.

Several structural trends continued to shape our industry. The structural shift from legacy voice to data, fibre and digital services continued to accelerate. Fibre connectivity expanded through higher penetration and utilisation, while robust mobile data usage and subscriber growth continued. Our investments in Openserve's fibre build, mobile capacity expansion, and network simplification are aligned with the industry evolution.

The approval of a transaction between a mobile network operator and a fibre infrastructure provider has reshaped South Africa's fibre market. As competition intensifies, success will depend on network scale, customer experience, connectivity rates and efficient infrastructure utilisation.

Telkom's extensive fibre footprint and integrated connectivity capabilities position the Group well to compete in this evolving market.

Disciplined execution, energy resilience and targeted capital investment remain essential to maintaining network quality and supporting growth while protecting returns.

These investments position Telkom as a reliable and scalable digital backbone supporting future connectivity, enterprise transformation and digital inclusion.

Q | How would you summarise Telkom's financial performance?

A | We are now in the most demanding phase of the transformation strategy we embarked on three years ago. Executing as OneTelkom, we have built a differentiated ecosystem that leverages Openserve's fibre network and Telkom Mobile's reach. Combined with BCX's IT services, this enables us to support small, medium and micro enterprises (SMMEs) and government with differentiated solutions.

We are seeing sustained growth across data revenue, EBITDA, EBITDA margin and HEPS.

Group revenue increased by 1.4% to R44.5 billion, driven by strong growth in data revenue. The revenue growth was partly offset by continued revenue strain in Converged Communications at BCX, due to the ongoing managed migration to fibre-based platforms.

Mobile and fibre-related data revenue now contributes 58.5% of total Group revenue. Fixed-voice and subscription revenue decreased by 21.8%, and customer premises equipment sales and rentals declined by 23.0%, as the structural migration away from legacy fixed services continued. The revenue mix continues to shift towards higher-quality, data-driven streams aligned with our strategic focus. This means our revenue streams are growing in the places where we are focusing. This strengthens the resilience and sustainability of our revenue base and aligns with our strategic focus on data, connectivity and digital services.

Importantly, this performance was not driven by once-off factors. While the growing contribution from data, mobile and fibre services improved the quality of our revenue mix, the performance improvement was primarily driven by disciplined cost management, operational efficiencies and the successful execution of the OneTelkom approach. These structural improvements strengthened profitability, cash generation and returns.

A strong Group EBITDA margin of 28.1%, exceeding the upper end of our guidance, reflects Group-wide structural cost management. HEPS increased, demonstrating sustained value in the first full year post the Swiftnet sale.

Telkom Consumer and Openserve delivered milestone results through increased efficiencies and improved growth, driven by our data-led strategy and OneTelkom competitive advantage. Under new leadership, BCX is repositioning itself as a connectivity provider for digital services.

Business unit performance summary

Telkom Consumer delivered strong performance, with market-leading mobile service revenue **growth of 6.8%** supported by strong **pre-paid service revenue growth**. The execution of the regional strategy delivered double-digit revenue growth, whereas post-paid subscribers and average revenue per user (ARPU) remained stable. Mobile data subscribers grew to almost 20.0 million, representing 77.8% of our total subscriber base. Our Mobile business delivered a solid 14.0% increase in EBITDA, with the EBITDA margin expanding by 2.3 percentage points (ppts) to 29.0%.

Openserve's overall revenue grew by 2.3% – the first positive uplift in nine financial years – underpinned by fibre expansion and growth in the enterprise, carrier services and broadband segments. The shift towards fibre-led revenue gained momentum and accounted for 87.0% of total operating revenue, indicating that our transition to fibre services is largely complete. External revenue increased by 10.7%. Revenue growth and cost optimisation led to an improved EBITDA margin. Openserve's industry-leading connectivity rate improved to 53.1%, underscoring the effectiveness of our commercialisation approach.

Prudent cost management at **BCX** supported EBITDA margin resilience. Overall **IT business revenue was stable, with cybersecurity revenue growing robustly** and IT hardware and software also recording growth.

Hasnain Motlekar started as acting Chief Executive Officer effective 1 March 2026 and will be accelerating BCX's transformation.

Q | Were there any refinements to Telkom's PIVOT Strategy this year?

A | The Board and management review the strategy annually to ensure it remains fit for purpose in a dynamic operating context. We adjusted the framework slightly to emphasise Telkom's role in building the nation's digital backbone, and placed a sharper focus on how we differentiate ourselves by providing value-rich broadband (both mobile and fibre).

We sharpened emphasis within the strategy pillars rather than redesigning them. Connectivity and data infrastructure remain the core, with a stronger focus on monetisation, affordability and utilisation rather than footprint alone. Enablers such as energy resilience, network simplification, digital platforms and cost efficiency have been elevated, reflecting their role in protecting margins and service reliability.

We also ensured alignment with the 2030 Sustainability Strategy, which aims to harness digital transformation to accelerate sustainable growth and create a positive impact on society and the environment.

Our OneTelkom approach is still key to strategy implementation and overall resilience. With the divestment of Swiftnet last year, we now have a business portfolio that positions Telkom for future growth in line with our strategic focus areas.

As a Group, our integrated ecosystem is more resilient than the sum of its parts. Our infrastructure is a strategic advantage that supports mobile, fibre, enterprise services, government connectivity, AI-enabled workloads and digital inclusion.

Q | With a more robust and sustainable balance sheet, what are Telkom's capital allocation priorities?

A | We are in a much stronger position than in the past few years. Our net debt to EBITDA improved, while the cash flow position has also expanded significantly. This expands our capital allocation options and strengthens confidence in our relationships with funders.

Each business unit has the opportunity to motivate for capital allocation in line with our smart capex deployment, which is anchored on returns, capital expenditure cycles and potential Group leverage opportunities.

Our investment focus remains on expanding capacity, improving network efficiency, and modernising the core to support current and future digital services. Mobile capex prioritises densification, coverage and resilience, while fibre connectivity increasingly supports mobile backhaul through our integrated network model, homes passed and connected, and the enterprise segment. This approach means we can support advanced digital and AI-enabled services as adoption grows, without over-investing ahead of demand in a price-sensitive market.

Our free cash flow improvement is increasingly supported by structural operational improvements, including margin expansion, disciplined capex deployment, network simplification and lower financing requirements. This gives us confidence that cash generation is becoming more sustainable over time.

Q | Telkom delivered strong results, yet maintained its medium-term guidance. Why?

A | While performance continues to improve, we remain mindful of the uncertain macro-economic environment, geopolitical developments and evolving competitive dynamics.

The progress achieved through disciplined execution of the OneTelkom approach gives us confidence in our medium-term outlook. However, we remain committed to a prudent guidance framework that preserves flexibility in an evolving operating environment.

Q | What is Telkom's biggest opportunity in the medium term?

A | Rising data usage, increasing smartphone adoption, and stronger demand for faster and more reliable digital services over traditional voice are the Group's main growth and opportunity drivers. There is opportunity in centralised data centre demand, and latency-driven distributed AI workloads. Our infrastructure and capital investment have positioned us well to leverage these opportunities.

Almost all (97%) of the devices on our network are now 4G-enabled, and voice over LTE adoption accelerated to 80% from 61% in FY2025. This provides compelling evidence that customers need modern, data-optimised infrastructure, even where full 5G coverage is still emerging.

As high-end devices primarily drive 5G demand, we are focusing on corporate and industrial 5G opportunities for now, particularly in mining and indoor coverage. We are prioritising efficient rollout in these high-demand areas, including targeted

upgrades to site infrastructure such as power, transmission and structural capacity. At the same time, we will balance ongoing LTE capacity expansion with 5G investment to ensure we continue meeting current demand while building for the future.

Over the next few years, LTE and 5G will coexist on a shared infrastructure platform. We expect 5G adoption to continue expanding across key urban and economic centres, supporting growing consumer and enterprise demand.

Telkom has a unique advantage, as we never deployed a 2G network and from the onset, oriented our mobile offering around 4G/LTE. Therefore, we can capture market share with 2G mobile users as they migrate to 4G or higher. As data usage increases, so does demand for higher-value services.

The pre-paid market remains a significant growth area. In FY2026, mobile data subscribers and data traffic increased strongly, while the pre-paid segment delivered stellar service revenue growth. This shows that value-based propositions and segmentation continue to unlock growth, even in a saturated market. We are also increasing market share in non-metro areas, which have previously been under-indexed.

A further opportunity lies beyond connectivity. Digital and financial services – including airtime advance, insurance and adjacent digital platforms – are scaling and deepening customer stickiness. This enables us to increase our share of wallet without relying solely on subscriber growth. These services are increasingly important contributors within our Mobile business.

Finally, fibre and fixed-mobile convergence create longer-term growth optionality. As fibre penetration expands and mobile and fixed usage converge, our ability to leverage Openserve's infrastructure alongside mobile distribution increases. This positions Telkom to capture household and SMME data growth more effectively. It means that growth will come from data usage, platform services and integrated connectivity, not from increasing subscribers alone.

Q | Regulatory compliance remains one of the top material matters and a key risk. How are you navigating a continuously evolving landscape?

A | Regulation, spectrum and pricing policy remain firmly on our radar, as they materially shape how value is created in the sector over time.

The regulatory environment is constantly changing. For example, the proposed Electronic Communications Amendment Bill, alongside broader regulatory focus on open access and infrastructure sharing, has the potential to reshape market dynamics. The industry is also preparing for the implementation of new data-related regulatory requirements that are expected to come into effect in January 2027.

We engage proactively with regulators to ensure outcomes support long-term investment, competition and consumer benefits, while protecting the sustainability of networks. The last spectrum auction materially improved industry capacity. However, further spectrum – particularly in high-demand bands – will be needed to support continued growth in data traffic and service quality, and to enable cost-effective coverage and improved network economics.

Our strong balance sheet and smart capex deployment position us to participate responsibly when additional spectrum opportunities arise, without compromising returns.

Affordability remains a defining feature of the South African market. Our focus remains on value-based pricing. Instead of engaging in unsustainable price competition, we aim to offer affordable access while protecting margin through efficiency, scale and differentiated propositions. This balanced approach is central to delivering sustainable growth in a highly regulated and price-sensitive environment.

Q | Telkom's infrastructure is key to the delivery of financial services in South Africa. How do you ensure network availability?

A | It is important to monitor both network availability – which averaged 99.99% for FY2026 – and redundancy. High redundancy creates multiple paths for data traffic and uses backup systems to minimise downtime, ensuring reliable network services. Telkom has over 180 000 km of fibre footprint, which allows for high levels of redundancy.

In South Africa, demand patterns shift dynamically as people work, live, and consume data, and as businesses expand and invest in different regions. For example, traffic usage trends direct our investment in fibre to homes, as this takes pressure off the mobile network. In the same vein, we use redundancy to mitigate the risk of cable theft, vandalism and other damage. Openserve's undersea cable partnership with Google adds a further dimension of reliability, providing support against digital shedding on a national scale.

Our continued investment in network availability, additional sites and backup power infrastructure has contributed to lower roaming costs.

We also measure network availability through service reliability and operational metrics. Openserve increased its net promoter score (NPS) to 79.0, its highest to date, as the business unit continued to improve the average time to repair or install equipment, resulting in less downtime and better efficiencies.

Q | How will the OneTelkom approach serve the Group going forward? What are the key drivers of success?

A | The OneTelkom approach represents a deliberate shift toward a more integrated and customer-led Group focused on two priorities: first, accelerating integration where it creates clear value; and second, carefully managing potential disruption to existing operations and performance.

We have started seeing the benefits of a co-ordinated go-to-market approach and shared capabilities. This will unlock greater value through convergence, improved capital efficiency, and a more cohesive response to market dynamics.

The OneTelkom impact is increasingly visible in our financial measures through stronger margins, improved free cash flow, disciplined capex and a more resilient balance sheet.

Sustaining this momentum will depend on continued alignment at leadership level, supported by a performance architecture that drives Group-wide outcomes. Equally important is the progression toward integrated systems and a single view of the customer, enabling more informed and co-ordinated decision-making.

BCX is a good example of a business unit that was challenged in the past by operating in isolation. As part of the Telkom portfolio, it can play a key role in providing converged solutions together with other business units, creating greater value for customers through the OneTelkom approach.

Q | Telkom recorded its highest ever employee participation rate in the latest Voice of the Employee survey. What does this signal?

A | We achieved a 75% participation rate and a score of 85.2% in the Employee Engagement Index, which reflects high engagement and overall satisfaction of our employees.

Employees show high levels of advocacy and inspiration, and the work environment continues to strengthen in areas such as customer focus, accountability and collaboration. Confidence in the Group's long-term strategic direction remains strong, supported by clear communication and alignment in several business areas.

We are also making progress in key transformation areas, such as the number of women in leadership positions, which increased to 37.3% this year.

Q | What can we expect from Telkom in FY2027, and where will you focus?

A | Our data-led strategy remains our key growth driver. Having established the OneTelkom approach and strengthened our position, we are now focused on the next phase of value creation. This will be achieved through further efficiency gains, improved growth across the Group, and the disciplined execution that has become the hallmark of our transformation.

While the operating environment remains uncertain, with geopolitical tensions and rising energy costs affecting consumers and businesses, we remain focused on balancing growth and efficiency. We continue to monitor these developments closely while pursuing our twin goals of revenue growth and operational excellence.

At business unit level, Consumer will continue to drive mobile service revenue growth through improved customer experience, compelling value propositions and execution of our regional strategy.

Openserve will focus on overall revenue growth across the broadband, enterprise and carrier segments, supported by continued fibre monetisation. Its ongoing network simplification and energy transformation initiatives are expected to support margin expansion and operational efficiency.

BCX is repositioning connectivity as a foundation for digital services such as cloud, data platforms and intelligent applications. The business is reviewing its product portfolio to prioritise offerings that are scalable and can deliver improved profitability. BCX's long-term differentiation lies in combining digital services with Telkom's connectivity infrastructure through OneTelkom.

While the BCX turnaround remains a multi-year journey, management's focus is on improving portfolio quality, scaling cloud and cybersecurity solutions, and enhancing execution discipline to support sustainable profitability over the medium term.

We will continue to balance growth investment and cost discipline. Capex intensity is expected to remain within the 12% to 15% framework, primarily supporting mobile and fibre growth. At the same time, ongoing cost efficiencies and operational discipline will support free cash flow generation and a prudent leverage position.

Overall, our objective is a simpler, more focused Telkom – one that consistently converts strategy into earnings, cash flow, resilience and sustainable shareholder value. As we enter the second year of our medium-term guidance, we are confident that our framework captures our commitment to disciplined execution.

Q | What gave you the energy and inspiration to lead Telkom's achievements this year?

A | For me, the Crowded House song, "Always take the weather with you", is a reminder that we all have a role to play in Telkom's future, and the agency to create success.

Our customers, who remained loyal and supportive, are first in line when it comes to acknowledging contributions for FY2026.

I also thank our employees for their resilience, hard work and commitment, and I am grateful for the Board's support and guidance. Together with our partners, we truly form the backbone of South Africa's digital future.

Serame Taukobong
Group Chief Executive Officer



GCFO's report on financial performance

FY2026 was characterised by disciplined and consistent execution of our data-led strategy. This enabled the Group to deliver quality earnings, margin expansion and resilient free cash flow (FCF) despite ongoing macro-economic and industry headwinds. The strong financial results translated into improved shareholder returns and demonstrated the resilience of our business model. Focused execution, operational efficiencies and ongoing strategic transformation enabled Telkom to exceed market expectations in a highly competitive environment. Our performance reflects that the consistent and disciplined strategy execution is gaining traction and has returned to strong progress all across key financial metrics.

Nonkululeko Dlamini
Group Chief Financial Officer

The Group continued to benefit from deliberate migration towards data-led revenue streams, with strong momentum in mobile and fibre-related services underscoring the success of our ongoing investment in infrastructure.

Disciplined cost management, operational efficiencies and structural improvements embedded in the cost base contributed to improved profitability, margin expansion and a stronger cost-to-income profile.

We maintained a robust balance sheet, underpinned by prudent capital management, strong liquidity levels and a conservative leverage position. This gives us the flexibility to navigate market uncertainties and invest in future growth opportunities.

Capital allocation remained focused on investments that enhance long-term returns and support strategic growth objectives.

Our strong cash generation enabled continued reinvestment in the business while enhancing shareholder returns.

Looking ahead, we remain committed to disciplined execution, prudent capital allocation and sustainable long-term value creation. We will continue to strengthen the Group's competitive positioning and drive profitable growth.



Items impacting our financial performance

Pro forma financial information

Restructuring costs

In FY2025, the Group recognised restructuring costs of R160 million. These costs did not recur this year.

Settlement of the Telkom Retirement Fund (TRF)

In FY2025, the Group recognised a once-off cost of R618 million related to the loss from the settlement of the TRF liability. This cost did not recur this year.

Group financial performance

	Reported March 2026	Pro forma ² March 2025	Variance
	Rm	Rm	%
Continuing operations			
Group revenue	44 477	43 880	1.4
Group EBITDA	12 480	11 792	5.8
Group EBITDA margin (%)	28.1	26.9	1.2
Cost-to-income (%)	73.0	75.1	2.1
Group capex	6 434	5 827	10.4
FCF ¹	3 068	2 778	10.4
Basic earnings per share (BEPS) (cents)	719.5	681.7	5.5
Headline earnings per share (HEPS) (cents)	708.5	583.2	21.5
Net debt to EBITDA (times)	0.5	0.6	(0.1)

Key themes from Telkom's financial performance

- Continued shift toward data-led revenue streams drives sustainable growth
- Structural efficiencies drive margin expansion
- Quality earnings growth supported by disciplined execution
- Targeted capital allocation enhances long-term returns
- Strong balance sheet and prudent fund utilisation

- Resilient FCF generation supports reinvestment and shareholder returns
- Enhanced shareholder returns

Group revenue grew by 1.4% to R44 477 million, supported by the Group's data-led strategy. While growth remained below the medium-term mid-single-digit ambition due to macro-economic headwinds, constrained consumer spending and intensified competition, underlying operational momentum continued across the core platforms.

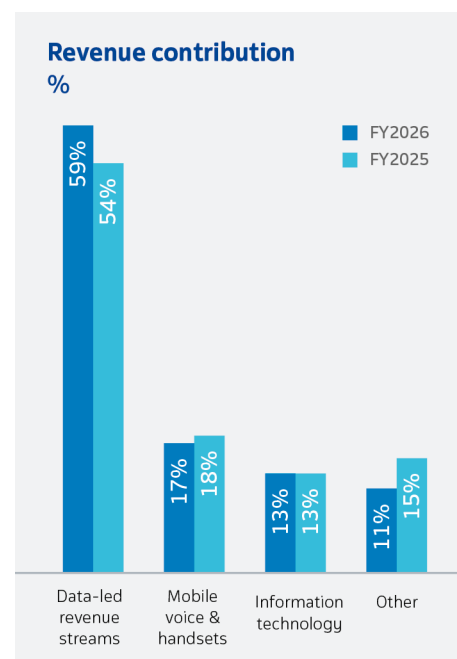
Growth was driven by a 9.1% increase in data-led revenue streams. Mobile data revenue rose by 10.5%, supported by strong subscriber growth.

Fibre-related data revenue grew by 6.3%, underpinned by ongoing fibre adoption and increased homes connected.

As expected, legacy services continued to decline. Fixed-voice and subscription revenue fell by 21.8%, customer premises equipment revenue declined by 23.0%, and non-fibre data revenue decreased by 33.4%, reflecting the structural migration away from legacy technologies.

The Group's continued investment in network modernisation and digital infrastructure remains central to long-term growth and competitiveness.

The revenue mix continued to improve. Mobile and fibre-related data revenue contributed 58.5% of Group revenue (FY2025: 54.3%), with total data revenue accounting for 59.8%.



Structural efficiencies drive margin expansion

The Group delivered strong profitability growth in FY2026. EBITDA increased by 5.8% to R12 480 million, continuing to outperform revenue growth and demonstrating the benefits of disciplined execution, structural cost transformation and operational efficiencies across the business. As a result, the Group EBITDA margin expanded by 1.2 ppts to 28.1%, while the cost-to-income ratio improved by 2.1 ppts to 73.0%. This reflects meaningful progress in enhancing operating leverage and improving the quality of earnings.

Total expenses decreased by 1.1%, driven by structural cost improvements, lower impairments and operational efficiencies across business units. Operating expenses declined by 2.1% year on year.

Key efficiency initiatives included network simplification, energy transformation, maintenance optimisation and roaming cost management. These were complemented by strengthened credit management practices that improved collections performance and reduced credit risk exposure.

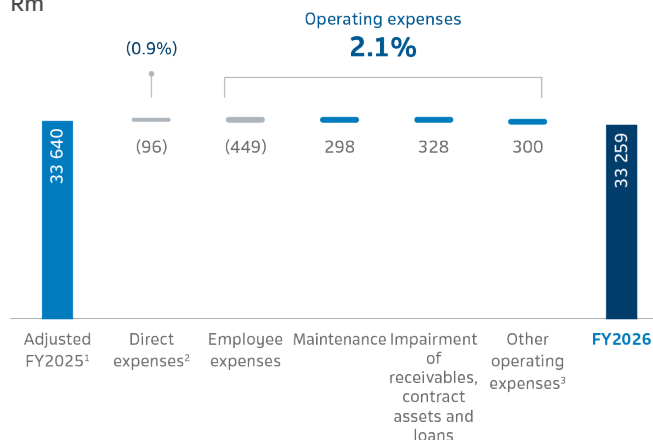
These gains were partially offset by higher people-related and commercial costs. Employee expenses rose by 5.6%, reflecting a 5.8% average salary increase and performance-linked incentives. Sales commissions and logistics costs increased by 11.5%, consistent with strong mobile subscriber growth and sustained commercial momentum.

¹ This is a non-IFRS financial measure.

² Refer to page 8 in the *Annual Results Booklet* for the prior year reconciliation of the reported figures to the pro forma adjusted figures.

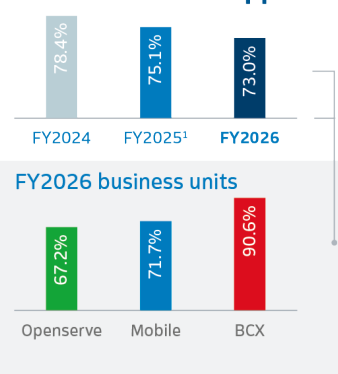
Cost to income

Total expenses
Rm



Cost to income

Group %
2.1 ppts



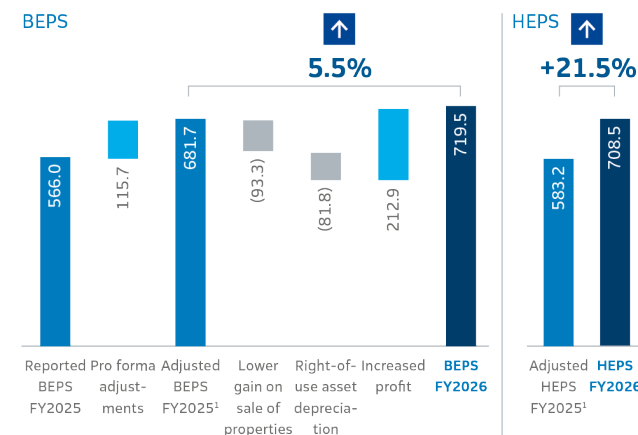
Quality earnings growth supported by disciplined execution

The Group delivered strong earnings growth in FY2026 through disciplined execution and resilient operations.

HEPS increased by 21.5% to 708.5 cents and BEPS rose by 5.5% to 719.5 cents, driven by a 5.9% increase in profit after tax and a 5.8%² increase in Group EBITDA. Earnings were further supported by higher investment income on increased average cash balances and a 28.3% decrease in finance charges, benefiting from a 14.7% reduction in net debt.

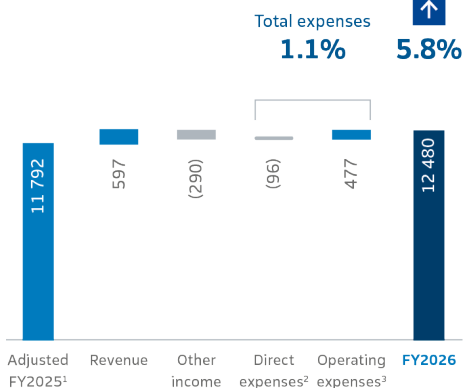
Earnings per share cents

BEPS

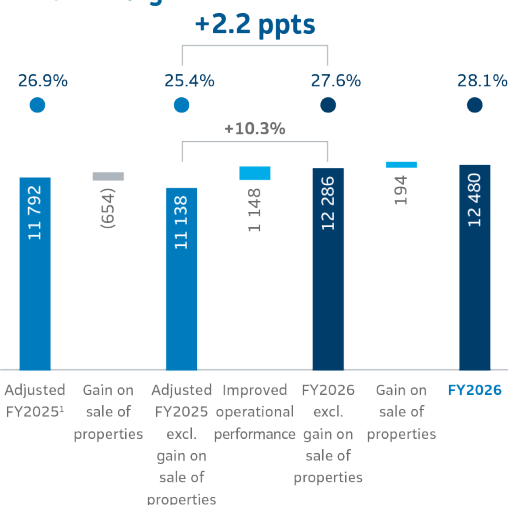


¹ Once-off costs relates to the TRF derecognition loss of R618 million and restructuring cost of R160 million.

EBITDA



EBITDA margin



Depreciation, amortisation, impairment and write-off expenses increased by 9.9%. This is mainly due to lease remeasurements for leases closer to the end of their period, as well as the increase in the depreciation for Swiftnet leases, which were external for a full 12 months in the current year compared to two months in the prior year. Higher additions to property, plant and equipment further contributed to the increase.

The performance was partially impacted by negative fair value adjustments from the rand strengthening against the US dollar, consistent with the Group's hedging strategy.

¹ Excludes the impact of the TRF derecognition loss of R618 million and restructuring cost of R160 million in the prior year.
² Includes the cost of handsets, equipment, software and directories, sales commissions and incentives, and payments to other operators.
³ Includes employee expenses, insurance service expense, other expenses, marketing, impairment of receivables, contract assets and loans, service fees and lease-related expenses.

¹ Weighted average number of shares.

Cents per share	Reported FY2026	Reported FY2025	Adjusted FY2025
BEPS	719.5	566.0	681.7
Property, plant and equipment and intangible assets	(11.0)	(98.5)	(98.5)
Net profit on disposal	(57.5)	(150.8)	(150.8)
Net write-offs and impairment	46.5	52.3	52.3
HEPS	708.5	467.5	583.2
WANOS ¹	492 587 195	490 660 883	

Targeted capital allocation enhances long-term returns

Capital expenditure increased by 10.4% to R6 434 million in FY2026, reflecting continued investment in strategic growth, network modernisation and digital infrastructure. Capex intensity remained within medium-term guidance at 14.5% (FY2025: 13.3%). Return on invested capital (ROIC) remained stable at 11.2%, applying the effective tax rate, demonstrating disciplined and efficient capital deployment.

Investment was focused on mobile and fibre infrastructure, network modernisation and digital enablement, supporting growing demand for connectivity and enhanced customer experiences, and strengthening network quality, coverage and competitive positioning.

IT and digital platform investment was further advanced through the ongoing business support system (BSS) transformation programme. This programme is aimed at implementing a cloud-native, AI-enabled technology platform to improve customer experience, enhance operational agility and accelerate product innovation.

Return on invested capital

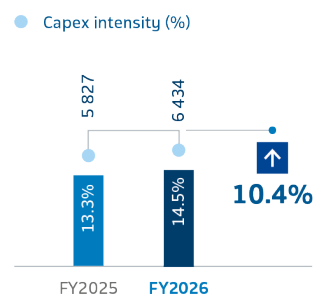
Telkom strives to continually improve its ROIC through cost optimisation and revenue growth opportunities, while investing strategically in growth areas. ROIC is presented based on both the effective tax rate and the companies tax rate to enhance comparability. The prior year's effective tax rate was distorted by the Swiftnet disposal.

Extract of the consolidated annual statement of profit or loss Continuing operations	Reported March 2026 Rm	Pro forma March 2025 Rm	Pro forma adjustment ¹ Rm	Reported March 2025 Rm
Operating profit	5 933	5 835	778	5 057
Taxation (effective tax rate)	(1 507)	(1 176)	(210)	(966)
Taxation (companies tax rate)	(1 602)	(1 575)	(210)	(1 365)
ROIC % based on effective tax rate	11.2%	12.0%	—	10.6%
Operating profit after tax (effective tax rate)	4 426	4 659	568	4 091
Invested capital (closing balance)	39 409	38 696	—	38 696
ROIC % based on companies tax rate	11.0%	11.0%	—	9.5%
Operating profit after tax (companies tax rate)	4 331	4 260	568	3 692
Invested capital (closing balance)	39 409	38 696	—	38 696

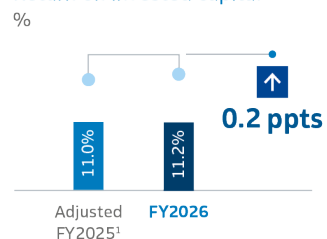
¹ The prior year excludes the R618 million TRF derecognition loss and R160 million restructuring cost with the related tax impact.

Capital expenditure

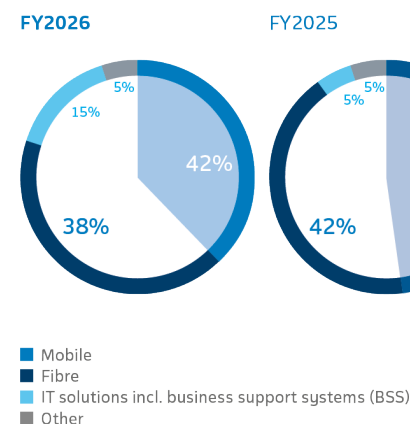
Capex spend and intensity



Return on invested capital



Capex allocation



Strong balance sheet and prudent fund utilisation

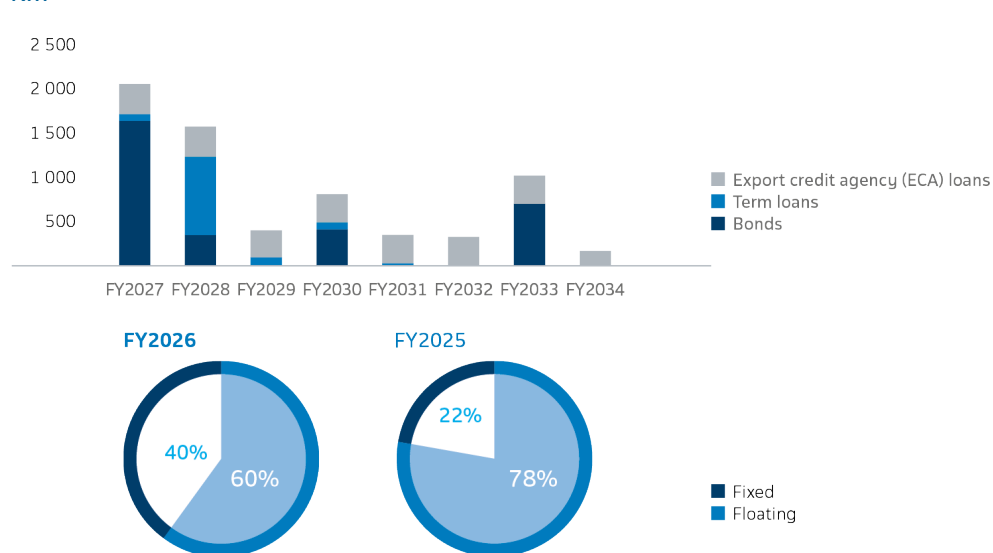
The Group maintained a strong financial position in FY2026. This was underpinned by disciplined capital management, sustained cash generation and prudent balance sheet optimisation, providing strategic flexibility to invest in growth and support shareholder returns.

Bank and cash balances decreased by 30.1% to R7 723 million, primarily reflecting the once-off R6.6 billion Swiftnet disposal proceeds received in the prior year. A portion of these proceeds was applied to repay R4 954 million of interest-bearing debt, while R1.3 billion was distributed to shareholders, partially offset by ongoing cash generation during the year.

Net debt decreased by 14.7% to R6 366 million (FY2025: R7 460 million), with the net debt to EBITDA ratio improving to 0.5x (FY2025: 0.6x). This placed the Group at the lower end of its medium-term leverage guidance range. Available liquidity exceeded interest-bearing debt levels, reinforcing balance sheet resilience and providing significant flexibility to pursue long-term value creation.

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

Debt maturity profile



Resilient free cash flow generation supports reinvestment and shareholder returns

Free cash flow increased by 10.4% to R3 068 million (FY2025: R2 778 million), supported by disciplined cash management, structural cost improvements, lower lease liability repayments and reduced financing costs. This was achieved despite capex paid being materially higher in the year, as FY2025 included R398 million of Swiftnet-related capex paid prior to the disposal of the business.

Cash generated from operations decreased by 7.9% to R12 264 million. However, the prior year included several non-recurring cash flow items that impacted year-on-year comparability. These included cash receipts relating to the Google fibre transaction concluded in FY2025, and Swiftnet-related customer receipts and supplier payments recognised prior to disposal.

Excluding these prior-year, once-off and discontinued operation impacts, underlying operational cash generation remained resilient and broadly stable. This was supported by improved collections, disciplined working capital management and continued execution of structural cost optimisation initiatives across the Group.

Cash paid to suppliers and employees was impacted by working capital movements, including notably lower trade and other payables resulting from reduced operating expenditure and lower handset procurement activity during the year. Cash outflows were further affected by increased bonus incentives linked to business performance.

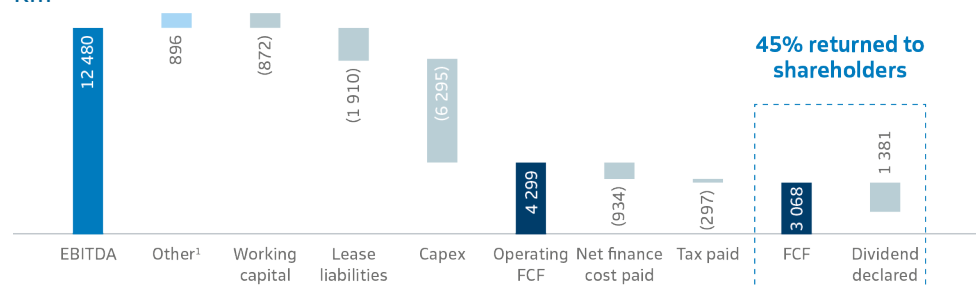
	March 2026 Rm	March 2025 Rm	Variance %
Cash receipts from customers	45 389	44 484	2.0
Cash paid to suppliers and employees	(33 125)	(31 163)	(6.3)
Cash paid to suppliers and employees	(33 125)	(31 493)	(5.2)
Proceeds from plan assets	—	330	100.0
Cash generated from operations	12 264	13 321	(7.9)
Repayment of principal lease liability	(1 910)	(2 496)	23.5
Interest received	584	537	8.8
Dividend received from the cell captive	240	—	100.0
Finance charges paid	(1 518)	(2 023)	25.0
Taxation paid	(297)	(396)	25.0
Cash generated from operations before dividend paid after lease payment	9 363	8 943	4.7
Cash paid for capex	(6 295)	(6 165)	(2.1)
Free cash flow¹	3 068	2 778	10.4

¹ This is a non-IFRS financial measure.

FY2025 comparability was also impacted by bulk handset acquisitions that remained outstanding at year-end, which did not recur in FY2026.

Lower principal lease repayments during the year were mainly due to the once-off settlement of the Google fibre pair lease in FY2025. This benefit was partially offset by the transition from internal to external lease payments following the disposal of Swiftnet. In addition, higher interest received, supported by improved average cash balances, together with lower finance charges and reduced taxation paid, contributed positively to overall cash generation during the year.

Free cash flow



¹ Includes dividend received from the cell captive and non-cash items relating to the impairment of receivables and contract assets, provisions and deferred revenue as well as removing the gain on sale of assets.

Overall, the Group maintained resilient free cash flow generation, underpinned by disciplined capital allocation, structural cost efficiencies and a continued focus on cash conversion. This strong cash generation capability supports ongoing reinvestment into strategic growth initiatives, balance sheet resilience and sustainable shareholder returns.

Enhanced shareholder returns

The Board declared an ordinary dividend of 270 cents per ordinary share (cps) (FY2025: 163 cps) from strong operational performance. This represents 45% of free cash flow generated. The declaration underscores our dedication to returning capital to shareholders while maintaining a balanced approach to reinvestment and financial flexibility.



Capital allocation framework

Invest for sustainable organic growth

- Deliver disciplined, data-led growth execution
- Accelerate resilient and customer-led revenue growth
- Drive structural efficiencies and margin expansion

Investments driving value creation

- Maintain disciplined capex intensity and infrastructure sustainability
- Prioritise investment in high-growth, data-led opportunities.
- Allocate capital to projects that enhance long-term returns

Prudent financial sustainability management

- Maintain a resilient financial position and prudent leverage
- Preserve liquidity and financial flexibility for strategic growth
- Drive disciplined financial management and sustainable returns

Cash generation and shareholder value delivery

- Progressive dividend framework supporting sustainable shareholder returns
- Maintain flexibility to optimise shareholder returns over time
- Disciplined free cash flow generation

Outlook

Our data-led strategy and OneTelkom approach remain our core growth drivers as we enter the next phase of value creation, which focuses on efficiency gains, disciplined capex allocation and improved returns.

Global geopolitical tensions have heightened macro-economic volatility, driving higher oil prices, currency fluctuations and inflation that may pressure consumer spending and increase our diesel costs. We are actively monitoring developments and implementing mitigating measures.

In this environment, we will balance growth investment with cost discipline. Capex intensity will remain within 12% – 15%, primarily funding mobile and fibre, while cost efficiencies protect margins – collectively supporting free cash flow generation and a prudent leverage position.

At business unit level, Consumer will drive service revenue and fibre growth through enhanced customer experience, dynamic value propositions and the regional market share strategy. Mobile service revenue is expected to grow at a mid-single-digit rate. Openserve will pursue revenue growth across broadband, enterprise and carrier segments, with network simplification and energy transformation supporting EBITDA margin expansion, alongside continued FTTH rollout. BCX is repositioning connectivity as the foundation for scalable digital services – including cloud, data platforms and intelligent applications – while rationalising its IT product portfolio to improve profitability.

Medium-term guidance

Entering the second year of our medium-term guidance in FY2027, we remain confident that the guidance provided on 10 June 2025 captures our commitment to disciplined execution in an evolving market.

Mid-single-digit
Revenue growth



25% – 27%
EBITDA margin



12% – 15%
Capex to fund growth



0.5x – 1.5x
Net debt to EBITDA



Dividend policy

The Board revised the dividend policy in FY2026, increasing the payout range to 40% – 60% of free cash flow (previously 30% – 40%).

The revised policy reflects the Group's commitment to enhancing shareholder returns, underpinned by resilient free cash flow generation and a strong financial position, while continuing to support investment in strategic growth, network modernisation and operational resilience.

The Group is well positioned to build on the FY2026 momentum, supported by a strong financial foundation and disciplined execution, to drive sustainable long-term value creation.

Nonkululeko Dlamini
Group Chief Financial Officer

The process of value creation

3

Our business model

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



Inputs we rely on

Our capitals



Financial capital



Productive capital



Intellectual capital



Human capital



Social and relationship capital



Natural capital

Stakeholder groups

Customers | Government and regulators | Investor community | Employees | Organised labour | Suppliers and business partners



Business activities

Activities

We connect our customers and provide solutions and infrastructure to corporates. Telkom's enabling and support functions are essential in building a sustainable business. They include strategy, human resources (HR), legal and compliance, and finance. We elaborate on our various business activities throughout this report.

Profit drivers (page 54)

Revenue

- Growth in mobile data and fibre services
- Increasing subscriber base and customer value
- Improved customer experience and retention

Cost

- Disciplined cost optimisation
- Network and operational efficiencies
- Energy and infrastructure costs
- Employee costs and productivity
- Credit risk and collections

Opportunities to grow and preserve value

Leverage OneTelkom approach to deliver integrated solutions and unlock cross-selling opportunities across the Group

Expand market share, network footprint and service offerings, including rolling out 5G

Leverage infrastructure capabilities to expand integrated solutions as OneTelkom and enhance competitive advantage

Upskill employees for a future-ready workforce

Drive energy efficiency and decarbonisation



Outputs and outcomes

Outputs

Telkom's products and services (page 6) are connectivity, infrastructure, state-of-the-art mobile and fibre networks, digital transformation, converged ICT solutions, and digital presence and e-commerce.

Outcomes we aim for over the short, medium, and long term

- Creating profits to share with investors and reinvest in the business
- Investing in our networks and infrastructure to grow our subscriber base, empower communities and enable socio-economic upliftment
- A positive culture, sound HR practices and compelling career opportunities
- Business activities and outputs that add value to the economy, create jobs and support SMMEs
- Corporate social investment (CSI) programmes and sponsorships that bring educational and recreational opportunities to South Africans

The world we operate in can impact our inputs, business activities, outputs and outcomes

External factors (page 41)

Economic conditions shaping the path ahead

AI-driven transformation and the evolution of the ICT sector

Thriving in a competitive environment

Managing regulatory change

Increasing focus on climate change

Material themes (page 31)

Compliance with regulatory requirements

Competitive landscape

Customer experiences and digital inclusivity

Cybersecurity

Economic climate

Ethical leadership and future-ready skills

Climate resilience

Read more about our risks and opportunities from page 48.

 Financial capital The financial resources available to maintain and grow our business. 	Key inputs Equity invested by shareholders R35 891 million Retained earnings R28 588 million Net debt R6 366 million Cash generated from operations R12 264 million	Constraints - Macro-economic environment, including interest and exchange rates - Industry trends, including decline in legacy voice revenue - Rising operating costs, including energy, infrastructure and inflationary pressures PIVOT Strategy P Partnerships I Integrated solutions V Value-rich broadband O Operational efficiency T Technology innovation Sustainability Strategy  Prosperity  Planet  People	Activities to preserve and sustain value - Strengthened operational performance through disciplined execution - Continued cost-optimisation and efficiency initiatives - Maintained disciplined capital allocation to support growth and shareholder returns - Expanded mobile data, fibre and digital service offerings - Invested in network resilience and alternative power sources Read more about our activities to preserve and grow financial capital in the GCEO's report (page 14) and GCFO's report (page 18). 	Outcome indicators ↑ Group revenue growth (1.4% increase to R44 477 million) ↑ EBITDA margin (28.1%) ↑ Free cash flow (R3 068 million) ↑ Headline earnings (21.5% year-on-year growth and 708.5 cents per share) ↑ Net debt to adjusted EBITDA ratio (leverage) (0.5 times) ↑ Return on invested capital (11.2%) ↑ Capex-to-revenue ratio (capex intensity) (14.5%) ↑ Declared ordinary dividend of 270 cents per share and revised dividend policy to a payout range of 40% – 60% of free cash flow Key ↑ Capital increased ▬ Capital preserved ↓ Capital eroded

Productive capital Our fixed and mobile infrastructure provides the foundation for connectivity, digital services and data-led growth across consumer, business and wholesale markets. 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 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 Mobile base stations and fibre network footprint 8 420 sites and >180 000 km Homes and businesses passed with fibre 1 539 209 99.94% access, 99.91% transport, and 99.99% core network availability 3 satellite earth stations 3 undersea landing stations Fibre to base station connections 9 525 Total mobile spectrum portfolio 184 MHz and 486 active 5G sites Data centre footprint and IT capacity 12 600 m² and 9.82 MW	Constraints - Funds to invest in networks and infrastructure - Security of assets (infrastructure vandalism) - Energy security and extreme weather events - Increasing demand for network capacity and service quality PIVOT Strategy P Partnerships I Integrated solutions V Value-rich broadband O Operational efficiency T Technology innovation Sustainability Strategy Prosperity Planet People	Activities to preserve and sustain value - Invested in mobile, fibre and network modernisation to support growing data demand - Maintained high network availability and service reliability - Expanded fibre and broadband access across consumer and enterprise markets - Strengthened cybersecurity, cloud and digital infrastructure capabilities - Leveraged shared infrastructure and OneTelkom collaboration to improve efficiency and customer outcomes Read more about our activities in the productive capital chapter on page 54 and the GCEO's report on page 14.	Outcome indicators ↑ Fixed network availability – broadband access (99.94%) ↑ Mobile blended ARPU (R76) ↑ Mobile broadband subscribers in Telkom Consumer (31.1% growth to 19 961 588) ↑ Fibre broadband subscribers in Telkom Consumer (11.6% growth to 597 582) ↑ Fibre to the home connectivity rate (53.1%) ↑ Fibre to base station connections (3.3% growth and 9 525) ↑ Mobile broadband data traffic (18.5% growth and 2 084 petabytes) ↑ Enterprise next-generation data access revenue in BCX (R1 699 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 and BCX
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
Leveraging AI to improve products, services, internal processes and decision-making
Future-ready workforce (refer to the human capital chapter on page 61)
IT systems, research and development
Internal policies, procedures and frameworks (governance framework and ERM framework) and environmental management systems to maintain compliance and internal controls

Constraints

- Rapid technological change and evolving cybersecurity threats
- 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 at a fast pace, 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

Sustainability Strategy

	Prosperity
	Planet
	People

Activities to preserve and sustain value

- Leveraged AI and data analytics to improve customer experience and operational efficiency
- Invested in innovation, research and development
- Continued with digital transformation initiatives to improve customer experience and operational efficiencies
- Managed information security governance and enhancements
- Managed brand and reputational risks
- Protected and enhanced the value of the Telkom Consumer, Openserve and BCX brands

Read more about our activities in the intellectual capital chapter on [page 58](#), the GCEO's report on [page 14](#) and in the [sustainability report](#) on [page 9](#).



Outcome indicators

↑

Openserve's NPS is 79 and BCX's NPS is 35

↑

Retained a spot in the top two in the Ask Africa Orange Index™ 2025

↑

Escalated customer complaints (decreased by 35%)

■

Number of data breaches (0)

↓

Fibre average time to install (2.79 days)

↑

Beyond Connectivity revenue and as a percentage of total mobile revenue (R1 699 million and 8.8%)

↑

Mobile and fibre service revenue (16% increase and R33 323 million)

↑

Use of AI for IT operations (AIOps) revenue growth (35%)

Key

↑

Capital increased

■

Capital preserved

↓

Capital eroded

Human capital		Key inputs		Constraints	Activities to preserve and sustain value	Outcome indicators
 Human capital Our human capital includes current and future skills, competencies, experience, health and wellbeing. It encompasses human capital dynamics such as culture, ethics, diversity, and motivation to be productive and innovative. 		Permanent employees 9 463 Training and development spend R132 million 3 506 employees who attended training Internships and learnerships 876 Corporate governance practices, including remuneration and reward practices, and an experienced leadership team Policies, processes and practices on safety, health, environment and quality		- Attracting and retaining a resilient and suitable workforce to support the Group's strategic objectives - Succession planning in certain categories, and ageing management-level employees PIVOT Strategy 0 Operational efficiency Sustainability Strategy Prosperity Planet People	- Building future-fit capabilities in digital services, AI, cloud and cybersecurity - Committed to diversity and inclusivity - Monitored employee engagement and embedded the OneTelkom approach - Applied accountability and consequence management - Continued to embed 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 61 and in the sustainability report on page 46.	■ Certified as a Top Employer in South Africa ↑ Employee net promoter score (improved – good place to work: 25, good products and services: 45, work environment: 19) ↑ Salaries and benefits paid to employees (5.6% increase to R8 484 million) ↑ Succession planning (45% ready-now successors) ↑ Key talent retention rate (87%) ↑ Internship and OneTelkom learning programmes retention rate (99%) ↑ Female representation (33%) and women in leadership positions (37.3%) ↑ Black South African representation (73%) ↑ Employee voluntary turnover rate (3.8%) ■ Total recordable injury frequency rate (0.57) ↓ Lost-time injury frequency rate (0.52) ■ 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
A sustainability 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, such as the Telkom Foundation and FutureMakers Programme, with investments of R68 million and R24 million, respectively
Strategic 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
PIVOT Strategy - P Partnerships - T Technology innovation
Sustainability Strategy - Prosperity - Planet - People

Activities to preserve and sustain value

- Enhanced customer experience through improved service quality, digital channels and integrated solutions
- Delivered on the ESG strategy and its supporting goals and actions
- Leveraged established structures such as the Telkom Foundation and FutureMakers programme with intent
- Enhanced digital inclusion through the Lightbulb platform, Telkom Citrus devices and expanded FTTx footprint

Read more about our activities in the Sustainability Strategy chapter on [page 37](#), our stakeholders on [page 44](#), and the social and relationship capital chapter on [page 64](#).



Outcome indicators
↑ Economic value added (R51 907 million)
↑ Number of jobs created (direct and indirect) (74 114)
↑ Procurement opportunities (R709.3 million) supporting SMMEs (362)
↑ Number of learners and teachers impacted (47 860)
↑ Lives positively impacted through SMME spend (260 337)
↑ Lives impacted through digital literacy (122 521)
↑ Customers connected to broadband and fixed wireless broadband (611 369)
↑ South African homes and businesses passed with our FTTx footprint (1 539 209)
↑ Revenue from global IT hardware and software partnerships (R1 538 million)
Key ↑ Capital increased ■ Capital preserved ↓ Capital eroded

 Natural capital This includes the use of natural resources, comprising renewable energy sources such as solar energy and water, and other non-renewable resources. It also 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 Water used 742 453 kL Eskom electricity 433 GWh Solar photovoltaic (PV) electricity used 9.9 GWh Diesel-generated electricity 76 GJ Diesel and petrol used for backup generators during loadshedding 2 673 kL Fleet diesel used for transport 4 395 kL	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 PV and other renewable energy projects PIVOT Strategy P Partnerships O Operational efficiency T Technology innovation Sustainability Strategy Prosperity Planet	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 managing 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 67 and in the sustainability report on page 38. 	Outcome indicators ↑ Total carbon emissions (46.2% decrease) ↑ Scope 1 and Scope 2 emissions (27.2% decrease) ↑ Fossil fuel consumption (59% decrease) ↑ Renewable energy use (7% increase) ↑ Emissions from diesel use (78% decrease) ↑ Migration from R22 refrigerant gases (12% decrease) ↑ Waste to landfill (13% decrease) ↑ E-waste/copper recycled (18.8% increase) ■ CDP climate change score (B) ↑ Cumulative Internet of Things (IoT) devices deployed (141 761) Key ↑ Capital increased ■ Capital preserved ↓ Capital eroded
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Our material themes

We define our material themes as matters that materially affect our ability to execute our strategy and create or preserve value over the short, medium and long term.

We reviewed our material themes in FY2026, taking a double materiality approach aligned with the JSE Sustainability Disclosure Guidance and the GRI standards. We were guided by the <IR> Framework to assess significance in terms of Telkom's ability to create and preserve value.

Management's materiality determination process and the material themes were approved by the Group Exco, Audit Committee and Board.

Inputs into the materiality process included:

- The 2024 Nasdaq Global Perception Study to solicit the investment community's perception of Telkom's ESG performance
- The EY 2024 top 10 risks for the telecommunications industry
- Nine internal stakeholder interviews
- Two external stakeholder interviews comprising 67% non-investors and 33% investors

A list of 32 material topics was reviewed and prioritised in terms of their ESG categorisation.

The final approved list of seven material themes showed robust alignment with the themes listed in last year's integrated report. The most significant change was absorbing the theme around networks and digital technologies into the competitive landscape. We also elevated digital inclusion.

Compliance with regulatory requirements

Telkom operates in a highly regulated environment affected by policy uncertainty, evolving regulations and legislative developments. Regulatory requirements span multiple areas, including spectrum allocation, telecommunications licensing, consumer protection, data privacy and cybersecurity.

New or changing regulations may influence resource availability, investment decisions and the pace of industry innovation. Policy uncertainty and regulatory inconsistency can impact business confidence and investor sentiment. Maintaining compliance with regulatory obligations remains essential to sustain our licence to operate and protect stakeholder trust.

Telkom actively engages with regulators, industry bodies and policymakers to support the development of a stable regulatory environment that promotes fair competition, innovation and investment in digital infrastructure.

Capitals impacted



Related strategic pillars



Related principal risks

Regulatory compliance risk
Stakeholder management risk

Read more about

Managing risk and compliance on [page 48](#)
Governance and regulatory environment on [page 69](#)

Competitive landscape

Traditional and non-traditional competition in the telecommunications sector remains intense. Market dynamics continue to evolve due to technological innovation, digital convergence and new entrants. These include mobile virtual network operators, fintech companies and digital platforms.

Changing customer needs, market disruptions and convergence across industries create risks and opportunities for Telkom. They require the Group to continuously innovate, optimise costs and strengthen customer relationships while expanding into adjacent digital services and technology solutions.

Ongoing investment in fibre infrastructure, mobile network expansion, digital platforms and emerging technologies supports Telkom's long-term competitiveness. The scale and quality of our national network assets, and the effective deployment of advanced networking and digital technologies, give Telkom a competitive advantage.

Network resilience, availability and capacity are critical to support South Africa's digital transformation by expanding access to high-speed connectivity and enterprise digital solutions.

Capitals impacted



Related strategic pillars



Related principal risks

Market forces and competition risk
Profitability and cash flow risk
Macro-economic conditions risk
Network performance risk
Third-party risk
Geopolitical risk

Read more about

External themes shaping our industry on [page 41](#)
Unpacking our PIVOT Strategy on [page 33](#)

Customer experiences and digital inclusivity

Customers increasingly expect seamless, reliable and secure digital connectivity as well as value for money. As digital inclusion leads to equitable access and more users, digital literacy and affordability become essential.

Telkom's products and services must meet these expectations while remaining consistently available and responsive to evolving customer needs.

Customer experience has a direct impact on brand reputation, customer acquisition and retention, and long-term commercial performance. Service disruptions, poor customer interactions or delays in service delivery can lead to customer churn and reputational damage.

Meeting customer expectations requires continuous investment in networks, digital platforms, products and services, and customer-centric capabilities. Telecommunications providers must also play a role in enhancing customers' ability to navigate, evaluate and create information using a range of digital technologies.

Capitals impacted



Related strategic pillars



Related principal risks

Customer experience risk
Network performance risk
Stakeholder management risk

Read more about

Customer experience and service performance on [page 36](#)
Network operations on [page 56](#)

Cybersecurity

Cyberattacks and data breaches pose significant risks for telecommunications companies operating in an increasingly digital environment. The expansion of digital services, cloud platforms and connected technologies increases exposure to sophisticated cyberthreats.

Cyber incidents can disrupt services, compromise sensitive customer data and damage Telkom's reputation. As telecommunications networks form part of critical national infrastructure, maintaining robust cybersecurity is essential for service continuity and stakeholder trust.

Telkom continues to strengthen its cybersecurity capabilities through enhanced monitoring, security architecture improvements, employee awareness initiatives and investment in information security technologies.

Capitals impacted



Related strategic pillars



Related principal risks

Cybersecurity and data protection risk
Third-party risk
Network performance risk

[Read more about](#)

Managing risk and compliance on [page 48](#)
Intellectual capital on [page 58](#)

Economic climate

Local and international economic factors influence Telkom's ability to grow, the cost of doing business, and customers' spending power. These factors include muted economic growth, inflationary pressures, energy costs, political uncertainty and geopolitical developments.

Economic volatility can impact our revenue growth, capital allocation decisions and investment capacity. Rising operational costs and changes in customer affordability can affect demand for telecommunications services.

Telkom continues to focus on disciplined financial management, cost optimisation and diversified revenue streams to sustain resilience and value creation in a changing economic environment.

Capitals impacted



Related strategic pillars



Related principal risks

Profitability and cash flow risk
Market forces and competition risk
Macro-economic conditions risk
Geopolitical risk

[Read more about](#)

GCFO's report on [page 18](#)
External themes shaping our strategy on [page 41](#)

Ethical leadership and future-ready skills

There is a direct correlation between ethical leadership and customer trust. In an industry often scrutinised for data handling and service reliability, ethical leaders create a culture of integrity and positive impacts. In addition to strong leadership, Telkom requires specialised skills in ICT, digital and emerging technologies to develop innovative products and services that support revenue growth and enhance customer experiences.

Competition for skilled professionals in areas such as AI, cybersecurity, cloud computing and advanced network technologies is intense, both locally and globally. Building and maintaining these capabilities is critical to sustaining innovation and delivering on our strategy.

Telkom prioritises skills development, leadership capability building and talent retention to ensure we have the expertise needed to execute our strategic priorities.

Capitals impacted



Related strategic pillars



Related principal risks

Attraction and retention risk
Sustainability risk

[Read more about](#)

Human capital on [page 61](#)
Ethics on [page 69](#)

Climate resilience

The Group's ability to respond to and mitigate the impacts of climate change is important from both a financial perspective and a responsible corporate citizenship perspective. Climate-related risks such as extreme weather events and energy supply disruptions can affect Telkom's operations, infrastructure and service reliability.

The telecommunications sector also faces increasing expectations to reduce carbon emissions and transition towards more sustainable energy use. Energy security and renewable energy adoption are therefore important for our long-term operational resilience.

Telkom continues to invest in energy efficiency initiatives, renewable energy solutions and climate resilience strategies as we strive to achieve our net-zero targets and reduce our environmental impact.

Capitals impacted



Related strategic pillars



Related principal risks

Sustainability risk
Network performance risk
Third-party risk

[Read more about](#)

Energy management on [page 67](#)
Our Sustainability Strategy in the [sustainability report](#) on [page 28](#)

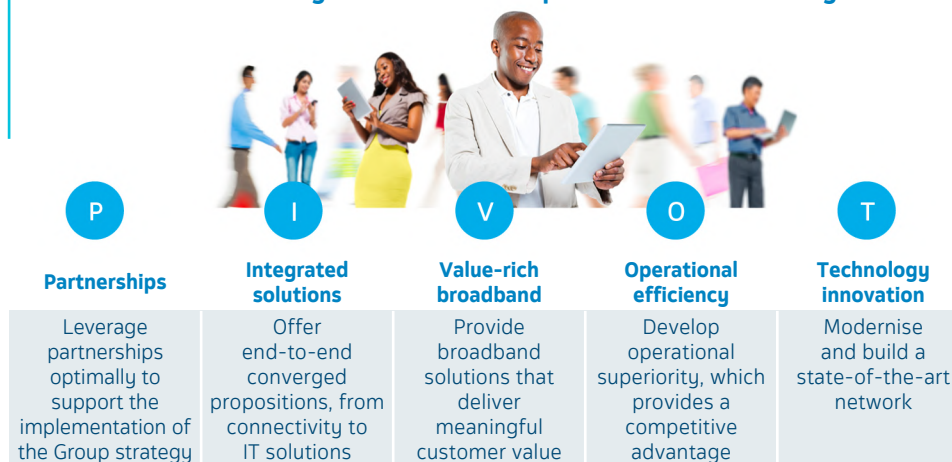
Unpacking our PIVOT Strategy

Telkom's vision is to be the builder of the digital backbone that powers South Africa's digital future. This reflects our commitment to advancing South Africa's digital progress by developing fixed, mobile and digital infrastructure and services.

Our vision builds on our purpose of seamlessly connecting our customers to a better life. We strive to improve their experiences professionally and personally, whether they are pursuing education, enjoying entertainment or engaging with colleagues, family and business contacts globally.

The term "PIVOT" represents our five-pillar strategy along with its supporting Group enablers. It inspires employees across all teams, departments and business units to pursue ongoing change and discover innovative ways to serve customers.

Vision: Builder of the digital backbone that powers South Africa's digital future



Purpose:
Seamlessly connecting our customers to a better life

Group enablers:

Monetise our infrastructure assets as OneTelkom

People development and empowerment

Simple and digital processes

Financial framework aligned to a data-led strategy

Accelerate sustainable growth and create a positive impact on society and the environment

Four pillars of our Sustainability Strategy



PIVOT reflects the significant transformation within our core business, addressing the transition from voice to data, copper to fibre, and fixed-line to mobile technologies.

The industry is increasingly defined by a wide range of digital services, automation, and data-driven decision-making. PIVOT represents our advancement beyond basic connectivity towards comprehensive IT service solutions and integrated digital ecosystems. Additionally, PIVOT aligns with the four SDGs most relevant to our operations. Refer to page 60 of the [sustainability report](#) for an overview of our contribution to the SDGs.

Group enablers

We encourage business units to **monetise our infrastructure assets as OneTelkom**. We earn revenue from our assets by using them to deploy 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 other licensed network operators.

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

We are dedicated to the ongoing **development and empowerment** of our workforce. Employees remain a fundamental enabler of our success, even as digitalisation advances. We equip them with the skills they need to adapt to change and make decisions at the local level.

By making our **processes simpler and more digital**, we are enabling a seamless customer experience.

We identified a **sustainable financial framework aligned with our data-driven strategy** as an enabler for strategic allocation of capital. We are directing our capex toward expanding our mobile and fibre networks, ensuring optimal returns, prioritising the needs of our data subscribers, and increasing cash flow from operations.

We introduced a new enabler to create value for the Group and stakeholders, guided by our four **sustainability pillars: Prosperity, Planet, People and Practice**. Further details on our Sustainability Strategy can be found on page 25 of the [sustainability report](#).

FY2026 strategic performance snapshot

Strategic pillars	Why it is a priority	Measures of our progress	FY2024	FY2025	FY2026	Why the measures are important	Target outcomes
 Partnerships Integrated solutions Value-rich 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 454 million	R1 527 million	R1 538 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 665 million (7.5%)	R1 685 million (6.9%)	R1 699 million (8.8%)	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.
	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.	Cybersecurity product and service revenue	R522 million	R469 million	R443 million		
		PaaS solution sites	59	501	151		
	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.	Mobile broadband subscribers in Telkom Consumer	12.7 million	15.2 million	19.9 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	213 400	220 669	219 928		
		Fixed-broadband data traffic (petabytes)	2 307	2 915	3 683		
		Enterprise next-generation data access revenue in BCX	R1 561 million	R1 770 million	R1 699 million		
	O In an increasingly competitive world, our success depends on continually improving the efficiency and effectiveness of our operations.	Fibre connectivity rate (%)	48.5%	50.4%	53.1%	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	70	72	79		
		Use of AIOps revenue growth	9%	6%	-11%		
		Fibre average time to install (days)	2.43	2.36	2.79		
	T We aspire to operate with the most scalable and efficient network. To achieve this, Telkom invests in an optimal mix of technologies.	Fibre access connections (number)	590 527	694 630	817 540	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)	7 909	8 420	8 420		

Performance across strategic pillars

Our focus across the five PIVOT pillars keeps us on track to seamlessly connect our customers to a better life. Each business unit makes unique and strategic contributions that demonstrate innovation and drive outcomes that create value for our stakeholders.

This section should be read in conjunction with the business unit performance sections starting on page 54.

P Partnerships

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



FY2026 progress

Openserve facilitated the formalisation of a memorandum of understanding between the Southern Africa Telecommunications Association (SATA) and the World Broadband Association (WBBA) to advance broadband development across the Southern African Development Community (SADC). This partnership advances the OneTelkom approach by leveraging Telkom's wholesale connectivity leadership to build higher-impact ecosystem relationships and accelerate digital inclusion outcomes.

Openserve partnered with Huawei to introduce South Africa's first fibre-to-the-room (FTTR) solution. The partnership extends the performance and reliability of fibre connectivity to deliver full-coverage, high-speed connectivity throughout homes and small businesses. The FTTR offering uses a fully optical in-premises network to address common Wi-Fi challenges such as coverage gaps, weak signal and instability. It is delivered through Openserve's ISP ecosystem, enabling partners to deploy differentiated, premium connectivity experiences for customers across multiple rooms or floors.

Material matters

CE

CL

Relevant capitals impacted

FC

SRC

PC

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 (such as 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 help businesses become more agile, responsive and professional



FY2026 progress

Telkom Consumer has evolved its integrated solutions strategy from providing standalone connectivity to delivering converged, digital-first propositions for households and small and medium enterprises. Telkom Consumer now combines mobile and fibre connectivity with smart Wi-Fi, digital self-service platforms and enhanced customer experience capabilities. This enables customers to manage, optimise and personalise their connectivity through a single digital interface.

BCX continued to capitalise on the integration of connectivity with cloud, security and managed services to deliver outcome-based solutions for enterprise and public sector customers. BCX embeds software-defined networking, cybersecurity, unified communications, cloud enablement and ongoing managed support on top of resilient network infrastructure. This addresses customer needs for operational resilience, scalability and digital transformation.

Material matters

CE

CR

Relevant capitals impacted

IC

FC

SRC

V Value-rich broadband

Broadband leadership can no longer be defined purely by market share or price, especially given competitive pressure from fibre ISPs, mobile operators and global over-the-top (OTT) players.

Value-rich broadband reframes success around quality of revenue, customer experience and ecosystem value, rather than connectivity volumes alone.

FY2026 progress

Openserve expanded its end-to-end fibre broadband services. These include Web Connect, Office Connect Premium and Prepaid Fibre, which bundle fibre access with uncapped internet, defined service levels and flexible commercial models. These offerings provide ISPs and business customers with broadband that includes performance assurance, simplified provisioning and digital support tools, adding value beyond raw connectivity.

BCX integrated enterprise connectivity with unified communication and collaboration services, including voice, video and digital collaboration platforms. These services were designed to run over BCX's managed networks to ensure quality of service, resilience and security. They provide significantly more value than unmanaged internet access for distributed workforces and complex organisations.

Material matters

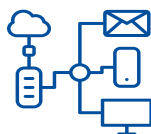
CL

EC

Relevant capitals impacted

FC

SRC



O Operational efficiency

We aim to utilise resources efficiently, 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.

FY2026 progress

Telkom Consumer accelerated its digital-first operating model and optimised its commercial execution. The business optimised selling channels and improved network and customer experience through digital transformation initiatives, supporting improved profitability and more efficient customer acquisition and servicing. Cost discipline contributed to sustained margin performance, underpinned by efficiency initiatives that kept cost increases below inflation.

Openserve advanced operational efficiency through ongoing network simplification and energy transformation, reinforcing its role as a scalable, cost-effective wholesale fibre infrastructure platform. These initiatives formed part of the Group's broader operational excellence agenda and were specifically highlighted as drivers of sustained performance. They supported a resilient margin profile while Openserve continued to grow fibre-related revenue and network utilisation.

These examples highlight the improvements in our operational efficiency metrics.

Material matters

EC

CR

Relevant capitals impacted

FC

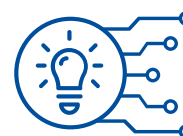
PC

SRC

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



FY2026 progress

Telkom Consumer focused on modernising customer engagement through digital channels, data analytics and self-service platforms. These initiatives reduced dependence on legacy processes while improving speed, scalability and customer experience. Continued investment in network capabilities and data-driven insights enabled the mobile and fibre businesses to support sustained growth in data usage and subscribers. This reinforced Telkom Consumer's position as a technology-enabled provider of modern digital connectivity solutions.

BCX accelerated its transition toward next-generation digital, cloud and cybersecurity services supported by digitally enabled delivery and operating models. Strategic investments in modern platforms and tools enabled BCX to improve service scalability, productivity and customer outcomes, while reducing reliance on legacy IT delivery. This technology-led transformation supported improved financial performance and positioned BCX as a digitally enabled systems integrator capable of supporting complex enterprise and public sector digital transformation initiatives.

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

Material matters

CE

CL

CS

EL

Relevant capitals impacted

FC

SRC

Our Sustainability Strategy

The Telkom Board approved the 2030 Sustainability Strategy in November 2025. The new strategy aligns more closely with our long-term business strategy, stakeholder expectations and evolving global reporting standards.

Our inaugural sustainability report provides full details of the new strategy, objectives, KPIs and targets for 2030. It also provides a closing view on our achievements against previous ESG goals and targets.

The Board, supported by the Social and Ethics Committee, oversees the implementation of both the PIVOT Strategy and the Sustainability Strategy. The aim is to ensure impactful progress and continued availability of the resources and relationships the Group depends on to be sustainable and operate as a going concern.

Telkom sustainability at a glance

- We participate in CDP climate reporting and achieved a "B" score in 2026
- We were rated "A" in the MSCI ESG Index in 2025
- We scored 48/100 in the 2026 S&P Global – Corporate Sustainability Assessment
- We achieved an overall Sustainalytics ESG score of 26.8 (medium risk) for 2026
- We are a Level 1 contributor in terms of the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice for the fourth consecutive year

2030 Sustainability Strategy vision

Harness digital transformation to accelerate sustainable growth and create a positive impact on society and the environment.

Our four strategic pillars

Telkom's Sustainability Strategy is structured around four interconnected pillars that collectively support long-term value creation:

Creating economic value for our stakeholders through expanded and new forms of connectivity.



Prosperity



Planet

Committing to environmentally conscious practices and adopting principles of circularity.

Connecting and empowering our stakeholders to thrive in a digital world.



People



Practice

Embracing stewardship to embed sustainable and innovative ways of working that foster customer trust.

The four pillars that underpin our sustainability vision support Telkom's purpose:

"To seamlessly connect our customers to a better life"

We continue our alignment to the SDGs

Impact



**SUSTAINABLE
DEVELOPMENT
GOALS**

Influence



FY2026 performance against our ESG goals progress

Sustainability pillars	Focus areas	Goal statements and targets	FY2022 performance	FY2025 performance	FY2026 performance	% change from FY2025	% change from FY2022 base year	Status
Planet 	Operational efficiencies	Carbon neutral by 2035 Scopes 1 and 2 emissions (tCO ₂ e)	852 782	576 395	419 875	(27.2%)	(50.8%)	
		50% Reduce fossil fuel consumption by 2030 (tCO ₂ e)	55 466	35 127	27 626	(21.4%)	(50.2%)	
		100% Renewable energy sources by 2035	<1%	1.4% (9.25 GWh)	2% (9.9 GWh)	0.6 ppts	2 ppts	
		Net zero by 2040						
		Determine Scope 3 emissions and set a target (tCO ₂ e)	1 041 730	947 260	812 850	(14.2%)	(22.0%)	
		50% Reduction in waste to landfill by 2030 (tonnes)	743	622	543	(12.7%)	(26.9%)	
		25% Reduction in potable water consumption by 2030 (kL)	997 617	775 103	742 453	(4.2%)	(25.6%)	
		25% Migration from R22 refrigerant gases in 2025 and 100% by 2035 (tonnes) from a 2016 baseline	38	31	27	(12.9%)	(28.9%)	
	Digital planet	70 000 IoT devices deployed by 2025	15 220	95 170	141 761	49.0%	831.4%	
Prosperity and People 	Investing with purpose	250 000 Lives positively impacted through SMME spend by 2025*	91 357	251 203	260 337	3.6%	185.0%	
		70 000 Lives impacted through digital literacy by 2025**	14 420	72 278	122 521	69.5%	749.7%	
		2023 Become an employer of choice	Achieved	Achieved	Achieved			
		35% Women in middle management positions (M5 and above) by 2025	32%	35%	37%	2 ppts	5 ppts	
	Digital services	4.3 million Customers with access to Telkom's diversified digital platforms by 2025	2 039 684	11 277 361	11 974 160	6.2%	487.1%	
		500 000 Businesses with access to digital platform solutions by 2025	443 467	451 346	651 000	44.2%	46.8%	
	Empowered communities	15 million Customers connected to broadband and fixed wireless broadband connectivity by 2025	11 700 000	19 590 697	20 202 000	3.1%	72.7%	
		1.5 million SA homes and businesses connected through our FTTx*** footprint by 2025 (homes passed)	839 691	1 378 930	1 539 209	11.6%	83.3%	
		Underserved areas						
Practice 	Business stewardship	Culture of responsible technology and information use:						
		% Reduction in number of data breaches	–	–	–	– %	– %	
		Fair and ethical practices towards our customers and within the organisation:						
		% Reduction in escalated customer complaints****	7 416	4 953	3 977	(19.7%)	(46.4%)	
		Number of whistle-blowing incidents reported	2 089	1 069	1 494	39.8%	(28.5%)	

The inaugural sustainability report provides detailed disclosures, including full KPI definitions, targets and performance, and deeper insights into each strategic pillar.

Looking ahead

Telkom will continue to embed sustainability across its operations, decision-making and capital allocation processes.

Key priorities include strengthening execution, enhancing data and measurement capabilities, and aligning disclosures with global best practice.

This approach positions Telkom to deliver sustainable value while responding to evolving stakeholder expectations and regulatory developments.

* 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 x3.3, 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).

*** FTTx: fibre to the x (x being a placeholder for where fibre will be connected to).

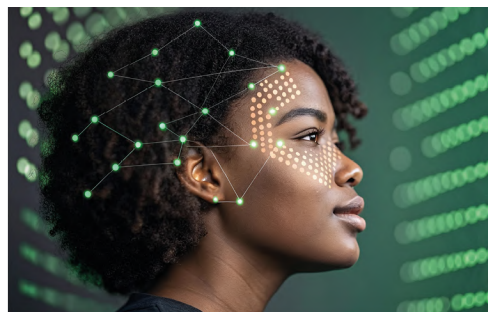
**** Excludes complaints managed at the call centre, as these are too complex for reporting purposes.

Legend

Achieved	
Making progress but long-term target not yet achieved	
Not achieved	
No specific target as part of the initial ESG strategy	

Strategic trade-offs

Delivering sustainable value requires Telkom to make deliberate trade-offs between competing priorities. These decisions are carefully considered by management and the Board to ensure alignment with our strategic pillars, to strengthen our business model and to protect stakeholder interests over time.



Pursuing our net-zero ambition

Telkom is committed to achieving net-zero GHG emissions across Scopes 1, 2 and 3 by 2040, with an interim goal of carbon neutrality by 2035.

We continue to invest in renewable energy solutions, energy efficiency initiatives and circular economy practices. These investments support long-term cost efficiencies, improved network resilience and reduced climate risk. However, they compete with capital required to expand our mobile and fibre networks and enhance customer-facing technologies.

Through disciplined capital allocation, we seek to advance our sustainability ambitions while supporting growth and operational resilience.

Impact on strategy and future business model

Our transition towards lower-carbon operations is improving energy efficiency, reducing the cost to serve, decreasing reliance on diesel-based energy solutions, and strengthening operational resilience across our network.

Over time, this positions Telkom to deliver more sustainable digital services while aligning with regulatory and stakeholder expectations, thereby supporting long-term value creation.



Optimising our portfolio while driving growth

Telkom optimises its portfolio by prioritising high-growth opportunities while improving the performance of underperforming operations.

The Group is focused on scaling its mobile and fibre businesses, which drive data-led revenue growth. At the same time, certain legacy and ICT-related operations require ongoing cost optimisation and strategic interventions to improve returns.

This creates a trade-off between supporting performance in businesses facing structural or market-related challenges and accelerating investment in growth platforms.

Impact on strategy and future business model

By focusing on core infrastructure and growth segments, Telkom is strengthening its position as a leading digital infrastructure provider.

This enables more efficient capital allocation and improved returns, while supporting the scaling of mobile and fibre networks that underpin long-term growth.



Balancing growth with cost efficiency

Telkom prioritises growth in mobile and fibre while maintaining a strong focus on cost discipline and operational efficiency.

The Group is investing in network expansion, customer acquisition and digital capabilities. At the same time, management remains focused on cost optimisation, productivity improvements and disciplined allocation to enhance profitability and cash generation.

This creates a trade-off between accelerating growth and maintaining a lean and efficient cost base.

Impact on strategy and future business model

Balancing growth with cost efficiency strengthens our financial resilience and supports improved profitability.

Over time, a more efficient cost structure enhances our operating leverage, enabling the Group to scale sustainably as demand for data and connectivity grows.



↑ Value created

↓ Value eroded

— Value sustained



Exiting legacy services while building future platforms

Telkom continues to transition from legacy fixed-voice services to next-generation platforms such as fibre and mobile broadband.

This involves decommissioning of copper infrastructure and legacy technologies, which results in short-term revenue pressure and upfront costs. At the same time, we continue to invest in fibre rollout, mobile expansion and network modernisation.

This creates a trade-off between managing the decline of legacy services and accelerating investment in scalable, data-led platforms that will drive long-term value creation.

Impact on strategy and future business model

This transition is repositioning Telkom as a modern, digitally enabled connectivity provider with a strong focus on data-led services.

While the transition creates short-term financial pressure, it reduces long-term operating costs, enhances service quality and supports sustainable growth in broadband and mobile markets.



Investing in digital transformation while improving customer experience

Telkom continues to invest in digital platforms, automation, AI and data capabilities to enhance customer experience and improve operational efficiency.

These investments require significant capital and organisational change in the short term, but are expected to improve efficiency, enhance customer engagement and strengthen competitiveness over the long term.

This creates a trade-off between current investment requirements and long-term benefits of a more integrated, data-driven and customer-centric operating model.

Impact on strategy and future business model

These investments support the Group's OneTelkom approach by enabling greater integration across business units, improving customer interactions and creating a more scalable digital operating model.

Over time, enhanced digital capabilities are expected to improve operational efficiency, strengthen customer retention and support sustainable value creation.



↑ Value created

↓ Value eroded

— Value sustained



The world we operate in

4

External themes shaping our strategy

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

External themes shaping our strategy	41
Engaging with our stakeholders	44
Managing risks and compliance	48

Economic conditions shaping the path ahead

1

Context

Global economic growth proved more resilient than anticipated, expanding by an estimated 3.3% in 2025¹, with initial expectations that it would remain stable into 2026. However, the escalation of the conflict involving the United States, Israel and Iran prompted the International Monetary Fund (IMF) to revise its outlook downward. In an April update, the IMF forecast global growth of 3.1% for the year.

The ultimate impact will depend on the duration and intensity of the conflict. Rising energy prices, infrastructure disruption, supply chain constraints and weakened market confidence have already eroded the earlier, stronger outlook, with recovery expected to take time.

South Africa's economic growth was initially forecast at 1.8%. However, the escalating tensions have seen it revised downward to 1%. The most significant impact has been through elevated oil prices, which have placed upward pressure on domestic inflation. Higher fuel costs have increased transportation expenses, contributing to rising food inflation. The rising cost of living leave consumers and businesses with reduced capacity to absorb further price pressures, resulting in heightened financial strain across the economy.

Overall, the decline in macro-economic risks offers limited support for household expenditure and business and consumer confidence.

¹ Source: International Monetary Fund (IMF), World Economic Outlook Update, January 2026.

Implications for our strategy 0

The deterioration in global and domestic macro-economic conditions will put pressure on household disposable incomes and business cash flows. Accordingly, demand is expected to shift further towards affordable, essential connectivity and value-for-money digital services. Telkom will therefore continue to emphasise cost-effective fixed and mobile broadband, supporting customer retention and usage resilience in a constrained economic environment.

Elevated inflation, energy costs and broader input price pressures reinforce the importance of rigorous capital discipline and operating efficiency. Telkom will prioritise strategic investments with clear demand visibility and long-term returns, particularly in fibre, mobile capacity and digital platforms. At the same time, we will maintain a strong focus on cost containment, network efficiency and balance sheet resilience.

Further reading: Material themes on [page 31](#), strategic risks on [page 51](#), and GCFO's report on [page 18](#).

AI-driven transformation and the evolution of the ICT sector

Context

Digital business models are at a turning point, moving from AI experimentation toward full-scale deployment, accelerating business operations, customer experience and productivity. Legacy business infrastructure cannot support enterprise AI fully. Instead, hybrid and sovereign cloud computing, AI data centres, edge and distributed AI models and unified platforms are needed to maximise its value.

Accelerated digitalisation and cloud adoption have increased connectivity across networks, data and users, while expanding the cyber risk landscape. Organisations face growing exposure to sophisticated cyberthreats, compounded by the rise of ungoverned technologies such as shadow IT and the increasing use of AI without adequate oversight.

To stay resilient, businesses must build cyber resilience: the ability to anticipate, withstand and recover from cyberattacks.

Rapid advances in technologies are reshaping the telecommunications landscape. These include quantum computing, Low Earth Orbit (LEO) satellite solutions, and the evolution of network standards, including 5G standalone, the anticipated progression to 6G, next-generation Radio Access Network (RAN) architectures, and Wi-Fi 7. Operators must continuously monitor developments and anticipate disruptions to remain competitive and guide strategy.

Implications for our strategy P I V T

2

The high-paced growth in mobile data subscribers in South Africa vindicates Telkom's data-led strategy. Mobile data traffic grew by 20.4% to 544 petabytes in the third quarter of 2025. By leveraging our extensive fibre infrastructure, data centre portfolio and connectivity capabilities, Telkom can capture value from the growing adoption of AI in South Africa. Telkom Mobile's customer value management (CVM) platforms for pre-paid users, Mo'Nice and Mo'Town, are enabled by AI and machine learning algorithms.

Further reading: Material themes on [page 31](#), strategic risks on [page 51](#), GCFO's report on [page 14](#), and unpacking our PIVOT Strategy on [page 33](#).

Telkom continues to direct capital towards initiatives that enhance network capacity, resilience, and future readiness. Investments in the Mobile business have prioritised the rollout of new sites and targeted upgrades to existing base stations to expand capacity, improve network performance and support sustainable growth. BCX is positioned to grow its cybersecurity services, driven by sustained customer emphasis on risk management and resilience.

In parallel, Openserve continues to expand and modernise its network, reinforcing its position as a critical enabler of South Africa's digital economy.

Technology growth in the sector is driven by targeted partnerships, pilots and investments to evaluate commercial potential and market impact over time.

Thriving in a competitive environment

Context

Competition in the telecommunications environment is intensifying as traditional market boundaries continue to blur. Consolidation in the fibre market (e.g. the Vodacom-Maziv deal) has reduced infrastructure differentiation, and the proliferation of mobile virtual network operators (MVNOs), supported by the recent Cell C initial public offering, has increased price-based competition and put pressure on existing operators' margins.

These dynamics are reshaping value chains and challenging established players to defend market share while continuing to invest in network quality and coverage.

Bank-backed MVNOs are using their large customer bases and cross-subsidisation to offer prices often below those of traditional operators.

3

And emerging LEO satellite providers, using advances in satellite technology, are establishing themselves as viable alternatives for connectivity in underserved and remote regions.

Meanwhile, hyperscalers are reshaping the telecommunications landscape through competitive pressure and partnerships. Global cloud providers are moving closer to the connectivity layer by offering edge computing, private network solutions and integrated digital platforms, placing them in partial competition with traditional telecoms operators for enterprise customers and digital service revenues. These players have sufficient scale, capital and ecosystem influence to alter bargaining power across the value chain.

Collectively, these developments are accelerating disruption across the sector. They require telecommunications companies to rethink their cost structures, partnerships and long-term positioning.

Implications for our strategy P V T

In South Africa, fibre infrastructure is primarily shaped by vertically integrated models, in the form of closed direct-to-market and semi-open networks. This indicates that infrastructure control is consolidating among a handful of major companies. In this context, Openserve continues to foster growth and value connectivity with open-access fibre.

Telkom and BCX are working closely with ISPs, MVNOs, hyperscalers and now LEO satellite providers in the ecosystem. The telecoms relationships with these entities are still evolving. Therefore, we are maintaining strategic optionality by keeping multiple technology paths open and continuously reassessing partnership values.

Further reading: Material themes on [page 31](#), strategic risks on [page 51](#), and details on FY2026 performance on [page 54](#).



Managing regulatory change

Context

Globally, telecommunications regulation is shifting from sector-specific, infrastructure-centric regulation toward collaborative digital regulation that spans telecoms, data, platforms, competition policy and consumer protection. Policymakers are prioritising data sovereignty, cybersecurity, cloud security and privacy, while introducing national AI strategies and cloud policies to support innovation.

The local impact of spectrum sharing agreements remains unclear, but a new auction is expected in 2027. About 280 MHz of additional spectrum, including sub-1 GHz and mid-range bands, will likely be offered for licensing.

The Independent Communications Authority of South Africa (ICASA) has published the final End User and Subscriber Service Charter Regulations, which will come into effect on 24 January 2027. This will regulate conditions of data expiry and the rollover of pre-paid data, voice and SMS bundles.

Implications for our strategy



Practice

Digital regulation convergence means Telkom faces multi-layered compliance obligations spanning telecommunications, data governance, cybersecurity and consumer protection. This increases compliance complexity but also rewards operators with strong governance, risk management and regulatory engagement capabilities.

4

Regarding data bundle rollover, Telkom has already demonstrated alignment with the principles underlying the regulations by allowing a one-time rollover of unused data for bundles that are not time-based (i.e. excluding one-day bundles). This puts us in a strong position, as the regulatory framework has been extended to include voice and SMS bundles. These changes to the regulations also support Telkom's data-led strategy.

By working collaboratively with regulators and policymakers, we help to foster a competitive and sustainable electronic communications sector that drives economic growth and digital inclusion in South Africa. This positions Telkom as a key player in advancing the nation's digital development.

Further reading: Material themes on [page 31](#) and strategic risks on [page 51](#).

Increasing focus on climate change

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 is disproportionately affected by climate change, experiencing biodiversity loss, water scarcity and economic disruptions. To mitigate these impacts and ensure long-term resilience, South Africa must align with the global goal of limiting warming to 1.5°C.

5

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



Planet

Telkom has developed a new sustainability strategy in response to evolving climate imperatives. This builds on our commitments to 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 31](#), strategic risks on [page 48](#), natural capital on [page 63](#), and on page 33 in the [sustainability report](#).



Engaging with our stakeholders

Telkom is committed to open and constructive communication with material 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 these with our strategic and operational objectives and targets.

We engage regularly via relevant and effective channels.

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 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 (Openserve's NPS (79), interaction net promoter score (iNPS), Voice of the Customer (VOC), Quality of Service (QoS), Brand health tracker and Tarifica benchmarking)

S1

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 54](#).

Their interests, needs and expectations

- A relationship of trust and transparency
- Reliable and high-performing network infrastructure
- Affordable and value-driven products and services
- Superior customer experience
- Solutions that support cost management
- Timeous resolution of complaints and issues
- Effortless transactions
- Secure information
- Education on how to derive the most value from our offerings

How we responded in FY2026

- 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 digital journeys and proactive notifications
- Maintained deep, trusted customer relationships through innovative, purpose-fit solutions

Overarching value created for customers

- Offered compelling product and service value propositions that address their budget constraints
- Invested in network expansion and modernisation
- Improved responsiveness
- 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
- Enabled SMMEs and corporates to stay connected through affordable voice and data offerings

In FY2027 we will prioritise

- Improving the overall customer experience
- Driving adoption of fibre-based services and expanding market reach
- Service delivery experience
- Enhancing billing, pre-sales and pricing touchpoints to ensure market competitiveness
- Expanding fibre-based services and driving market reach
- Improving customer effort scores



Government and regulators

Relationship quality



Basis of assessment: Self-assessment

S2

We engage with government departments on policy development, with Parliament on the adoption of new legislation and legislative amendments, and with regulators on regulations and licence terms and conditions. Not achieving positive outcomes in these engagements can significantly impact the cost of doing business. It can also affect our return on investment, the cost-effectiveness of our services and the value we create for stakeholders.

The sector regulator issues operating licences, including those required to use radio frequency spectrum and to provide electronic communications services and networks. The regulator monitors retail tariffs, sets call termination rates, imposes social obligations, allocates numbering resources, and prescribes fees payable by licensees. The regulator's 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, regulations, and licence terms and regulations
- Quality and affordable products and services across South Africa
- Effective market competition
- Efficient use of spectrum
- Economic transformation, social impact, job creation and productivity

How we responded in FY2026

- Engaged proactively with policymakers, regulators and market participants
- Submitted comprehensive inputs during public consultations on draft policies, regulations, bills, and legislative amendments

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, employment and value-adding CSI initiatives

In FY2027 we will prioritise

- Collaborating with the government and regulatory bodies, as necessary
- Participating in the next high-demand spectrum licensing process
- Engaging on the review of the Electronic Communications Act
- Engaging ICASA and relevant stakeholders on the review of the legislative framework relating to B-BBEE
- Engaging ICASA on the renewal of Telkom's electronic communications services and electronic communications network licences



Investor community

Relationship quality



Basis of assessment: Self-assessment

S3

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

- Long-term sustainable return on investment
- Optimal debt levels and 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 FY2026

- Engaged with investors and analysts, including fixed income investors, at financial results roadshows, conferences, and on an ad hoc basis
- The Chairpersons of the Board, the Remuneration Committee and the Social and Ethics Committee engaged with shareholders at the annual governance roadshow
- Changed the medium-term guidance, upgrading Group revenue growth to mid-single-digit (4%-6%) and guiding on EBITDA margin rather than EBITDA growth
- The new medium-term guidance introduced EBITDA margin targets for the business units
- Clarified the impact of Swiftnet leases externalising on HEPS and FCF. Despite the leases externalising, HEPS grew by 21.5%
- Delivered FCF of R3.1 billion, a 10.4% increase
- Provided progress on our ESG targets and introduced the four pillars of the new Sustainability Strategy

Overarching value created for

- Improved understanding of Telkom's investment case to enable informed investment decisions
- Telkom's share price appreciated by 58.4% for the year
- Declared an ordinary dividend of 270 cents, a 65.7% increase
- Return on invested capital was stable at 11.2%
- Published Telkom's first sustainability report

In FY2027 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



Employees

Relationship quality



Basis of assessment: Employee engagement survey and employee engagement score

S4

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 61](#).

↓	↓	↓	↓
Their interests, needs and expectations	How we responded in FY2026	Overarching value created for employees	In FY2027 we will prioritise
- 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 - Career pathing and mobility	- 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 - Hosted several GCEO roadshows nationally to provide updates on business performance and the OneTelkom approach - Hosted the first GCEO Maestro awards ceremony to recognise and award those who made exceptional contributions to OneTelkom, and those recognised through the reward and recognition programmes that commenced in FY2025	- Offered competitive market-related packages with various benefits, including company cellphones, rebates on Telkom services, and flexible death and disability benefits through a bespoke retirement fund - 85% of employees are engaged and prepared to go the extra mile - The Telkom Retirement Fund assists employees with retirement planning and preparation - The Employee Wellness Programme provides employees and their families with comprehensive wellness assistance, including psychological counselling and legal advice	- Engaging with employees on the strategy to ensure alignment and accountability through the performance management process - An increased focus on empowering employees in the financial wellness domain - Implementing the outcomes of the employee engagement survey



Organised labour

Relationship quality



Basis of assessment: Self-assessment

S5

Telkom has a collective 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	How we responded in FY2026	Overarching value created for organised labour	In FY2027 we will prioritise
- 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	- Continued engagements between Telkom and the unions - Reviewed the collective engagement framework to formally include an interim leadership structure as a partner within the Alliance	- 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	- 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 - Company forum meetings have been convened and are ongoing as part of the dialogue between Telkom and the Alliance



Suppliers and business partners

Relationship quality



Basis of assessment: Self-assessment and supplier surveys

S6

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 64](#).

↓ Their interests, needs and expectations	↓ How we responded in FY2026	↓ Overarching value created for suppliers and business partners	↓ In FY2027 we will prioritise
- 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 - Fair, ethical and transparent procurement	- 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 - Launched an RFP process to appoint a supplier assessment provider to strengthen sustainability data from suppliers	- Enabled them to generate sustainable revenue through fair and transparent commercial engagements - Gave them 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	- Supporting local procurement, manufacturing, employment, and upliftment of SMMEs - Enhancing compliance with contractual payment terms, and providing suppliers with options to improve their cash flow - Leveraging supplier onboarding survey insights to improve processes and strengthen supplier relationships - Driving cost reduction through improved forecasting and planning - Advancing ESG integration, supplier risk management and climate-related reporting

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 64](#) 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 58](#).



Managing risk and compliance

Telkom has a well-defined risk and compliance approach that supports the PIVOT strategic pillars and is well integrated into operational processes. Our operating environment is characterised by ever-changing threats and unprecedented opportunities. This requires us to balance potential challenges and rewards by consistently monitoring our risks and opportunities.

Telkom is committed to complying with all applicable laws and regulations. We actively support key non-binding codes and standards, such as King IV and a range of International Organization for Standardization (ISO) standards. The ISO standards guide our policies, risk management and information security processes.

Telkom reports annually on performance against the risk and compliance plan. Where required, improvement areas are identified and used as input in the review of the following financial year plan. In reviewing our Group risks and opportunities, we consider both internal and external contexts.

To determine the effectiveness of our risk and compliance management, Telkom performs control self-assessments and compliance control validation reviews. The annual reviews ensure we meet the King IV requirements. Any undue or unexpected risks, and those risks outside appetite, are reported with the necessary mitigating actions, responsibilities and timeframes.

In a dynamic and competitive industry, it is imperative to have an effective enterprise risk management (ERM) strategy. The enterprise risk management framework (ERMF) has been designed to navigate the risk inherent to our business. All business units, support functions, processes, projects and other controlled entities are subject to the ERMF.

ERM transformation project outcomes

In FY2026, we undertook an ERM transformation project to ensure the ERMF remains robust, forward-looking and responsive to an increasingly complex and dynamic risk environment.

A core focus of the project was the redesign of Telkom's risk universe and taxonomy to improve clarity, consistency and comparability of risks across the Group and its subsidiaries.

The transformation project strengthened:

- Alignment between risk management and strategic objectives
- Monitoring of performance against set appetite and tolerance levels
- Understanding of interdependencies between risks and their aggregation
- Integration of risk management with organisational resilience and performance reporting
- Visibility, accountability and monitoring of strategic risk exposure across the Group

The transformation enabled more integrated insights at Group level, supporting timely decision-making and proactive management responses.

The ERM transformation project reinforced Telkom's commitment to embedding risk and opportunity considerations into strategic planning, capital allocation and operational decision-making. The Group is enhancing its capacity to anticipate disruption, respond with agility and protect long-term stakeholder value.

The project will continue to mature in FY2027 and beyond, further embedding leading practices and fostering a strong risk-aware culture across the Group.

Regulatory risk focus

Telkom operates in a highly regulated environment, and regulatory risk is one of the Group's principal risks and material themes. To ensure compliance, we focus on:

Licence to operate – Spectrum allocation and licence conditions remain a priority amid evolving regulatory frameworks. These require proactive compliance monitoring and stakeholder engagement.

Data privacy and digital regulation

– Large-scale data processing, digital service coverage, and complex cyberthreats require that we enhance our cybersecurity capabilities and third-party oversight, and embed robust data governance frameworks to safeguard information and maintain stakeholder trust.

Regulatory compliance – We maintain a comprehensive regulatory universe and continuously monitor digital, interception, and cybercrime legislation. This enables a proactive approach to mitigate compliance gaps and improve our processes.

Market conduct and consumer relations

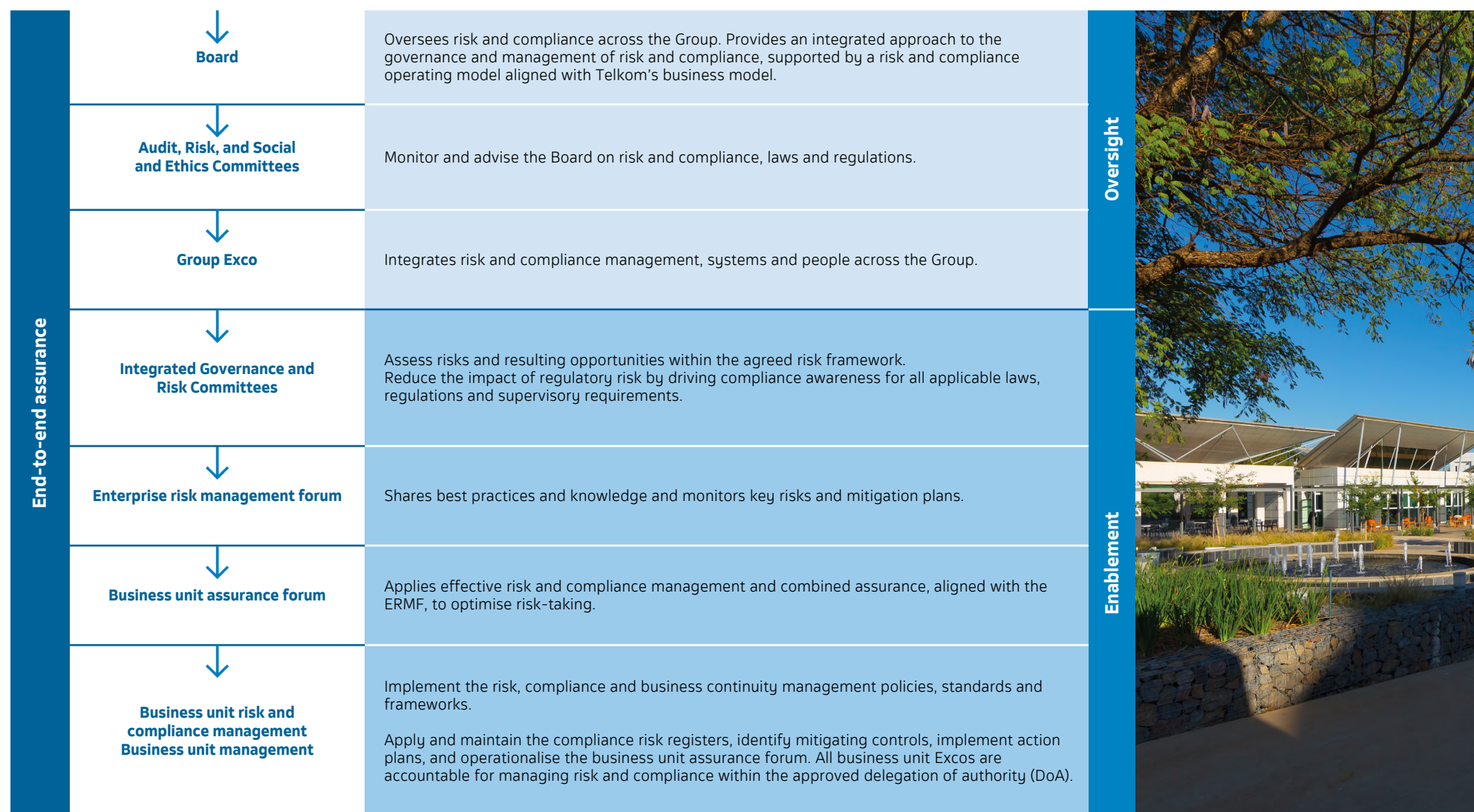
– Our shared value of customer centricity places customers at the core of our purpose and value creation. Compliance with the Consumer Protection Act is a cornerstone of our approach, supported by enhanced controls to safeguard customer interests. This year, we launched consumer-focused training to ensure improved consumer experiences.

Environmental, health and public safety

– We remain committed to environmental, health and public safety by ensuring compliance with the National Environmental Management Act (NEMA). We have also assessed the impact of Administrative Adjudication of Road Traffic Offences (AARTO) amendments on our operations and are implementing appropriate controls to strengthen compliance and mitigate associated regulatory risks.

We confirm that no material or repeated regulatory penalties, sanctions or fines for contravention of statutory obligations were reported in FY2026.

Our risk management and compliance governance structure



Emerging risks and topical events for FY2026

We regard emerging risks and events as leading indicators for potential performance challenges or new strategic opportunities. In FY2026, we identified and responded to four emerging risks and topical events:

Emerging risks and/or opportunities and topical events	Mitigation and/or response
Disruption from OTT, fintech, and broader competition Disruption from OTT players, fintech companies, and retail banks with strong digital platforms is eroding Telkom's traditional market position. Beyond the typical OTTs like WhatsApp and Netflix, competitors from adjacent industries (e.g. banking) are aggressively entering the digital and telecommunications space, blurring the sector boundaries.	- Launch innovative new products and services to achieve sustainable competitive advantage - Improve digital transformation through customer experience projects - Create customer stickiness through targeted campaigns and loyalty programmes
Workforce and skills Telecoms operations are undergoing rapid digital transformation, driven by 5G, AI, cloud and automation. However, workforce capabilities have not kept pace. There is a growing gap between current skill sets and those required for next-generation networks and digital services.	- Align talent needs with future-state business and technology priorities such as digital, cloud and AI-driven functions - We partner with universities, industry alliances and technology providers to build future talent pipelines - We continuously strengthen leadership development to support an agile, digital-first culture and drive transformation at all levels - Refer to our human capital section on page 61 and the sustainability report
AI data centres as an opportunity Competitors and hyperscalers are expanding data centre AI infrastructure and localising AI services, while making advanced tools more accessible to reduce costs and latency. This is expected to accelerate digital transformation across sectors such as finance, healthcare, logistics and manufacturing, and enhance the quality of their digital products and user experiences. BCX can position itself as an implementation partner by rolling out AI infrastructure services once these are market-ready. Due to the high investment required to deploy AI infrastructure, BCX remains cautious while preparing to be an executing partner through key skills development.	- Collaborate with potential partners to drive co-investment due to the huge financial investment required - By prioritising the development of advanced professional and managed services capabilities in AI, we ensure readiness and competitiveness in the evolving landscape - Leverage internal collaboration and the OneTelkom approach to drive our AI cloud ambitions
Gambling and possible network abuse There is growing use of mobile and digital platforms to access online gambling services provided by illegal or grey market operators. This poses risks to platform owners. The telecoms industry, and Telkom specifically, might be accused of being an enabler of the gambling problem facing society.	- Engagement with other operators through the Communication Risk Information Centre (COMRIC) to find an approach that helps to reduce the social impact of online gambling - Launch digital awareness campaigns to educate customers, particularly young adults and vulnerable groups, on the safe use of mobile/digital platforms

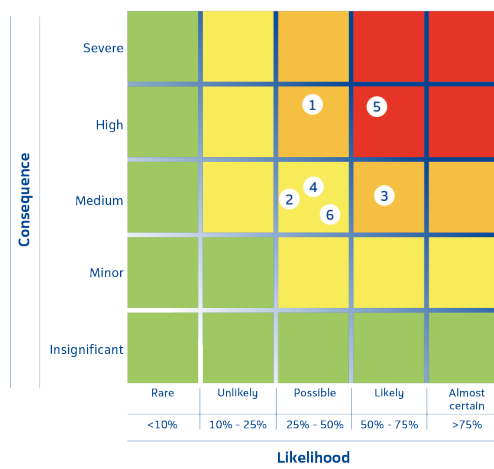


Our key strategic risks

As part of the ERM transformation journey undertaken in FY2026, Telkom identified 12 top strategic risks related to strategy implementation. This is a transition from the six risks identified and tracked in FY2025.

The two heatmaps below reflect the shift in Telkom's risk profile between FY2025 and FY2026.

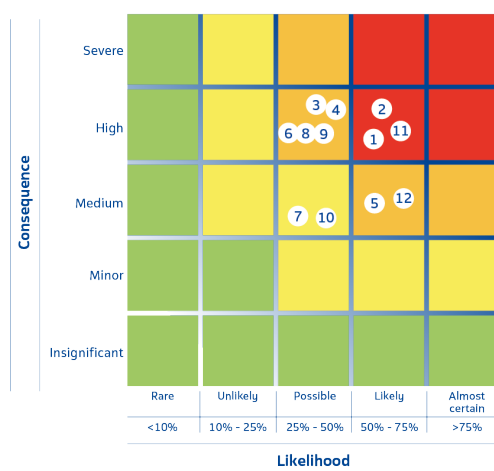
FY2025



Risk ranking

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
4. Financial sustainability
5. Macro-environmental instability
6. Inability to manage and meet material stakeholder expectations

FY2026



Risk ranking

1. Market forces and competition risk
2. Cybersecurity and data protection risk
3. Regulatory compliance risk
4. Customer experience risk
5. Attraction and retention risk
6. Sustainability risk
7. Profitability and cash flow risk
8. Network performance risk
9. Third-party risk
10. Stakeholder management risk
11. Macro-economic conditions risk
12. Geopolitical risk

1. Market forces and competition risk

The telecommunications industry continues to undergo structural disruption driven by OTT players, fintechs, hyperscalers and MVNOs entering the digital ecosystem. These players are eroding traditional voice and data revenue streams, intensifying price competition and reshaping customer expectations. Telkom's long-term competitiveness depends on its ability to scale digital services, innovate rapidly and remain relevant in a highly dynamic and commoditising market.

Impact on value creation

- Pressure on revenue, margins and market share
- Erosion of competitive positioning in key segments
- Reduced differentiation in a commoditising market

Our mitigating strategies

- Strengthen market intelligence and competitive positioning
- Expand fibre, pre-paid and digital services
- Leverage strategic partnerships for growth
- Enhance customer value propositions and retention

Strategic pillars



Material themes



Trend



Residual rating



2. Cybersecurity and data protection risk

As Telkom expands its digital footprint and operates critical national infrastructure, it presents a high-value target for increasingly sophisticated cyberthreats. These include ransomware, AI-enabled attacks and supply chain vulnerabilities. Maintaining resilience, protecting customer data and ensuring uninterrupted service delivery are critical to sustaining trust and regulatory compliance.

Impact on value creation

- Service disruption and operational risk
- Financial loss and regulatory penalties
- Reputational damage and loss of trust

Our mitigating strategies

- Enhance security operations and incident response capabilities
- Implement zero-trust architecture and AI-driven monitoring
- Strengthen third-party and ecosystem security controls
- Drive organisation-wide cybersecurity awareness

Strategic pillars



Material themes



Trend



Residual rating



Residual rating legend

Residual rating Description

- | | |
|---|--|
| ● Very high | - Unacceptable level of residual risk
- Extreme level of control intervention and close monitoring required to achieve an acceptable level of residual risk |
| ● High | - Unacceptable level of residual risk
- High level of control intervention required to achieve an acceptable level of residual risk |
| ● Medium | - Unacceptable level of residual risk, except under unique circumstances or conditions |
| ● Low | - Mostly acceptable level of residual risk
- Low level of control intervention required, if any |

→ Risk exposure remained constant ↓ Risk exposure decreased ↑ Risk exposure increased

3. Regulatory compliance risk

Telkom operates in a complex and evolving regulatory environment covering telecommunications, data privacy and digital services. Regulatory uncertainty and increasing compliance obligations elevate risk exposure. Failure to anticipate regulatory changes can constrain operations, increase costs and impact strategic execution.

Strategic pillars

O

Trend
→

Material themes

RR

Residual rating



Impact on value creation

- Financial penalties and legal exposure
- Operational disruption and constraints
- Reputational impact and loss of investor confidence

Our mitigating strategies

- Strengthen regulatory and compliance frameworks and internal controls
- Engage proactively with regulators
- Continuously monitor legislative developments

5. Attraction and retention risk

The pace of digital transformation is reshaping workforce requirements, with growing demand for skills in AI, cloud and advanced technologies. Telkom faces a structural gap between existing capabilities and future needs, increasing execution risk.

Strategic pillars

P I V O T

Trend
↑

Material themes

EL

Residual rating



Impact on value creation

- Reduced productivity and execution risk
- Increased cost of talent acquisition
- Constraints on innovation and transformation

Our mitigating strategies

- Strategic workforce planning
- Upskilling and reskilling programmes
- Leadership and talent development initiatives

4. Customer experience risk

Customer expectations are increasingly shaped by digital-first experiences, reliability and responsiveness. Service failures, network issues and gaps in digital capability directly impact customer satisfaction, retention and brand perception. In a competitive market, customer experience is a key differentiator.

Strategic pillars

P I V O T

Trend
↓

Material themes

CE

Residual rating



Impact on value creation

- Customer churn and reduced lifetime value
- Revenue pressure from declining loyalty
- Brand erosion and reputational impact

Our mitigating strategies

- Invest in network quality and digital platforms
- Enhance customer experience programmes
- Leverage analytics to improve retention

6. Sustainability risk

ESG expectations continue to rise, with increasing focus on climate transition, governance and responsible business practices. ESG performance is directly linked to reputation, regulatory compliance and access to capital.

Strategic pillars

O

Trend
↑

Material themes

EL CR

Residual rating



Impact on value creation

- Compliance and transition costs
- Reputational exposure
- Long-term sustainability risks

Our mitigating strategies

- Implement our Sustainability Strategy
- Invest in energy efficiency
- Strengthen ESG governance and reporting

7. Profitability and cash flow risk

Economic pressure, rising costs and pricing constraints impact profitability and cash generation. Maintaining financial resilience is critical for sustaining operations and funding growth.

Strategic pillars

P V O

Trend
→

Material themes

CL EC

Residual rating



Impact on value creation

- Reduced earnings and margins
- Liquidity constraints
- Reduced financial flexibility

Our mitigating strategies

- Cost optimisation and efficiency programmes
- Revenue diversification initiatives
- Strengthened cash flow management



8. Network performance risk

Network reliability is central to Telkom's service delivery. Infrastructure challenges, outages and legacy systems create operational risks and impact customer experiences.

Impact on value creation

- Service disruption
- Customer dissatisfaction
- Revenue loss

Strategic pillars



Material themes



Trend



Residual rating



Our mitigating strategies

- Network modernisation and upgrades
- Real-time monitoring and fault detection
- Infrastructure resilience investments

11. Macro-economic conditions risk

Economic volatility affects customer demand, affordability and overall performance. Structural economic challenges continue to influence Telkom's growth prospects.

Impact on value creation

- Revenue pressure
- Increased credit risk
- Cost inflation

Strategic pillars



Material themes



Trend



Residual rating



Our mitigating strategies

- Scenario planning and monitoring
- Cost management initiatives
- Strengthened credit controls

9. Third-party risk

Increasing reliance on suppliers and partners introduces operational and security risks. Limited visibility into supplier ecosystems amplifies our risk exposure.

Impact on value creation

- Service disruption
- Financial and operational loss
- Reputational damage

Strategic pillars



Material themes



Trend



Residual rating



Our mitigating strategies

- Strengthen third-party risk frameworks
- Enhance due diligence and monitoring
- Supplier diversification strategies

12. Geopolitical risk

Global geopolitical instability impacts supply chains, costs and operational continuity. External shocks can have cascading business impacts.

Impact on value creation

- Supply chain disruption
- Cost volatility
- Operational risk

Strategic pillars



Material themes



Trend



Residual rating



Our mitigating strategies

- Supplier diversification
- Monitoring geopolitical developments
- Risk mitigation strategies

10. Stakeholder management risk

Strong stakeholder relationships are important for regulatory alignment, investor confidence and strategic execution. Poor engagement can impact trust and reduce our influence.

Impact on value creation

- Loss of stakeholder confidence
- Reputational risk
- Reduced strategic influence

Strategic pillars



Material themes



Trend



Residual rating



Our mitigating strategies

- Proactive engagement and communication
- Strengthening governance and transparency
- Alignment with stakeholder expectations

Focus areas for FY2027

- Provide oversight of the top Group risks and material decisions
- Provide risk oversight of business plan and strategic execution
- Provide forward-looking analysis that includes deep dives, scenario analysis and resilience testing
- Strengthen collaboration across assurance providers in line with the combined assurance plan
- Continuously monitor the regulatory environment, focusing on matters related to digital, data privacy, licensing, market conduct, and health and safety legislation
- Provide oversight of sustainability (ESG) and climate-related risks

FY2026 performance

5

Telkom



BCX





Productive capital

Telkom

Telkom Consumer had another remarkable year in which it gained further market share. Most significantly, our Mobile business continued to deliver market-leading service revenue growth as our data-led, pre-paid-driven strategy scaled high-quality revenue, expanded the customer base and accelerated monetisation. This growth was achieved through disciplined execution and targeted acquisitions, enabled by ongoing investment in and refinement of our AI-driven customer value management platforms.

10.3% Pre-paid service revenue growth

10.5% Mobile data revenue growth

31.1% Increase in mobile data subscribers

Strategic focus areas

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

Challenges

- Intensifying competition in mobile, particularly pre-paid
- Changing regulatory environment
- Site vandalism and battery theft causing financial losses

Accelerated mobile growth

The Mobile business remains our primary growth engine. Mobile service revenue increased by 6.8% to R22 388 million, supported by 10.3% growth in pre-paid service revenue to R15 387 million. This performance was driven by targeted customer acquisition, deep segmentation through our best-in-class, people-led AI capabilities, and effective customer value management (CVM). Our CVM propositions, Mo'Nice and Mo'Town, contributed over half of pre-paid service revenue. We also achieved double-digit revenue growth in non-metro areas, reflecting an increased share of acquisitions. This is testimony to the precise execution of our strategy to grow market share in underpenetrated regions.

Customer growth remained robust. The mobile subscriber base increased by 10.8% to 25.7 million, driven by pre-paid subscriber growth of 11.9% to 22.6 million. This was achieved while maintaining a stable pre-paid ARPU of R60, demonstrating the resilience and quality of our revenue base in a highly competitive environment. Post-paid subscribers remained stable at 3.1 million, with post-paid ARPU maintained at R186.

Profitability improved in line with revenue quality. The Mobile business delivered a solid 14.0% increase in EBITDA, with the EBITDA margin expanding by 2.3 ppts to 29.0%. Impairment of receivables declined by 17.9% as the benefits of stringent credit vetting were realised.

At business unit level, Consumer increased its EBITDA by a pleasing 20.8% to R6 727 million, driving a 3.3 ppts increase in the EBITDA margin to 23.3%. This reflects our strong operating leverage and ongoing efficiency initiatives.

Drive for broadband adoption

Our data-led strategy continues to deliver strong monetisation outcomes. Mobile data revenue increased by 10.5% to R17 752 million, supported by a 31.1% increase in data subscribers to almost 20.0 million. Mobile data subscribers now represent 77.8% of the total base, reflecting the sustained demand for connectivity and the success of our targeted pricing and distribution. This structural shift was reinforced by mobile data traffic growth of 18.5% to 2 exabytes (2 084 petabytes), highlighting the continued acceleration in data consumption and supporting future revenue growth.

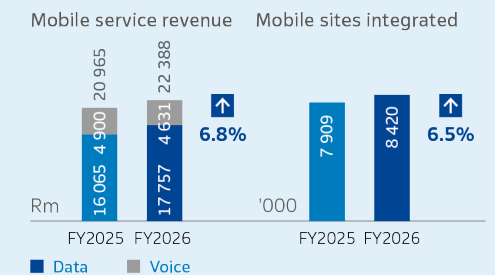
In our fixed connectivity business, fibre revenue increased by 10.3%, supported by 8.7% subscriber growth and ARPU expansion. We continued to drive adoption through affordable pre-paid fibre offerings while broadening access to high-speed connectivity.

Mobile network expansion

We continued to invest to support our growth trajectory. Through capital expenditure of R2 694 million, we expanded our network footprint by 511 sites to 8 420 and increased our population coverage to 85%. Our investment enhanced our network capacity and efficiency, extended coverage, and helped us reduce roaming costs despite higher traffic volumes. This positions us to advance towards a fully data-driven network as we target more customers through the demonstrable value we offer.

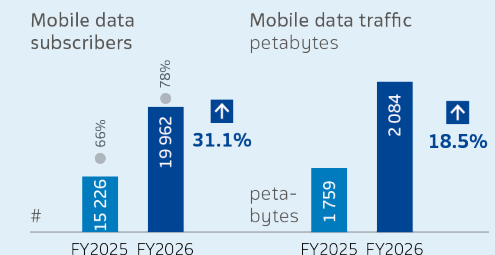
We also strengthened network resilience and are accelerating technology modernisation. Initiatives such as lithium-ion battery deployment, Power-as-a-Service and Shelter-as-a-Service are improving network uptime, cost predictability and customer experience.

Our data-centric network strategy continues to deliver strongly. Voice over LTE (VoLTE) users reached 9.3 million and VoLTE traffic penetration reached 80%. 4G device penetration increased to 97% (FY2025: 94%), positioning the business for a fully data-driven future. Ongoing network investments are enabling us to capture 5G opportunities, aligned with rising device adoption and evolving customer behaviour.



Driving revenue through digital and financial services

Beyond Connectivity, our adjacent digital and financial services portfolio, continued to scale, with revenue increasing by 10.5% to R1 862 million. These services are deepening customer engagement, enhancing platform stickiness and increasing our share of the consumer wallet. The airtime advance lending offering, which represents 26.4% of total pre-paid recharge value, remains a key contributor, with approximately 8 million active users. Our insurance portfolio generated revenue of R283 million, supporting revenue diversification.





Productive capital



Openserve continued to lead the market in fibre connectivity, with consistent delivery against its strategic priorities. The shift towards fibre-led revenue gained momentum, accounting for 87% of total operating revenue. Overall revenue performance strengthened, supported by an expanding and more diversified product offering that underpins long-term growth prospects. The business pursued growth through a range of channels and strategic partnerships, while maintaining strong service delivery and network reliability across the customer value chain.

33.5% EBITDA margin

53.1% Market-leading FTTH connectivity rate

8.2% Fibre-related data revenue growth

Strategic focus areas

- Commercialise the network
- Scale the network
- Transform service delivery

Challenges

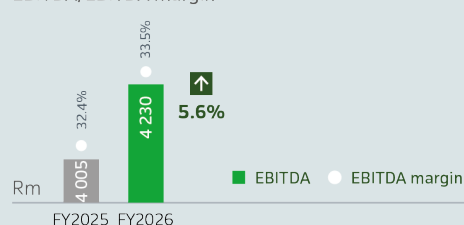
- Ongoing legacy voice decline
- Rising energy costs
- Market consolidation will intensify competition

Performance overview

Openserve recorded a solid financial performance for the year, supported by a well-diversified revenue profile and multiple channels to market. Overall revenue grew by 2.3% to R12 632 million. The increase in demand for high-capacity connectivity, backhaul and data-led solutions, particularly in the enterprise and carrier segments, resulted in strong enterprise growth of 9.7%, while the carrier segment grew by 3.6%. Broadband revenue increased by 6.9%, driven by customer migration to higher-value services and wider channel penetration. This was further enabled by focused upselling, improved utilisation of network capacity, and the introduction of differentiated offerings aligned to evolving customer needs. Fibre-related data revenue rose by 8.2% to R10 113 million, and external revenue increased by 10.7% to R5 395 million.

Cost discipline remained a key focus. Network simplification, decommissioning of legacy infrastructure, and energy transformation continued to support sustainability objectives and long-term value creation. The cost-efficiency measures were coupled with ongoing execution of revenue growth initiatives. As a result, EBITDA increased by 5.6% to R4 230 million and the EBITDA margin expanded by 1.1 ppts to 33.5%, demonstrating continued operational resilience.

EBITDA/EBITDA margin



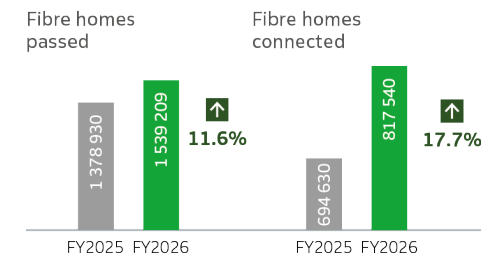
Commercialising the network

Our drive to expand connectivity resulted in a 17.7% increase in homes connected. This translated to 122 910 new connections during the year, bringing the total to 817 540 homes. Our industry-leading connectivity rate of 53.1% underscores the effectiveness of our commercialisation approach. Our targeted infrastructure investment positions the network to meet current and future demand for high-speed broadband services.

We continued to monetise our fibre network and enhance the Fibre Connect portfolio, reinforcing our commitment to flexible, competitive broadband solutions that support ISPs amid ongoing affordability pressures. Pre-paid fibre services continued to grow, in line with our objective to extend coverage in lower-income communities. Expansion of the pre-paid portfolio included the introduction of an entry-level symmetrical 30 Mbps offering, and flexible recharge bundles that enable customers to adjust speeds.

Scalable network

We deployed capital to support long-term network capability while exercising cost discipline. We invested R2 719 million in infrastructure build and upgrade programmes, digital enablement initiatives and customer-focused improvements. Fibre rollout remained a priority within this spend. We increased the number of homes and businesses passed with fibre to 1 539 209, representing year-on-year growth of 11.6%, or 160 279 additional homes during the year.



Transforming service delivery

Openserve drove service delivery transformation through automation across core operational activities, including order fulfilment, service provisioning, fault resolution and customer support. These initiatives are improving operational efficiency and consistency, enhancing the overall customer experience, and supporting sustained demand for Openserve's offerings.

Network performance remained strong, with uptime of 99.94% for access and 99.91% for the transport layer. The core network maintained full availability at 99.99%. This performance was supported by innovation and automation, and further improved our customer experience, as reflected in our NPS of 79.0 (FY2025: 72.3).



Productive capital

BCX

In a challenging IT market, BCX maintained a stable margin relative to the third quarter through disciplined cost management. The overall revenue of the IT business was stable in a market characterised by subdued enterprise spend, heightened customer price sensitivity, and delays in project execution that muted growth in the sector. Despite this, cybersecurity services recorded robust growth, while hardware and software revenue also grew for the year.

Enterprise performance remains highly dependent on deal timing, project delivery and customer investment decisions, with clients prioritising cost containment over transformation.

9.4% EBITDA margin

21.1% Cybersecurity services revenue

5.6% IT hardware and software revenue growth

Strategic focus areas

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

Challenges

- Hyperscalers bypassing ICT companies
- Pricing dynamics in IT and connectivity
- Cautious enterprise spending to contain costs

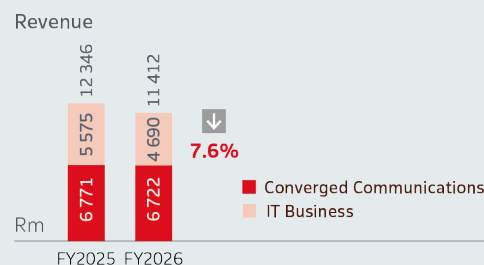
We implemented a structured operating cadence, strengthening oversight of performance, pipeline quality and deal execution. This helped us improve deal conversion, which is being driven at appropriate margins. The focused execution across key operational levers was reflected in an improved net working capital position and higher quality of earnings in hardware and software, driven by credit management and strong cash conversion.

Performance overview

Total revenue declined by 7.6% to R11 412 million. Annuity-based revenue remained stable, with the decline being due to the Converged Communications business. The deliberate migration to fibre services resulted in voice and traditional data revenue declining by a combined R458 million, while fibre-related data revenue declined by R140 million.

EBITDA decreased by 21.8%¹ to R1 076 million, resulting in an EBITDA margin of 9.4%. The decrease was largely due to the decline in Converged Communications revenue, partly offset by cost efficiencies realised from the cost transformation programme completed in FY2025.

Disciplined cost management led to operational expenditure declining by 5.2%¹. This was mainly due to lower employee costs and maintenance, and a significant reduction in impairment of receivables as we continued to proactively manage receivables.



Information technology

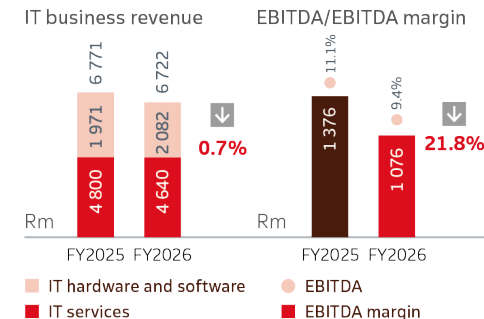
The IT business showed resilience. Overall revenue was stable, with a robust 21.1% growth in cybersecurity services reflecting sustained client demand for advanced threat management, advisory and network protection services. Municipal services grew by 7.5% as we continued to partner with municipalities, providing backbone IT services to enable them to service their communities. Field services grew by 12.1% on the back of supporting project spend in the retail IT industry, and IoT showed commendable growth as we offered greater customer value to offset softness in traditional project-based work.

Cloud revenue growth was hindered by customers' cost containment to fund their public cloud journeys, intensified competition from hyperscalers, and lower-than-expected enterprise migration. However, this remains a growth focus area for the business.

IT hardware and software revenue grew by 5.6%, driven by a larger proportion of revenue realised as hardware. Profitability improved marginally as we continued to attach services that support annuity-based revenue.

IT services profitability grew year on year, reflecting disciplined execution of strategy and a focus on high-quality revenue and cost efficiency. This stands in contrast to market trends, where margin pressure is a key theme. Our results demonstrate the resilience of our operating model and the progress we are making in repositioning our business.

¹ Excludes R157 million restructuring cost provided for in the prior year.



Converged Communications

The deliberate migration to fibre-based platforms, together with client migration due to pricing dynamics, resulted in revenue declining by 15.9%. Fibre-related data revenue contributed 82.4% to total data revenue. Overall demand pressure and muted growth led to a 6.6% decline in fibre-related data revenue, a deceleration from 19.0% in the third quarter.

We will continue to focus on retaining existing customers and protecting volume revenue through targeted service improvement. Operational integration within the OneTelkom framework improved our implementation timelines and incident resolution. Optimisation of the Converged Communications business model strengthened service delivery, lowered cost to serve, and improved customer experience, particularly for high-value enterprise clients.

These efforts were reinforced by next-generation network monitoring capabilities, positioning the business for AI-driven network operations.



Intellectual capital

In FY2026, Telkom strengthened its intellectual capital by advancing its digital transformation agenda, modernising technology platforms and embedding data- and AI-driven capabilities across the Group. These initiatives support our ambition to evolve into a digital infrastructure and technology solutions provider, aligned to the PIVOT Strategy and long-term value creation objectives.

We executed our digital business strategy by enhancing enterprise architecture, improving platform stability and strengthening governance, cybersecurity and cost discipline. Across the business, digital and AI-enabled solutions improved operational efficiency, enhanced customer experience and enabled more agile service delivery. Ongoing technology modernisation initiatives reduced complexity and improved system resilience.

Performance snapshot

Strategic focus areas	FY2026 achievements
Digital business transformation	- Operationalised the digital business strategy across the Group, moving from strategy to execution - Telkom's Bafo AI platform reduced queries requiring human intervention by up to 62%, delivering ~R23 million in efficiencies
IT modernisation	- Improved core platform stability and availability (>99.975%), supporting revenue protection and customer experience - Enabled average monthly pinless recharge revenue of ~R1.03 billion through stabilised platforms
AI	- Established an AI framework and a digital ethics framework to support responsible adoption - Achieved a 47% month-on-month improvement in query deflection in customer environments
IT cost optimisation	- Initiated a programme to reduce the IT cost base from 8.31% of revenue towards a 5% target over the medium term (FY2028 horizon)
IT governance, IT security and enterprise resilience	- Maintained ISO 27001 certification, reinforcing information security governance - Successfully contained cyberthreats, with no data loss or operational disruption
Innovation and R&D	- Invested approximately R15 million in research, development and innovation - Supported 235 students across 84 institutions through innovation programmes as part of the Southern Africa Telecommunication Networks and Applications Conference (SATNAC)



Digital business transformation

Digital business transformation enables the Group to reimagine customer value propositions, modernise operating models and create sustainable growth through digital platforms and ecosystems.

In FY2026, the Group refined and integrated its digital business strategy with broader strategic planning processes. This establishes the foundation for a fit-for-purpose technology operating model and enabling enterprise architecture that are aligned with Telkom's long-term objectives.

We optimised our enterprise architecture capabilities by assessing and benchmarking our corporate application and technology landscape. Capital funding was approved for FY2027, balancing short-term rationalisation and modernisation with longer-term strategic platform investments. Priority areas for investment include:

- Infrastructure and enterprise resource planning (ERP) modernisation
- Enhanced cybersecurity
- Selective use of alternative platforms to large original equipment manufacturer (OEM) solutions
- The establishment of a private AI model

At Telkom Consumer, we reimaged digital customer journeys through the launch of the Telkom SuperApp, an evolution of the MyTelkom App. The SuperApp consolidates our digital services into a unified platform spanning acquisitions, order management, billing and account management. It supports increased digital sales, reduced call centre volumes and faster time-to-market.

Telkom Consumer also introduced conversational AI through the AI Anchor platform.

This enables real-time customer interaction for FAQs, troubleshooting and product queries, and improves continuity between self-service and assisted support.

Openserve advanced wholesale digital enablement by expanding and maturing its unified partner platform (UPP) as the primary self-service channel for ISPs and partners. End-to-end digital journeys now support onboarding, quoting, ordering, service management, fault resolution and reporting, complemented by the Openserve website, Connect App and WhatsApp channel.

Investment in cloud-based, API-enabled platforms improved scalability, resilience and speed-to-market, reinforcing Openserve's position as a digitally led open-access network provider.

At Group level, customer and colleague journeys were enhanced through human-centric AI solutions such as Bafo and PoliPal. Bafo combines an African large language model with AI virtual agents and speech analytics. The platform helped to reduce queries requiring human intervention by up to 62%. This improved query deflection by 47% month on month and saved R23 million in costs over 18 months in the BCX contact centres. PoliPal provides AI-enabled access to policies and procedures, reducing reliance on manual HR support and improving productivity.

IT modernisation

We advanced IT modernisation through a more co-ordinated, enterprise-led OneTelkom approach. Initiatives were consolidated into a structured, multi-year programme that will transition critical platforms to scalable, standardised and supportable infrastructure.

Group-wide initiatives included the refresh of core network platforms and the migration of service management, content and selected customer-facing platforms to cloud-aligned solutions. We re-platformed multiple applications onto standardised environments, reducing duplication, simplifying operations and improving consistency. Upgrades to foundational platforms and core infrastructure improved performance, reliability and alignment with vendor-supported roadmaps, and reduced reliance on extended support arrangements for legacy systems.

Telkom Consumer focused on improving efficiency, stability and integration. Upgrades to core systems strengthened data integration and reduced technical debt. Enhancements to the Enterprise portal improved accessibility and responsiveness across internal and customer-facing interactions, providing a stable and scalable foundation for digital transformation and customer-centric service delivery.

These modernisation initiatives form part of a phased capital investment approach. We aim to realise value progressively through estate simplification, reduced maintenance costs and more efficient use of shared platforms, while enabling future digital and cloud-based capabilities.

Core platform transformation

The transformation of Telkom's core operational support system (OSS) and business support system (BSS) platforms is central to improving operational performance, resilience and customer experience, while enabling future digital business models.

The core Telkom Consumer BSS transformation entered phase 3, shifting from technical enablement to business-led transformation. The aim is to embed the platform within business operations, strengthen adoption and realise value beyond system deployment.

A BSS platform upgrade was completed, focusing on revenue protection across billing and order management. This resulted in service-level agreement (SLA) performance of 95.02% across BSS and core systems. Availability exceeded 99.975% across the core BSS environment, and high-priority incidents were reduced. The stabilised platform supports average monthly pinless recharge revenue of approximately R1.03 billion, while ongoing transformation efforts focus on improving agility, time-to-market and end-to-end integration.

Openserve focused on phase 2 of its OSS transformation programme, implementing technologies to modernise network operations and assurance. We modernised the logical network inventory management system for optical transport network (OTN) services, creating an online digital network twin. This enhanced planning, feasibility assessment and network assurance processes, enabling near real-time visibility of active inventory. In parallel, we enhanced fault correlation capabilities for internet protocol (IP) and OTN services, improving recovery and restoration times and enabling proactive service management as a value-added offering.

Automation of planning processes reduced order processing times for OTN services, while online inventory capabilities represent a differentiator in the South African market.

IT cost optimisation

Telkom initiated a Group-wide, structurally driven IT cost optimisation programme in FY2026. The programme addresses complexity, duplication and inefficiencies arising from a historically federated model. The aim is to re-baseline IT operating expenditure via a phased approach to 5% of Group revenue by FY2028, aligning Telkom with industry norms.

Over the three-year period, approximately R1.7 billion in IT capex has been allocated to strategic investments in infrastructure modernisation, enhanced cybersecurity, ERP modernisation, alternative platforms and the establishment of a private AI model. Together, these investments will shift the cost base towards Group-owned digital assets, thereby reducing long-term run costs and dependency on third parties.

IT governance, IT security and enterprise resilience

Telkom further strengthened IT governance, risk and compliance frameworks, controls and oversight by:

- Reviewing and aligning the cybersecurity governance framework and strategy for evolving threats, regulatory requirements and globally recognised standards such as National Institute of Standards (NIST) and ISO-based principles
- Enhancing third-party cybersecurity risk management and introducing data governance guardrails to better manage data-sharing risks and protect sensitive information and intellectual property

- Updating and improving IT resilience and continuity frameworks, policies, standards and procedures covering access governance, authentication, data classification, security logging and monitoring, IoT security and information security awareness. Telkom maintained its externally audited ISO 27001 certification

The Group's systems showed strong resilience to outages, disruptions and cyber events. The cybersecurity incident response team effectively contained and mitigated a targeted email-based security incident in June 2025, with no data leakage or disruption to operations.

We enhanced Board-level technology governance and oversight through more structured reporting on IT risk, cybersecurity posture and compliance, and revisions to Committee terms of reference aligned with King IV principles.

Artificial intelligence

AI is a foundational Group capability to augment products, processes and decision-making and enhance efficiency, customer experience and resilience. The Group's approach is pragmatic and value-led, focusing on demonstrable business outcomes rather than isolated experimentation.

The Group AI framework was published and socialised to establish a common reference. We also published our Code of AI Ethics, initiated AI security standards and drew up terms of reference for a Group AI Council. These elements provide guardrails for responsible innovation and enable learning and experimentation to flourish in a controlled way.

In Telkom Consumer, initial AI use cases deployed conversational AI to support real-time customer interactions across digital

channels. These use cases improved response times, service consistency and operational efficiency. They provide a scalable foundation for future expansion into predictive analytics and intelligent automation.

Openserve applied AI and advanced analytics to support data-led growth, particularly within the pre-paid portfolio. Predictive analytics supported recharge forecasting, customer segmentation and targeted marketing. Churn prediction models enabled early identification of at-risk customers and more effective retention interventions.

Openserve also introduced generative AI-powered virtual agents to support digital customer care across social media, email and web channels. This improved response accuracy and reduced resolution times through retrieval-augmented generation techniques.

BCX continued to embed AI at scale, shifting from reactive support models to intelligent self-learning systems, improving service performance, responsiveness and decision-making. These capabilities underpin BCX's evolution towards platform-led, AI-enabled solutions that deliver measurable client value.

Innovation and R&D

Telkom's R&D and innovation programmes delivered commercial and societal value in FY2026 through a dual-track model combining industry-focused R&D and nationally co-funded academic research. The industry R&D lab at Wits University, for example, produced a Voice of the Customer platform, an AI-powered solution for customer experience management at scale.

The Telkom-NRF FutureTech Programme, a three-year R18 million co-investment, completed its first full operational year,

advancing multi-institutional research across AI, 5G and IoT. The SATNAC 2025 Industry Solutions Challenge engaged 235 students from 84 institutions, generating innovations in areas such as AI fraud detection, autonomous network design and customer experience transformation.

We also supported innovation and ecosystem development through Telkom FutureMakers, which launched the AI Growth Catalyst Programme in partnership with the UK-South Africa Tech Hub and Disraptor. The programme supported 10 ICT start-ups.

Telkom brand equity

Telkom leverages several tools, services and policies to ensure the purposeful impact of our brand and reputation, including:

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



Our awards and recognition in FY2026:

- 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 independent global pricing and research firm Tarifica
- Telkom Consumer retained a top two spot in the Ask Africa Orange Index™, which highlights customer trust and engagement

- Telkom was rated "Excellent" for the ninth consecutive year at the EY Integrated Reporting Awards, reflecting high-quality, transparent and integrated reporting
- Telkom was the winner in the Fledgling/AltX category at the 2025 CGISA-JSE Integrated Reporting Awards, recognising the quality and progress of our integrated reporting and commitment to transparent value creation

Looking ahead

Telkom will continue to apply cost discipline while preparing to shift towards a unified, shared-service-enabled enterprise architecture. The evolution of the Group IT operating model will support greater collaboration, scalability and alignment.

Telkom Consumer's priorities include scaling the business-led transformation programme, embedding agile ways of working, accelerating adoption of modernised platforms and expanding AI capabilities.

Openserve will focus on OSS transformation and digitalisation, reducing dependence on ageing systems, and pragmatically applying mature AI capabilities where they deliver value.

Across the Group, managing the complexity of large-scale transformation and evolving cybersecurity threats remain key considerations, balanced by opportunities to leverage digital, data and AI capabilities to drive efficiency, resilience and growth.



Human capital

Telkom advances people development and empowerment by strengthening its leadership capability, deepening its young talent pipeline and fostering a culture where employees feel valued, supported and recognised. To enable Telkom's strategy, it is critical for the organisation to attract, develop and retain the capabilities needed to support long-term growth and operational performance.

During the year, we sustained our momentum in growing female representation in leadership, ensuring that women are represented across leadership levels and meaningfully supported through targeted development and succession. This ongoing focus reflects the Group's commitment to diversity, equity and long-term leadership sustainability.

At the same time, the human capital team continued to develop future talent to meet evolving organisational needs. We grew our young talent pipeline by transitioning high-performing interns onto permanent contracts and welcoming a new intake of Elevate graduates. This strategic investment aligns with broader national youth employment priorities.

Performance snapshot

Strategic focus areas	FY2026 achievements
Workforce planning	- 3.8% voluntary employee turnover
Performance and growth	- R132 million invested in training and development ^(A) - 277 unemployed graduates, interns and learners supported - 599 employed learnerships and internships
Employee experience	- 75.0% participation in the Voice of the Employee survey - 85.2% in the Employee Engagement Index
Culture transformation	- 37.3% women in leadership positions ¹ ^(A) - Employee diversity: 73% Black and 33% female
Health and safety	- 0.57 ² total recordable injury frequency rate ^(A) - 0.52 ² lost-time injury frequency rate ^(A)



Telkom's human capital strategy

Workforce planning

We conduct strategic workforce planning to build a future-ready workforce by aligning talent, skills and organisational design with Telkom's strategic priorities. We use workforce planning to identify capability gaps, modernise roles and proactively develop the skills required for long-term performance.

We analysed comprehensive workforce data covering more than 10 000 employees. We benchmarked this data against relevant industry peers to provide an evidence-based view of Telkom's capability landscape. This included a detailed capability and gap analysis across all executive and higher leadership roles, providing insights into the capabilities needed for transformation and long-term performance.

We also evaluated all roles across the functions of human resources, digital and transformation, and sales and marketing to assess role relevance, capability needs and structural alignment. We strengthened role clarity and modernised job design to ensure alignment with current and future organisational needs.

Emerging capabilities – particularly those required for digital transformation and innovation – are now embedded into role expectations. Updated job descriptions are also being benchmarked against industry standards to maintain competitiveness and relevance.

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2026 Independent Assurance Report, available online.

¹ Includes BCX international.

² Calculated using 200 000 hours worked.

Performance and growth

We focused on succession planning across leadership, key and critical roles to ensure continuity. Structured talent reviews and succession discussions identified high-potential employees and assisted with targeted development plans.

To strengthen career pathways, we continued to implement initiatives that support talent mobility and career growth. Our Talent Mobility X-celer8 programme gives employees opportunities to gain cross-functional experience and exposure to different parts of the business.

We also launched Elevate 3.0, the latest iteration of our graduate development programme, which develops future-ready capabilities aligned with our evolving technology and digital landscape. Through mentorship and experiential learning, graduates gain exposure while developing skills to contribute to Telkom's growth.

We continued to strengthen leadership capability and build critical skills through our Back2Basics People Leadership programme, OneTelkom learning initiatives and bursary support.

Employee experience

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

The FY2026 Voice of the Employee survey gave a comprehensive assessment of the employee experience, reflecting how our culture, leadership practices and workplace conditions support engagement across the Group. Employees showed willingness to share their views. Survey participation rose to 75%, a 10% improvement, signalling increased trust in the employee listening process.

Our 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. Overall engagement remains high, with most employees indicating commitment to going beyond the scope of their roles (85.2%), moderate proportions operating within job requirements, and a small percentage showing disengagement.

The results highlighted several strengths. Employees show high levels of advocacy and inspiration, and the work environment continues to strengthen in areas such as customer focus, accountability and collaboration. Confidence in the Group's long-term strategic direction remains strong, supported by clear communication and alignment in several business areas.

Wellbeing indicators remained generally positive, with employees expressing confidence in safety, belonging and access to wellbeing support. However, financial stress and experiences of work stress persist as notable challenges.

Overall, the survey reflected a committed workforce that is aligned with organisational objectives and motivated to contribute. It also signalled the need for strengthened communication, streamlined processes and improved development pathways.

Sustainability

We retained our Level 1 B-BBEE rating for Telkom and increased female representation in leadership to 37.3% (FY2025: 35.5%). These efforts align with our values and are critical for long-term sustainability and resilience.

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

We engage stakeholders to foster strong internal and external partnerships. We proactively identify and address people-related risks through systemic risk management.

A snapshot of Telkom's workforce

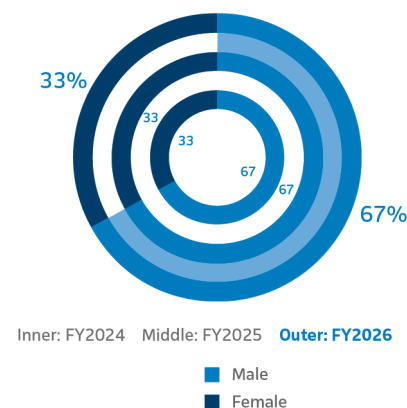
Telkom maintained a stable and diverse workforce while strengthening future-ready capabilities. At the end of FY2026, the Group employed 9 463 permanent employees (FY2025: 9 509), reflecting ongoing workforce optimisation aligned with operational requirements.

Our workforce profile is broadly representative of South Africa's demographics, with 73% Black employees and 33% female employees. The number of differently abled employees increased to 121. Employee voluntary turnover improved to 3.8%, reflecting continued focus on employee engagement, talent development and retention.

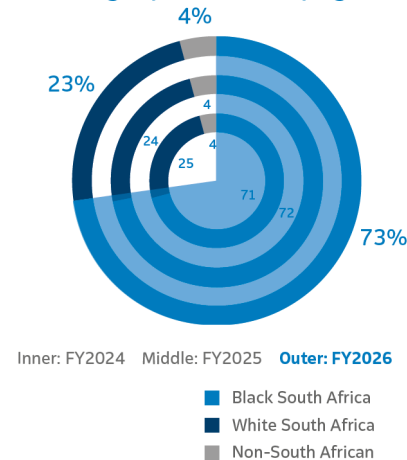
Permanent employees (number)

FY2024	FY2025	FY2026
9 877	9 509	9 463

Gender diversity of permanent employees



Race diversity of permanent employees



Employee voluntary turnover (%)

FY2024	FY2025	FY2026
5.58	5.0	3.8

Number of differently abled employees (number)

FY2024	FY2025	FY2026
118	120	121

Managing talent

Talent acquisition is crucial for attracting and securing the capabilities needed to support Telkom's transformation and long-term competitiveness. In FY2026, we shifted towards a more forward-thinking approach that emphasises proactive workforce planning, identifying critical capabilities and sourcing high-impact talent aligned with evolving business and technology priorities.

We are better positioned to build sustainable talent pipelines and reduce time to fill for critical roles. We leverage a combination of internal and external sourcing platforms, and engage recruitment agencies and executive search firms for niche, leadership and hard-to-source roles.

The talent acquisition team, Corporate Communications and external recruitment partners work together to present a compelling and consistent value proposition to the market.

Learning and development

Our learning and development strategy supports continuous capability building and equips employees with skills to succeed in an evolving digital environment.

Through our OneTelkom learning programmes, employees have access to a range of digital learning resources and development opportunities that support continuous learning. Our bursary programmes enable employees to pursue formal qualifications aligned with organisational priorities and critical skills areas.

During the year, 3 506 employees participated in structured learning interventions, supported by a total investment of R132 million in employee learning and development.

Bursary and internship programmes

New part-time bursaries awarded	124
Total investment in part-time bursaries (Rm)	9.3
Number of students on full-time bursaries	167
Number of interns on the Elevate graduate internship programme	200

Training and development spend Rm

	FY2024	FY2025	FY2026
BCX	65	66	31
Gyro ¹	2		
Openserve	46	54	43
Telkom Consumer	46	33	44
Corporate Centre	10	12	14
Group	168	166	132

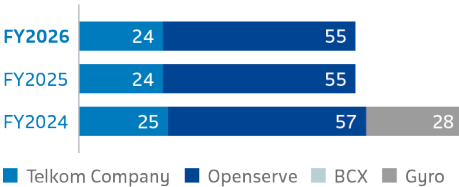
¹ Gyro is included under Corporate Centre for FY2026.

Collaborating with organised labour

We reviewed our collective engagement framework with the Alliance of the Communication Workers Union (CWU) following a court judgment relating to internal legal proceedings among CWU officials. The judgment ruled that an interim leadership structure be established to manage CWU operations. Telkom's review included creating such a structure for the Alliance.

The respective company forums were reconvened in August 2025, and engagements are ongoing. Through these forums, Telkom maintains cordial relations and engages constructively with the Alliance on matters that impact their members.

Permanent employees belonging to a union %



¹ Telkom Company includes Telkom Consumer and Corporate Centre.

No S189 process was initiated in FY2026.

Creating a safe environment

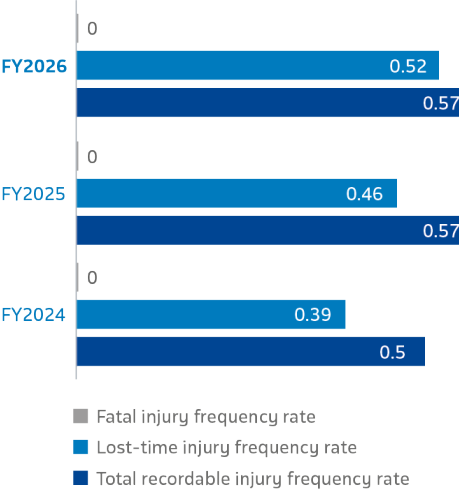
Our occupational health and safety (OHS) strategy prioritises zero harm through proactive risk management and a sustained culture of safety improvement. This approach supports employee wellbeing, operational continuity and safe delivery of services across the Group.

We rolled out the “Safety Starts With Me” campaign across six regions, Head Office and BCX. The campaign focused on safety awareness and prevention of repetitive strain injuries and musculoskeletal disorders, considering our ageing workforce and office ergonomics risks. It recognised the diverse nature of our workforce, addressing safety risks faced by both field technicians and office-based employees.

We continued to improve our understanding of workplace risks through health and safety assessments across technical operations. These focused on operational activities such as working at height, confined space entry and the use of specialised equipment, enabling us to implement targeted safety improvements and preventative controls.

Motor vehicle safety is one of Telkom's higher-risk areas due to the scale of our operational fleet. We partnered with Volkswagen South Africa to enable technicians to better identify and respond to hazards on the road.

Telkom has maintained a zero employee fatality record over several consecutive years. This reflects the strength of our safety culture and focus on continuous improvement. Analysis indicates that the main causes of incidents across operations relate to motion-related injuries, motor vehicle accidents and incidents associated with working at height. These insights continue to inform targeted interventions to improve workplace safety across the organisation.



Employee wellness

A healthy, engaged and supported workforce contributes to productivity, organisational resilience and positive employee experience.

In September and October 2025, Telkom ran Wellness Lite sessions to support areas with smaller teams or operational constraints. These sessions provide meaningful support, including mental health consultations and access to core Employee Wellness Programme resources, ensuring that employees across different locations can benefit from available services.

Approximately 80% of the workforce attended wellness initiatives, with satisfaction ratings averaging 4.8 out of 5.

Looking forward

- The 2025 Voice of the Employee survey highlighted the need for a stronger focus on the financial and mental health pillars of employee wellbeing
- We aim to prioritise financial wellbeing through financial literacy programmes and tools and by expanding awareness of and access to financial advisory services
- We will strengthen mental health support by normalising conversations around stress, expanding awareness of and access to counselling services and digital wellbeing tools, and equipping leaders to identify and respond to early signs of mental health issues, including stress and burnout. Integrating wellbeing into managing and leading will be critical, as will leveraging employee feedback and analytics to tailor interventions and measure impact



Social and relationship capital

For over a decade, FutureMakers, Telkom's flagship enterprise and supplier development (ESD) programme, has created stakeholder value and delivered social impact through digital inclusion, skills development and community investment. Our long-term ESD investment in FutureMakers is strategic, as it supports innovation, commercial integration, capacity building and ecosystem development.

Performance snapshot

Strategic focus areas	FY2026 achievements
Diversify our supply chain and sales value chain (such as dealers) and accelerate innovation in the technology sector, focusing on SMMEs (FutureMakers). This helps to mitigate supply chain risks	- 260 337 lives impacted through SMME spend - 362 SMMEs impacted or supported - 74 114 jobs created (direct and indirect) - ESD spend: R263 million¹
Digital skills development	- Investment in developing advanced digital skills: R9.9 million
Impact lives through ICT integrations in schools, providing academic support, psychosocial support and digital skills	- 22 004 beneficiaries obtained access to ICT skills - 47 860 learners and teachers impacted through Telkom Foundation initiatives - 1 007 382 lives reached through psychosocial support interventions - 1 837 unemployed youth trained in ICT skills through learnerships - R73 million invested in education, social development and digital skills ^(A) through Telkom Foundation
Supporting B-BBEE	Retained Level 1 B-BBEE for Telkom

^(A) External moderate assurance on selected sustainability indicators. Refer to the FY2026 Independent Assurance Report, available online.

¹ Total ESD spend includes business support expenditure (R33 million) and total outstanding finance (R230 million) provided to SMMEs.

Supporting ESD: FutureMakers

For decades, Telkom has been at the forefront of building strategic infrastructure, connecting people and developing networks that have linked homes, businesses and communities across the country. Today, we are doing even more. We are investing in intelligent networks, cloud, data, and AI to help businesses scale and compete while positioning Telkom as South Africa's digital backbone and a catalyst for inclusive growth.

Last year, we marked 10 years of Telkom FutureMakers. Through this ESD initiative, Telkom has supported more than 2 632 small and emerging enterprises over the last decade, enabled over R709.3 million in opportunities across Telkom's value chain, and helped sustain more than 74 114 jobs across the country. FutureMakers contributes to the people pillar of our Sustainability Strategy by developing and investing in a new generation of black-owned, high-growth enterprises that create the most jobs and economic outcomes in society.

ESD programmes

	Life cycle	Focus areas
Telkom Township Innovation Incubator		
An 18-month structured innovation and digital skills training programme with software development support.	Seed and development life cycle	Enterprise development innovation
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.	Seed and development life cycle	Enterprise development innovation
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 removing blockages in their development path and making them venture capital ready.	Early stage (start-up) life cycle	Enterprise development innovation
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 10 young women from previously disadvantaged backgrounds and aims to progress them to an accelerator in FY2027.	Early stage (start-up) life cycle	Enterprise development innovation
AI Growth Catalyst programme		
A bespoke tech enablement programme to equip a select cohort of start-ups with AI readiness capabilities to accelerate growth.	Growth ICT start-ups	Emerging tech adoption and growth
TrailblazeHer		
An accelerator curated to support women-owned SMMEs in the ICT sector with coaching, mentorship and access to market opportunities.	Women in ICT accelerator	Women and growth



ESD programmes continued

	Life cycle	Focus areas
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.	Later stage (growth, establishment and expansion)	Supplier development, diverse supply chains and localisation
Direct support services per business unit		
Ad hoc material, marketing, and grant support to SMME suppliers per business unit (Gyro, Telkom Consumer and Openserve).	Later stage (growth, establishment and expansion)	Supplier development, diverse supply chains and localisation
Early payment days		
Payment of invoices within seven to 14 days for all FutureMakers-approved SMMEs.	Later stage (growth, establishment and expansion)	Supplier development, diverse supply chains and localisation
BCX SMME Subcontractor Programme		
Partnering of BCX and SMMEs when responding to clients through subcontracting.	Later stage (growth, establishment and expansion)	Supplier development, diverse supply chains and localisation

Our three investment vehicles across the start-up life cycle

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. A new SMME investment vehicle is set to be established in FY2027 that will carry a new mandate over and above ESD.

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.

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 that are part of FutureMakers.



Supporting communities: Telkom Foundation



The Telkom Foundation seeks to produce a cadre of young people who are resilient, future-fit and empowered to meaningfully participate in the economy.

The Foundation continued to provide social impact programmes in academic support, ICT integration, teacher development, bursary support, psychosocial support, digital skills development, and employee volunteering programmes. The Foundation invested R72.8 million (including administration costs) (FY2025: R68.3 million). Of this, R39.9 million (A) was invested in education, R20.9 million (A) in digital skills, and R4.3 million (A) in social development programmes.

The Foundation invested over R7.4 million in 51 bursaries and settled historical debt for nearly 100 students through the bursary education programme. The programme unlocks economic opportunities, promotes social equity and bridges skills gaps.



Longer-term reflection on the Telkom Foundation

Over the past three years, the Telkom Foundation's five-year strategy has become a cornerstone of Telkom's commitment to transform education in South Africa. The Foundation has consistently improved the quality of education through supplementary tuition, psychosocial support, ICT skills integration, digital skills training and targeted teacher development.

Since the strategy rollout, over 135 462 learners have benefited from supplementary tuition, resulting in an average matric pass rate of 90%, with 36% achieving university entrance. Over 1 007 083 learners, teachers and community members have received psychosocial support, equipping them with mental and social resilience skills.

The Foundation's strategy reflects a long-term commitment to socio-economic development (SED). The Foundation has invested over R215 million in SED programmes over the past three years.

Driving impactful research and innovation



The Telkom Centres of Excellence (CoE) Programme strengthens Telkom's research and innovation capability while developing a pipeline of skilled technology talent aligned with the Group's future priorities.

(A) External moderate assurance on selected sustainability indicators. Refer to the FY2026 Independent Assurance Report, available online.

In FY2026, the CoE Programme supported 258 postgraduate researchers, including 101 PhD candidates, 140 master's students, 10 honours students and seven postdoctoral fellows, helping to develop advanced digital and engineering capabilities relevant to Telkom's technology landscape.

The programme's commissioned research initiative enables Telkom to leverage specialist expertise within the CoEs to support internal innovation and technology development projects. This translates academic research into solutions that address strategic business challenges.

The Telkom-NRF FutureTech Programme has invested R6 million in research across leading South African universities to accelerate technologies that directly support Telkom's future network capabilities, AI-driven services, and emerging digital solutions.

Supporting B-BBEE

We continued to strengthen enterprise and supplier development, skills development and employment equity, as reflected in our B-BBEE performance.

Telkom

Telkom retained its Level 1 B-BBEE contributor status, maintaining strong performance across the majority of the scorecard elements and demonstrating its continued commitment to transformation.

BCX

BCX achieved a Level 2 B-BBEE contributor status, compared with Level 1 in the prior year. While the change reflects the impact of restructuring, BCX improved its performance in enterprise and supplier development,

demonstrating its ongoing commitment to advancing transformation and supporting local suppliers.

Looking forward

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 sustainability 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

- Strategic shift to integrate agile programmes in the ICT sector
- Invest in education to support STEAM subjects (science, technology, engineering, the arts, and mathematics), future-fit skills and digital inclusion



Natural capital

We seek to minimise the environmental impacts of our operations while improving resource efficiency across our network infrastructure and facilities.

Telkom continues to advance its decarbonisation and environmental stewardship initiatives through energy efficiency improvements, renewable energy deployment and responsible waste management. These initiatives support the resilience of our network infrastructure and contribute to our long-term sustainability.

Our science-based emission reduction targets were validated and approved by the Science Based Targets initiative (SBTi), reflecting our commitment to combat climate change in line with global goals. We have reduced our Scope 1 and Scope 2 emissions by 50.8% against our FY2022 baseline, demonstrating steady progress in lowering the carbon intensity of our operations.

Performance snapshot

Strategic focus areas	FY2026 achievements
Driving energy efficiency and alternative energy	- Continued rollout of solar PV installations and lithium-ion batteries to improve energy resilience and reduce diesel reliance - Renewable energy initiatives generated approximately 9 897 092 kWh of electricity
Reducing Telkom's carbon footprint	Reduced Scope 1 emissions to 27 626 tCO₂e (A) and Scope 2 emissions to 392 249 tCO₂e (A) through energy optimisation and renewable energy deployment
Managing our Scope 3 GHG emissions	- Identified our top 200 suppliers for targeted engagement on emissions disclosure and reduction - Progressed our transition from spend-based to activity-based emissions measurement
Managing Telkom's water consumption	Total water consumption of 742 453 kL (A), with ongoing monitoring and water efficiency initiatives across operational sites
Responsibly managing hazardous waste	Recycled 9 832 tonnes (A) of e-waste through responsible recycling and decommissioning of legacy network equipment



(A) External moderate assurance on selected sustainability indicators. Refer to the FY2026 [Independent Assurance Report](#), available online.

Driving energy efficiency and alternative energy



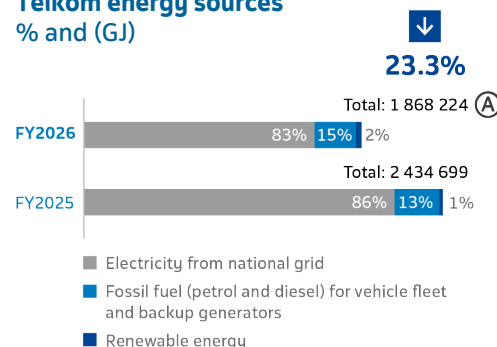
Telkom's energy strategy focuses on improving operational resilience, reducing energy costs and lowering carbon emissions across the Group's operations. In FY2026, we continued to implement energy efficiency and renewable energy initiatives to support network resilience and reduce reliance on diesel-powered backup generation.

Key initiatives included:

- Deploying solar PV installations across operational sites
- Installing lithium-ion batteries to optimise generator use
- Implementing energy efficiency initiatives, such as LED lighting upgrades
- Improving the monitoring of electricity consumption through energy management systems

Renewable energy initiatives generated approximately 9.9 GWh of electricity, while energy efficiency initiatives reduced consumption across the Group.

Telkom energy sources % and (GJ)



Our total energy spend decreased by 23.3% year on year, translating into annual savings.

We are exploring additional energy procurement mechanisms, including power purchase agreements with renewable energy providers.

Improved energy monitoring and optimisation capabilities increased energy consumption visibility across operational sites, enabling us to identify further reduction opportunities.

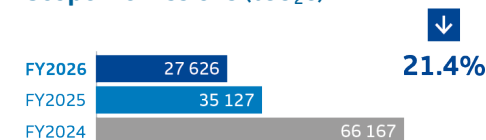
Reducing Telkom's carbon footprint



Reducing GHG emissions is a core component of our environmental strategy. In FY2026, Telkom reduced its Scope 1 and Scope 2 emissions by 50.8% against our FY2022 baseline.

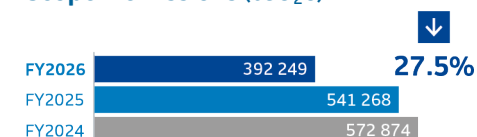
Scope 1 emissions represent approximately 2.2% of Telkom's total carbon footprint. The emissions decreased by 21.4%, primarily due to reduced diesel consumption resulting from lithium-ion battery installations and generator optimisation initiatives.

Scope 1 emissions (tCO₂e)



Scope 2 emissions represent 31.8% of Telkom's carbon footprint. The emissions declined by 27.5%, supported by lower electricity consumption resulting from renewable energy deployment, energy efficiency initiatives and site terminations.

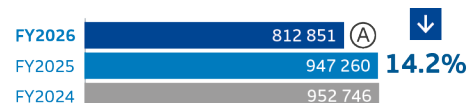
Scope 2 emissions (tCO₂e)



Telkom has undertaken a climate scenario analysis to assess the resilience of its infrastructure under different climate futures. Physical and transitional risk insights inform resilience planning, including infrastructure upgrades, energy optimisation and disaster response capabilities.

Scope 3 emissions represent 65.9% of Telkom's carbon footprint. The emissions decreased by 14.2%, mainly due to a reduction in our Category 1 (Purchased Goods and Services) and Category 3 (fuel- and energy-related activities) emissions.

Scope 3 emissions (tCO₂e)



Telkom continues to strengthen the management of Scope 3 emissions across its value chain. The procurement team identified the Group's top 200 suppliers, representing over 50% of procurement spend and associated emissions, for focused engagement on emissions disclosure and reduction. Presently, 39 suppliers are disclosing their GHG emissions.

We restated our Scope 3 emissions following several methodological enhancements aimed at improving the accuracy of emissions quantification and categorisation. Refer to page 32 of the [sustainability report](#).

We have incorporated sustainability clauses into supplier contracts to encourage them to measure, monitor and progressively reduce their GHG emissions. We have also transitioned our Scope 3 accounting from spend-based to activity-based emissions measurement, enabling improved visibility of emission hotspots across the value chain.

We invested R44.4 million in energy efficiency and decarbonisation initiatives in FY2026, delivering measurable reductions in emissions and energy costs.



(A) External moderate assurance on selected sustainability indicators. Refer to the FY2026 [Independent Assurance Report](#), available online.

Managing Telkom's water consumption

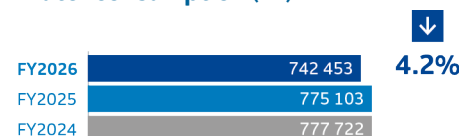


Telkom is not a material water user. However, we recognise the increasing risks associated with water shortages and their potential impact on employees, operations and the broader economy.

Water consumption across our operations is mainly associated with cooling systems, sanitation, catering and landscaping. Municipal supply is the Group's primary water source.

Water consumption decreased by 4.2% due to account terminations.

Water consumption (kL)



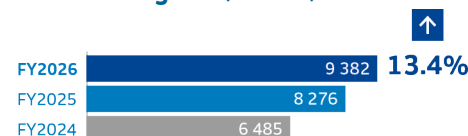
Responsibly managing hazardous waste



Electronic waste is Telkom's most significant hazardous waste stream.

The Group prioritises waste reduction through reuse, resale and recycling initiatives. Legacy network and IT equipment that reaches end-of-life is either redeployed internally, resold or responsibly recycled through certified waste management partners.

E-waste recycled (tonnes)



We are collaborating with the Council for Scientific and Industrial Research (CSIR) through the Natural Cleaner Production Centre to identify further opportunities to improve our waste management and strengthen circular economy practices.

Environmental compliance

Telkom complies with environmental regulations through regular site inspections, audits and reviews of operational procedures.

No environmental incidents requiring regulatory reporting occurred in FY2026.

The Group reduced its R22 refrigerant gases from 97 tonnes (2016 baseline) to 27 tonnes, exceeding the December 2025 regulatory target.

Looking ahead

We will continue to expand renewable energy use, improve energy efficiency across our infrastructure and enhance the measurement and management of emissions across our value chain.

Key priorities include:

- Continuing the rollout of renewable energy solutions and lithium-ion batteries
- Further optimising diesel consumption through energy resilience initiatives
- Strengthening supplier engagement to improve Scope 3 emissions reporting
- Advancing circular economy initiatives

These initiatives support Telkom's transition to a lower-carbon, resource-efficient operating model and strengthen the resilience of our digital infrastructure.

Ensuring transparency and accountability ⁶

Our governance report

Our governance approach is based on the principles of transparency, accountability, fairness, responsibility, effectiveness, stakeholder engagement and risk management.

Our governance structures and processes are aligned with the pillars of our PIVOT Strategy and Sustainability Strategy. They enable us to swiftly navigate challenges, seize opportunities and achieve our overarching purpose, while ensuring we remain sustainable over the short, medium and long term.

Transparency is a key aspect of our governance and decision-making processes. We take accountability for our actions. Further, we ensure accurate and clear communication in support of our stakeholder-inclusive approach, which requires treating all stakeholders justly and equitably.

Through effective governance we build trust, drive innovation, and enhance our overall positive impact on the environment and the communities we serve.

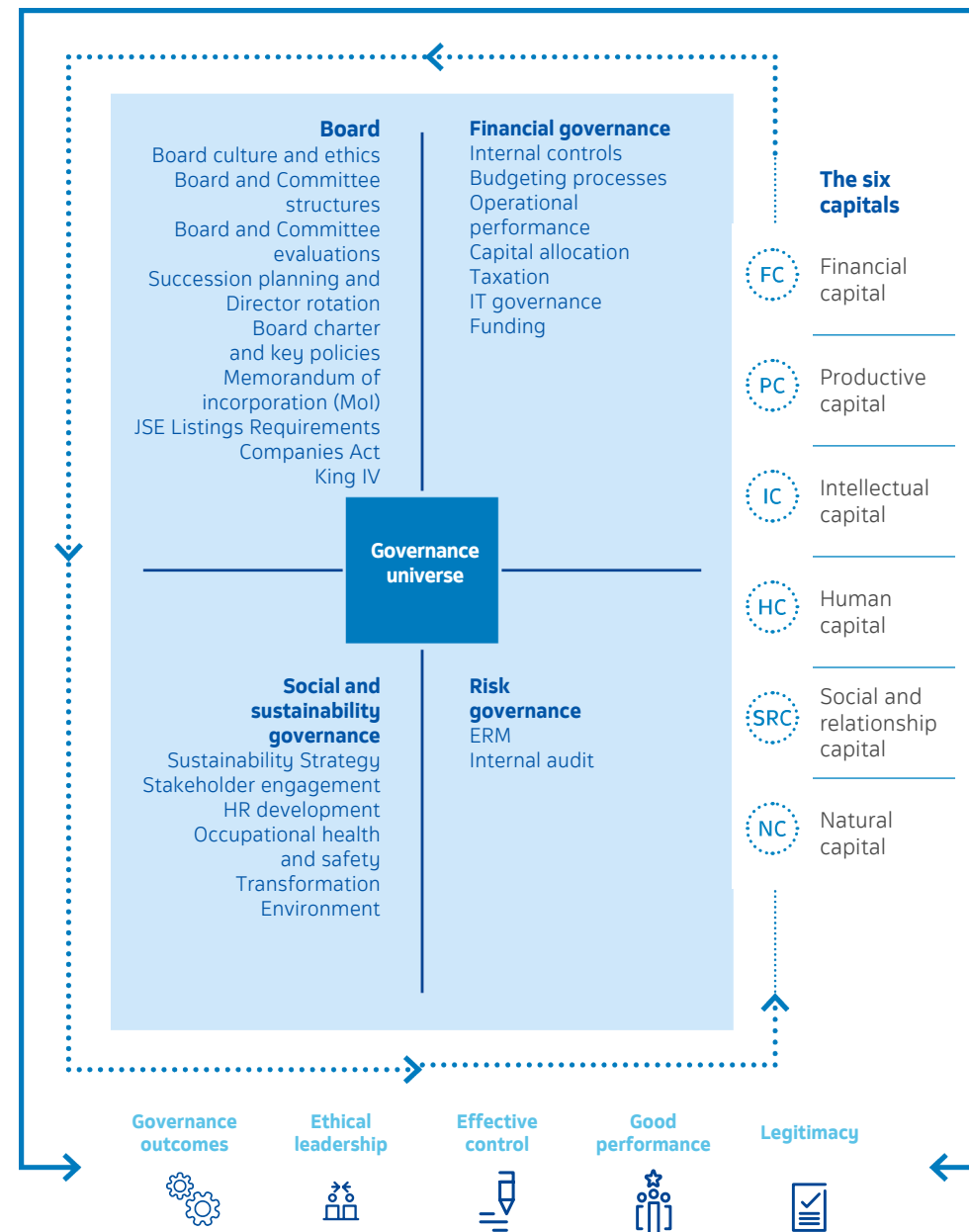
Telkom and its Board apply the principles of King IV and have reported accordingly for FY2026. We welcome the introduction of King V, with its revised principles and enhanced disclosure framework. We are assessing its implications and will transition to reporting in line with the new Code and its disclosure framework from FY2027. This is in accordance with the effective date for financial years commencing on or after 1 January 2026, as guided by the King Committee.

Ethical leadership

The Board has set a high standard for ethical practices. Telkom has zero tolerance for unethical behaviour, fraud and corruption. Directors and employees are expected to abide by ethical principles.

The Group Code of Ethics articulates our ethical principles and practices. Both the Board and employees annually pledge their commitment to the Code and ensure that business is conducted in an ethical manner. Further, the Board and employees are required to annually (and as when required) declare any conflicts of interest.

The Board is satisfied that its Members individually and collectively are cultivating and exemplifying the characteristics and values of integrity, competence, responsibility, accountability, fairness and transparency, as articulated in the King Code.



An effective Group governance framework

Our Group governance framework articulates and gives effect to the direction set by the Board on relationships and the exercise of authority across the Group. The framework ensures there is strategic and governance alignment within the Group. The content of the framework is subject to and compliant with the statutory and regulatory environment, with key regulatory considerations including the JSE Listings Requirements, the Companies Act, the Mol and the King Code.

The overall accountability and responsibility to direct, steer and monitor the business of the Group rests with the Board, and proportional governance is applied where applicable for what is suitable and appropriate for each subsidiary. The framework is reviewed every three years or as and when required. The framework was reviewed in FY2026 to ensure alignment with applicable legislative and regulatory prescripts and to incorporate enhancements that ensure proportionate governance across the Group. The next review will be conducted in FY2028.

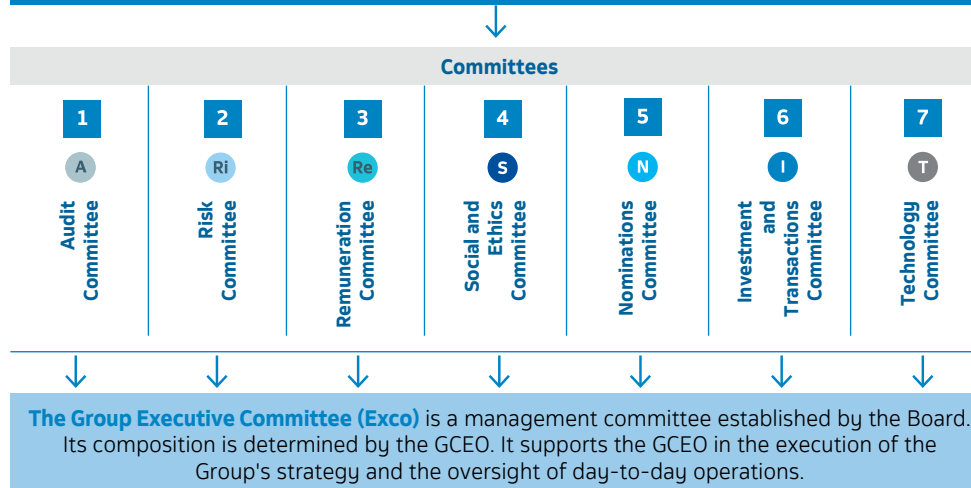
Key matters addressed in the Group governance framework include:

- The Group governance approach
- Ethical and effective leadership
- Governance processes and structures
- Authority and delegation
- Key governance policies (Companies Act, specific policies)
- Reporting and communication
- Intercompany trading

Our governance structure

Telkom is managed under the direction of the Board. The Board has authority to exercise all the powers and perform any of the Telkom functions, except where the Companies Act, JSE Debt Listings Requirements, JSE Listings Requirements, Mol, King Code or any other applicable legal prescript provides otherwise.

The Board has established the following Committees to assist it in fulfilling its responsibilities:



The GCEO is responsible for leading executive management. He is empowered by the Board to take any actions on behalf of the Company, subject to the principles set out in any law and the DoA. He may also delegate his powers, subject to the limitations imposed by the DoA or any further limitations determined by the Board.



Delegation of authority

The DoA forms part of Telkom's broader corporate governance framework. It sets out the principles and delegated authorities for the Board and the GCEO, as well as the sub-delegations from the GCEO to management.

The DoA ensures smooth and effective day-to-day operations and is embedded as a key driver of productivity and agility.

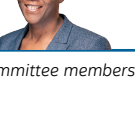
We undertook an extensive review of the DoA in FY2026 to ensure it was fit-for-purpose and aligned with applicable legislative and regulatory prescripts. Enhancements were incorporated to increase efficiency in decision-making and approval processes, based on operational needs.

The Board is satisfied that the DoA framework contributes to operational effectiveness and ensures clear definition of the respective roles and decision-making authority of the Board and management.

There were no notable changes to the governance structures or the Committee mandates and charters during FY2026.

Independent Non-executive Directors

as at 31 March 2026

	Name, age and role	Date of appointment	Principal skills	Other directorships	Committees membership (incl. where Chairperson) ¹
	MG Qhena (60) Board Chairperson	27/3/2023	Accounting, auditing, business leadership, corporate finance, governance and mergers and acquisitions (M&A)	Exxaro Resources Ltd, Investec Bank Ltd	Re N
	O Ighodaro (63)	1/7/2021	Accounting, auditing, business leadership, finance, strategy, governance, M&A, risk management and commercial expertise	Old Mutual Ltd, Sabvest Capital Ltd, Spar Group Ltd and others	A Re Ri
	B Kennedy (66)	15/7/2022	Business leadership, corporate banking, debt and equity capital markets, e-commerce, governance, private equity, commercial property finance and M&A	Absa Group Ltd, African Rainbow Minerals Ltd, Thulamela Investments (Pty) Ltd and others	Re N I
	KP Lebina (45)	15/7/2022	Accounting, auditing, business development, business leadership, corporate finance, governance, investor relations and risk management	DRDGold Ltd, Waldobuzz (Pty) Ltd, TriAlpha Investment Management (Pty) Ltd and others	A Re I
	PCS Luthuli (53)	25/5/2018	Accounting, auditing, business leadership investments, corporate finance, M&A and risk management	Mpact Ltd, Mpande Property Fund Manager (Pty) Ltd, Edison Hill (Pty) Ltd and others	A I T
	EG Matenge-Sebeshe (71)	1/7/2021	Financial markets and investments, international business, marketing, risk management and governance	FinMark Trust and First National Bank Ghana Ltd	Ri N S
	KA Rayner (69)	15/7/2019	Accounting, auditing, business leadership, corporate finance, ESG, governance, HR, policy, regulatory, risk management, strategy and M&A	Appropriate Process Technologies (Pty) Ltd, Nexus Intertrade (Pty) Ltd, Sibanye Stillwater Ltd & others	A Ri I
	SP Sibisi (71)	1/4/2019	Accounting, auditing, business leadership, corporate finance, ESG, governance, HR, policy, regulatory, risk management, strategy and M&A	FirstRand Bank Ltd	Ri S T
	H Singh (65)	25/9/2020	Accounting, auditing, business development, business leadership, e-commerce, governance, large-scale IT developments and IT innovation, marketing, risk management and technology	Adcorp Holdings Ltd, Payments Association of South Africa, African Bank Ltd and others	A Ri T
	IO Selele (49)	15/7/2022	Business leadership, business strategy, ESG, governance, renewable energy, digital technology, marketing, supply chain management, AI and innovation	Brand SA Trust, RRS Investment Holdings (Pty) Ltd and others	N S T
	SH Yoon (63)	1/5/2022	Business leadership, corporate finance, digital transformation, e-commerce, global strategy, international telecommunications, marketing, and turning around difficult businesses	None	Ri T I
	M Booi (62)	1/7/2024	Business strategy, innovation, engineering, policy, regulatory and general management, ICT	Peco Power (Pty) Ltd	T S Ri
	MLB Msimang (49)	1/7/2024	Regulatory, public policy, business strategy, investment and governance	Sasol Oil (Pty) Ltd, South 32 Ltd, Woodlands Dairy (Pty) Ltd and others	S I T

Committees

A Audit Committee

Ri Risk Committee

Re Remuneration Committee

S Social and Ethics Committee

N Nominations Committee

I Investment and Transactions Committee

T Technology Committee

G Group Executive Committee

Chairperson

¹ Reflects the Board Committee membership changes effective from 1 May 2026.

Group Exco

as at 31 March 2026

	Name, age and role	Date of appointment	Principal skills	Other directorships	Committees membership (incl. where Chairperson)
	S Taukobong (56) GCEO	1/1/2022	Marketing, customer operations, M&A and business leadership	Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Trudon (Pty) Ltd ¹ , Telkom SA SOC Ltd	I S
	NS Dlamini (52) GCFO	1/12/2023	Finance, business strategy and execution, business leadership and corporate governance	Business Connexion Group Ltd, Gyro Properties (Pty) Ltd, Openserve (Pty) Ltd, Rossal No65 (Pty) Ltd, Telkom SA SOC Ltd	S
	BN Apleni (47) Openserve: CEO	1/7/2025	ICT, business leadership, M&A, stakeholder engagement and operations management	None	
	H Motlekar (57) BCX: CEO	1/3/2026	Finance, business leadership and strategy	Trudon (Pty) Ltd ¹	
	NM Lekota (55) CHRO	1/3/2017	HR strategy architecture and business leadership	Business Connexion Group Ltd	
	M McNamee (44) CoCA	15/7/2024	Stakeholder relations, corporate social responsibility, sustainability and ESG	Openserve (Pty) Ltd, Telkom Foundation Trust	
	LM Siyo (48) Telkom Consumer: CEO	1/10/2021	Business leadership, sales and marketing, strategy, financial management, digital transformation and e-commerce	Trudon (Pty) Ltd ¹	
	SE Mmakau (52) GCDO	1/4/2024	ICT strategy, business leadership, digital business transformation, technology operating model, data analytics, cyber, risk and governance	Openserve (Pty) Ltd, Business Connexion Group Ltd	

Group Exco changes during the period

- Mr J Bogoshi retired from BCX as at 28 February 2026. Mr H Motlekar has been appointed as Acting CEO: BCX from 1 March 2026.
- Ms B Apleni was appointed as CEO: Openserve effective 1 July 2025.

¹ Trudon is in the process of being deregistered and will no longer be a subsidiary once the process is finalised.

Board appointments and diversity

Diversity in age	
36 – 45 years	1
46 – 55 years	3
56 – 65 years	5
Older than 65	4
Average age	60



Diversity in race

Indian

1

White

2

African

9

Asian

1

Diversity in gender		
FY2024	FY2025	FY2026
Male		
8	8	8
Female		
5	5	5

Board tenure	
Less than a year	0
1 to 3 years	7
4 to 6 years	5
7 to 9 years	1
More than 9 years	0
Average tenure	(3.77 rounded off) 4

Diversity of knowledge, skills experience	Number of Board Members
IT and digital	4
Financial services	9
Regulatory affairs	8
International business leadership	6
Risk management	5
Stakeholder relations	13
Executive leadership	13
Telecommunications	3
ESG and sustainability	3

Board training, evaluation and independence

The office of the Group Company Secretary appraises Directors on Telkom's operations, the legal and regulatory framework within which we operate, and the policies Directors are required to follow.

The Board approved a development plan for FY2026 to address its existing and emerging needs.

The following sessions were conducted during FY2026:

- A management-led session on Telkom's mobile network, with the emphasis on network resilience, a commercial overview of Consumer Small Business (CSB) and spectrum
- A market consolidation and cybersecurity session, considering market changes impacting Telkom, cybersecurity trends and the evolving threat landscape
- Takeover law and the JSE Listings Requirements training, to apprise Directors of key legislative changes and relevant processes

- Board Members also attended a King V training session hosted by the Institute of Directors South Africa (IoDSA)

The independent Board evaluation for FY2025 was conducted by an external service provider and finalised in FY2026. Overall, the Board was found to be an effective Board that was diverse, balanced, professionally engaged, and demonstrated increased confidence in the Group's strategic direction.

The Board's governance structures were regarded as broadly effective and its Committees as well-functioning. The Board's commitment to oversight, strategic input and constructive engagement positioned it well to support Telkom's growth ambitions. There was a clear balance of power and no one individual had unfettered powers.

The Board identified the following areas of opportunity or further enhancement:

- A more inquisitive approach to strategic topics
- Enhanced succession planning, considering the need for a more diverse mix of skills and expertise

An action plan has been developed to facilitate the implementation of these enhancements.

There was no specific assessment of Board Members' independence, as the Non-executive Directors (NEDs) of the Board are Independent NEDs and have also not served on the Board for a period exceeding nine years.

The Board continues to be led by an independent Chairperson who facilitates effective communication, collaboration and decision-making among Board Members, ensuring that discussions focus on key issues and objectives.

The Board is satisfied that the Board evaluation process is beneficial and assists the Board in identifying areas of opportunity and enhancement, ensuring good performance and effectiveness.

Tenure, rotation and retirement

At each AGM, a third of the Non-executive Directors retire by rotation. Retiring Directors are selected from among the longest-serving Directors since their appointment or re-election. The details of the Non-executive Directors set to retire by rotation are set out in the Notice of the AGM for 2026.

Board and Exco succession planning

The Board conducts annual reviews on executive succession planning and periodic reviews on Board succession planning to ensure continuity and sustainability and to increase Telkom's resilience and adaptability to evolving challenges and opportunities.

Group Company Secretary

In Telkom, the Group Company Secretary performs the duties as set out in section 88 of the Companies Act, in line with King IV's recommended practices. The responsibilities include, but are not limited to:

- Guiding Directors on discharging their fiduciary duties, the JSE Listings Requirements, disclosure obligations and good governance practices
- Apprising Directors of new legislative and regulatory prescripts impacting Telkom
- Providing secretarial support (including meeting management) to the Board and its Committees

Where required, the Board can request to obtain independent professional advice through the Board-approved process.

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 Group Company Secretary and the Company Secretariat function were evaluated in May 2026.

The Board is satisfied with the competence, qualifications and experience of the Group Company Secretary and the effectiveness of the Company Secretariat function.

Board Committees

The Board has established and delegated certain functions to seven Committees. Each Committee is guided by its respective terms of reference, which articulates its roles, responsibilities and authority. The Committee terms of reference documents are available online at <https://group.telkom.co.za/ir/Governance/ToR-Committees.shtml>.

The Committees may invite external advisors to provide professional advice on specialised matters as well as any member of senior management to their meetings, should the need arise.

The current Committee composition ensures that Members collectively are adequately and appropriately skilled and experienced to effectively discharge their duties.

¹ Appointed effective 1 May 2026.

Audit Committee

A

The Audit Committee is a statutory committee established in terms of section 94(7) of the Companies Act. The Committee supports the Board by overseeing financial reporting, including ESG, financial disclosures and the effectiveness of the Group's control systems, in line with statutory requirements.

Composition

KA Rayner (Chairperson)

Members: PCS Luthuli, KP Lebina, H Singh, O Ighodaro

Permanent Invitees: GCFO, GCEO, Group Executive: Internal Audit, Group Executive: Regulatory and Legal, external auditors

The Committee considered the following key matters, among others:

- Reviewed the dividend policy, including amending the annual dividend payout range linked to free cash flow, and the payment of an ordinary dividend to shareholders for FY2026 in accordance with the policy
- Reviewed the FY2026 integrated report and all associated internal and external assurance reports, together with the Social and Ethics Committee, to ensure the report accurately reflects the activities of the Group over the financial year
- Reviewed the FY2026 annual financial statements to ensure they reflected the accurate financial position of the Company
- Reviewed the revised DoA to ensure that it adequately regulates the authority of the Board and those mandated to the GCEO and management
- Reviewed the share dealing policy to ensure that the trading of Telkom shares adheres to applicable legislation and the JSE Listings Requirements

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

Investment and Transactions Committee

I

The Investment and Transactions Committee deals with any significant investment or transaction relating to the acquisition and/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. The Committee Members collectively are adequately skilled and possessed the appropriate skills and experience required to discharge their duties in FY2026.

PCS Luthuli (Chairperson)

Members: MLB Msimang¹, KP Lebina, KA Rayner, S Taukobong, SH Yoon, B Kennedy **Resigned:** O Ighodaro

Permanent Invitees: GCFO, Group Executive: Mergers and Acquisitions

The Committee considered the following key matters, among others:

- An update on the business case for Gyro divisionalisation, which included a review of accounting and tax considerations
- A review of major Group investment programmes to determine the trends and targets aligned between Group revenue, capex and ROIC
- An analysis of capex investment programmes from FY2022 to FY2026, and the composition of the FY2026 capex budget
- A review of the procurement policy, which included alignment with the revised DoA and strengthened oversight

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

Technology Committee

T

The Technology Committee assists the Board with oversight of technology and innovation strategies, plans and operations related to information security, cybersecurity, data privacy and third-party technology strategies.

Composition

The Committee is led by Prof H Singh and comprises Independent Non-executive Directors. The Committee Members collectively are adequately skilled and possess the appropriate skills and experience required to discharge their duties.

Prof H Singh (Chairperson)

Members: Dr SP Sibisi, IO Selele, SH Yoon¹, PCS Luthuli, M Booie, MLB Msimang¹
Resigned: KA Rayner

Permanent Invitees: Chief Digital Officer, GCEO, GCFO

The Committee considered the following key matters, among others:

- Major innovation and technology trends and Telkom's response to ensure alignment with business needs and risks
- The Group artificial intelligence framework to embed AI across the business with responsible and ethical use of AI that supports innovation
- The cybersecurity strategy with a unified, adaptive and business-aligned cyber capability
- The Group enterprise architecture and the respective management activities to move from a fragmented to an integrated structure

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

Nominations Committee**N**

The Nominations Committee is responsible for governance-related matters, such as the nomination and appointment of Board and Committee Members and Board succession planning. The Committee works closely with the Remuneration Committee on succession planning for Executive Directors and other critical roles.

Composition**MG Qhena (Chairperson)**

Members: EG Matenge-Sebesho, IO Selele, B Kennedy

Permanent Invitees: GCEO

The Committee considered the following key matters, among others:

- Reviewed the Board evaluation report to consider the key strengths of the Board and identify areas of opportunity/enhancement to ensure continued Board effectiveness
- Considered and recommended the Director affairs policy and Non-executive Director fees policy to ensure regularisation of matters pertaining to Non-executive Directors
- Considered the feedback from the AGM and Chairperson's roadshow to ensure stakeholder concerns were addressed appropriately
- Recommended the King IV Disclosure report, notice of AGM, JSE Compliance Checklist and Certificate, in line with applicable legal and regulatory prescriptions

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

¹ Appointed effective 1 May 2026.

² Appointed effective 1 May 2026, subject to shareholder approval at the 2026 AGM.

Remuneration Committee**Re**

The Remuneration Committee's primary responsibility 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 and competitive, and linked to Company short- and long-term performance, while attracting and retaining talent.

Composition**B Kennedy (Chairperson)**

Members: O Ighodaro, KP Lebina, MG Qhena

Permanent Invitees: GCEO, GCFO, Chief HR Officer, Group Executive: Remuneration and Performance Management

The Committee considered the following key matters, among others:

- Reviewed the FY2026 remuneration for Executive Directors, Prescribed Officers and all employees to ensure Telkom's remuneration remains fair and competitive
- Recommended the FY2027 corporate scorecard and individual Executive Director and Prescribed Officer scorecards to ensure that appropriate targets were set
- Reviewed succession planning for Executive Directors and other critical roles to ensure continuity within the business
- Reviewed the FY2027 STI plan to ensure the STI principles were applied appropriately

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

Risk Committee**Ri**

The Risk Committee primarily assists the Board in providing oversight of risk management (including compliance, disaster recovery and business continuity), thus ensuring the quality, integrity and reliability of the Group's risk management processes.

Composition**O Ighodaro (Chairperson)**

Members: EG Matenge-Sebesho, KA Rayner, SP Sibisi, H Singh, SH Yoon, M Boo¹

Permanent Invitees: GCEO, GCFO, Group Executive: ERM, Forensics and Insurance, external auditors, Group Executive: Internal Audit, Chief of Corporate Affairs, Group Chief Digital Officer, Group Executive: Group Legal Services

The Committee considered the following key matters, among others:

- Reviewed and recommended the risk appetite statement and risk tolerances to ensure the thresholds remained relevant in the context of prevailing socio-economic and geopolitical factors, in line with appropriate risk governance
- Reviewed the strategic, emerging and operational risks and the mitigations in place to ensure effective risk management and internal controls
- Reviewed and recommended the business continuity management policy, enterprise risk management policy and compliance policy, ensuring these reflected the Group's ERM framework
- Reviewed the insurance report to ensure adequate cover in the Telkom insurance portfolio for items such as cybersecurity, given the global context relating to factors such as the increase in cyberthreats

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

Social and Ethics Committee**S**

The Social and Ethics Committee assists the Board in overseeing ethical conduct, responsible corporate citizenship, labour and employment practices, diversity, equity and inclusion, sustainability performance, health and safety, and consumer and stakeholder relationships. It monitors the implementation of ethics awareness and training, fraud and forensics reporting, and compliance with legislation. It oversees the Telkom Foundation and Group's social investment initiatives, and reports in full on these activities in the sustainability report. It oversees the integrity and completeness of ESG disclosures in the integrated and sustainability reports, and ensures Telkom's values, ethical standards and sustainability practices are embedded Group-wide.

Composition**E Matenge-Sebesho (Chairperson)**

Members: Dr SP Sibisi, MLB Msimang, IO Selele, M Boo², the GCEO and GCFO
Resigned: B Kennedy

Permanent Invitees: Chief of Corporate Affairs, Chief of Human Resources and other executives as required

The Committee considered the following key matters, among others:

- Monitored the implementation and effectiveness of ethics awareness and training initiatives
- Assessed labour relations and consumer protection compliance, noting areas of remediation where required
- Reviewed the execution and impact of the Group's social responsibility and shared value initiatives to ensure alignment with the Group's social investment strategy and evolving stakeholder expectations
- Reviewed the sustainability report and the new 2030 Sustainability Strategy
- Reviewed the stakeholder engagement framework and policy

The Committee is satisfied that it fulfilled its duties in terms of its mandate in FY2026.

Board attendance

	Board	Audit Committee A	Risk Committee Ri	Remuneration Committee Re	Nominations Committee N	Investment and Transactions Committee I	Social and Ethics Committee S	Technology Committee T	Joint Audit and Social and Ethics Committees A S	Joint Audit and Investment and Transactions Committees A I
Independent Non-executive Directors¹										
MG Qhena	7/7			5/5	3/3					
EG Matenge-Sebesho	7/7		4/4		3/3		5/5		1/1	
B Kennedy	7/7			5/5	3/3	3/4 ²	5/5		1/1	
H Singh	6/7 ²	6/6	4/4					4/4		1/1
KP Lebina	7/7	6/6		5/5		4/4			1/1	1/1
PCS Luthuli	7/7	6/6				4/4		4/4	1/1	1/1
IO Selele	7/7				3/3		5/5	4/4	1/1	
KA Rayner	7/7	6/6	4/4			4/4		4/4	1/1	1/1
O Ighodaro	7/7	6/6	4/4	5/5		4/4			1/1	1/1
SP Sibisi	6/7 ²		4/4				4/5 ²	4/4		
SH Yoon	7/7		4/4			4/4				
M Booi	7/7							4/4		
MLB Msimang	7/7						5/5		1/1	
Executive Directors										
S Taukobong	7/7	6/6	4/4	5/5	3/3	3/4 ²	4/5 ²	4/4		1/1
NS Dlamini	7/7	6/6	4/4	5/5		4/4	5/5	4/4		1/1

¹ Reflects the Board Committee composition and attendance in FY2026 (from 1 April 2025 to 31 March 2026).

² Apologies.

Combined assurance

Telkom applies 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 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.

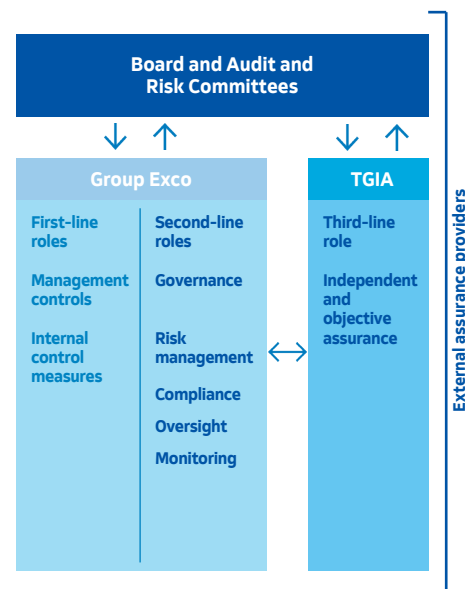
Telkom's assurance framework encompasses its business units, functional areas and internal and external assurance providers, and is supported by assurance forums. This collective effort guarantees that our combined assurance mandate is effective and adaptable. Our regulators (e.g. ICASA and the Competition 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. TGIA 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.



Legend

↑ Accountability and reporting

↓ Delegation, direction, resource and oversight

↔ Alignment, communication, co-ordination and collaboration

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. The charter 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 Audit Committee. The charter was updated and approved at the Audit Committee meeting in November 2025. 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 at the Audit Committee for approval.

In FY2026, TGIA executed its internal audit plan and prepared the plan for FY2027. TGIA followed a systematic approach to evaluate and enhance the effectiveness of governance, risk management and internal control processes. 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 March 2026, an external review was conducted by the Leadership Academy for Guardians of Governance, a wholly owned subsidiary of the Institute of Internal Auditors South Africa. The review found that TGIA generally conforms with the International Standards for the Professional Practice of Internal Auditing and performs its services effectively.

Managing our business with integrity

The Board is committed to principles of ethical conduct and good corporate governance. These include responsibility, accountability, fairness and transparency. The Board upholds ethical leadership and sets the tone from the top by committing to an annual ethics leadership pledge. The pledge is cascaded down to subsidiary level and adopted by the respective subsidiary boards.

The Board acknowledges that an ethical culture is fundamental to achieving sustainable performance. To uphold and give practical expression to Telkom's values and standards, the Board established and approved a Group Code of Ethics that promotes ethical behaviour and principled decision-making.

Telkom fosters an ethical culture by maintaining zero tolerance for fraud, corruption and unethical conduct. Ethics governance is guided by the Group Ethics Officer with support from certified Ethics Officers. This enables centralised ethics management, compliance with the Group Code of Ethics, reinforced awareness and reporting, and reliable ethics intelligence for governance reporting.

During the year, a Group-wide ethical culture was advanced through continuous awareness, training and advisory support. The updated Group Code of Ethics guides employee conduct. The Code is supported by the conflicts of interest policy, gifts and entertainment policy, prevention of fraud and corruption policy, and whistle-blowing policy. Annual ethics compliance remained high at 99%, with 88% declaration-of-interest compliance. Telkom participated in International Fraud Awareness Week, launching ethics and anti-fraud online training modules in collaboration with Group Forensics.

Going forward, we will implement the renewed ethics strategy for FY2027 – FY2030. In line with the OneTelkom approach, the strategy seeks to embed ethics in leadership, operations and governance. To facilitate this, we aim to develop AI-enabled tools to transform static policies into a practical, interactive platform that helps employees understand, apply and uphold ethical standards.

Share dealing policy

The share dealing policy remained standalone due to its critical role in promoting transparent disclosure. The policy is informed by the Financial Markets Act, 19 of 2012 and the JSE Listings Requirements. All relevant Directors, Prescribed Officers and Company Secretary persons ("Affected Persons") must obtain clearance from the dealing signatories before trading, and in accordance with the JSE Listings Requirements, a SENS announcement must be released thereafter for Affected Persons and their associates. 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). Closed periods are communicated to Affected Directors, persons and employees under the share dealing policy.

We extensively reviewed the share dealing policy in FY2026 to enhance certain clauses and ensure alignment with the JSE Listings Requirements. Enhancements included automation of the dealing process by Affected Persons.

Conflicts of interest

The revised Group Code of Ethics is supported by the standalone conflicts of interest policy, and both are based on the principles of King IV. The Code stipulates that Directors and employees should act in the best interests of the Company. They should ensure that real or perceived conflicts of interest are disclosed and adequately managed.

Directors must disclose potential conflicts of interest timeously in the interests of transparency. All Directors (including Non-executive Directors) must comply with the obligations outlined in section 75 of the Companies Act to disclose personal financial interests. Employees must disclose all outside corporate interests and associations, including directorships, shareholdings and other business interests. Disclosures must be made electronically on an annual basis at a minimum, or when a conflict arises, and upon appointment in the Group.

We work together to fight crime: the OneTelkom spirit in action

The economic crimes forum is an operational governance forum that co-ordinates activities to combat economic crime across the Group. With monitoring and oversight by the forum, participating functions introduced various measures to prevent fraud, theft, corruption and general irregular conduct inconsistent with Telkom's values.

We outsmarted fraudsters through collaboration and technology-enabled solutions. The cybersecurity functions introduced fraud detection controls, including smart digital controls to improve customer authentication. As a result, incidents of cyber-perpetrated subscription fraud declined substantially, along with the associated losses.

While incidents relating to copper cable and battery theft declined, incidents relating to optic fibre damage increased. We are exploring various technology-enabled solutions to address this.

We support this collaborative and proactive approach to fighting economic crime by maintaining a positive ethical and risk culture. To this end, the combined assurance awareness forum co-ordinated several initiatives, including:

- In-person sessions in all regions across the country to raise awareness of information security, physical security, ethics and fraud
- The launch of ethics and fraud online training
- Training to promote a culture of regulatory awareness and accountability
- Live simulation of how hackers manipulate people, including red flags for spotting cyberfraud
- Fraud prevention tips for customers
- Training and awareness initiatives aimed at third parties

Collectively, these initiatives resulted in an increase in the number and quality of incidents reported to Telkom's whistle-blowing hotline. They improved customers' and third parties' understanding of scams and other types of fraud, and facilitated proactive engagement across the Group on fraud and economic crime.

Continually improving our approach to combat economic crime

In FY2026, we saw an increase in syndicate-driven economic crime. We addressed most cases successfully through monitoring, improved fraud data analytics, and working with external stakeholders such as the police. Through Group Revenue Assurance and Fraud Management and the credit management function, we proactively monitor areas that are vulnerable to fraud, including novel types of fraud. Where necessary, we conduct fraud detection reviews.

We continue to improve our in-house blacklisting process, which includes maintaining a central database of perpetrators of economic crimes against Telkom. The Communication Risk Information Centre, of which Telkom is a member, is exploring an industry-wide blacklisting process for mobile network operators.

We subject on-boarded service providers to supplier due diligence reviews, and continually evolve our third-party risk management processes to align with best practices and governance requirements.

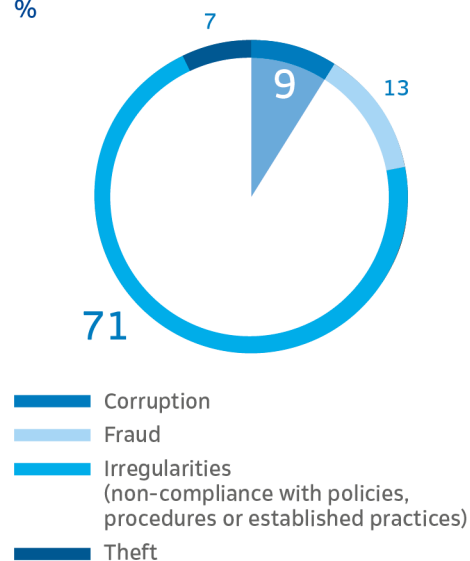
Zero tolerance for fraud and irregular conduct

Encouraging and protecting whistle-blowers is a cornerstone of fraud risk management at Telkom. We formalised this in FY2025 by introducing the Whistle-blowers and Investigation Participating Parties Protection Procedure.

In FY2026, 1 494 incidents were reported to the whistle-blowing hotline, a 21% increase over FY2025. We are grateful to those who reported incidents. They have helped us entrench an ethical and risk-aware culture at Telkom.

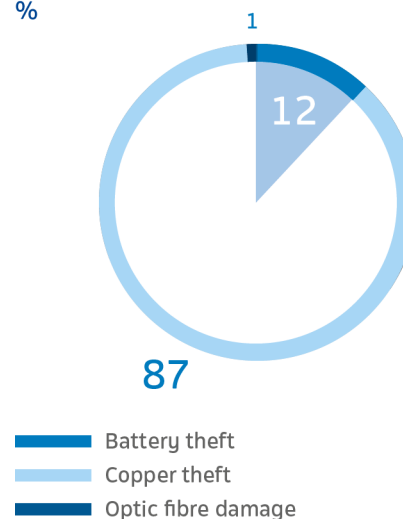
Telkom Group Forensics (TGF) substantiated or confirmed 64% of the allegations that were reported for investigation. The graph below shows the percentage split of incident types dealt with by TGF.

Forensic incident types
%



The top three incident types dealt with by Telkom Physical Security (TPS) were battery theft, copper cable theft and optic fibre damage. Together, incidents of these three types increased by 49% year on year. However, this was mostly due to increased damage of optic fibre cables, which criminals tend to mistake for copper cables. Theft of batteries and copper cables declined by 69% and 20%, respectively. The graph below shows the percentage split of the top three types for FY2026.

Top 3 physical security incidents
%



The following consequences emanated from the work done by TGF and TPS in FY2026:

- 6 employees or contractors were dismissed
- 9 employees or third-party employees received warnings of various kinds
- 7 employees or third-party employees resigned after being implicated in an investigation
- 16 employees or third-party employees received coaching of various kinds to align their conduct with Telkom's values
- 23 employees or third-party employees were on suspension at year-end based on allegations or findings of forensic investigations
- Other forms of consequence management included loss recoveries, criminal cases, and internal blacklisting:
 - 816 people were arrested relating to security incidents
 - 348 matters were taken to court relating to security incidents
 - 142 people were convicted relating to security incidents

Looking ahead

In FY2027, we will continue to improve customer awareness, focusing on emerging fraud trends, such as the increase in social engineering scams. As AI advances, these scams are becoming increasingly sophisticated, posing a threat to traditional fraud controls.

We will also conduct activities to improve our fraud risk management processes. These will include an ISO 37003 Fraud Control Management Systems gap analysis, and the implementation of a new system for tracking forensic recommendations and business intelligence tools.

Remuneration report summary

The Group ensures long-term stakeholder sustainability by aligning remuneration structures and pay mix with the strategic priorities of the PIVOT Strategy.

Telkom’s remuneration philosophy is based on two key principles:

Pay-for-performance. We define performance in terms of agreed metrics and targets that are embedded in our one-year budget and three-year plan. These metrics and targets consider macro-economic factors such as gross domestic product (GDP) growth, the Consumer Price Index (CPI) and competitor performance.

Maintaining stability in our short-term incentive (STI) mechanisms and long-term incentive (LTI) performance conditions to create confidence and trust in our incentive system. We review the STI and LTI schemes annually and fine-tune elements where necessary; however, both schemes have remained stable since 2023.

The Remuneration Committee (Remco) applied these principles in our material discussions and decisions for FY2026. These included the FY2026 scorecards, succession planning, a new retention strategy and scheme, and a three-year wage agreement with organised labour. Our decision-making process was underpinned by robust internal and external insights, ensuring effective governance controls and enabling thorough testing of performance against potential total remuneration outcomes.

We made no changes to the remuneration policy, apart from introducing a retention strategy and scheme aligned with our existing STI and LTI schemes. The Committee did not take any malus or clawback action this year.

We were encouraged by the strong shareholder support at the AGM held on 25 August 2025. The remuneration policy received 97.87% approval, and the remuneration implementation report achieved 98.27% support.

Fair, equitable and responsible pay

Telkom has adopted the global fair pay analysis methodology at both macro and micro levels. These analyses are based on each employee’s total remuneration (TR), which includes total guaranteed pay (TGP), STI and LTI. The total remuneration analysis is performed on a policy basis, reflecting employees’ on-target (OT) earning potential and actuals.

This analysis provided Remco with material insights to arrive at a balanced overall view of fair pay in the context of the wage gap. The outcome indicated that Telkom compares favourably with the national market and ICT sector.

Our remuneration strategy framework

Philosophy	Principles	Pay mix		
		Components	What we offer	Outcome
Retain remuneration and a hybrid work model as key elements of our employee value proposition Ensure a stable and effective leadership team	Set remuneration at levels that are competitive with the rest of the market	 Guaranteed pay (GP)	Market-related salaries	Enables the Group to attract, motivate and retain diverse talent with the right mix of skills
Enable the sustainable achievement of the Group strategy by annually setting clear, weighted financial, non-financial and sustainability metrics and stretch targets	Reward eligible participants for achieving the Group’s short-term stretch targets	 STI	Reward stretch performance meaningfully	Encourages achievement of targeted performance levels. Promotes a high-performance culture
Align participants’ interests with those of shareholders	Motivate and retain key talent	 LTI	Full-value share awards Full shareholder rights, including rights to distributions and voting	Rewards sustainable long-term performance. Promotes a high-performance culture
Incorporate individual, business unit and Group recognition in the recognition framework	Embody our shared values	 Recognition	Monetary and non-monetary recognition awards	Recognises individuals for exceptional efforts Recognises individuals for years of loyal service

Telkom performance scorecards

The following principles inform the design and development of our performance scorecards:

- Balancing Group priorities with a focus beyond just financial metrics
- Providing actionable measures of strategic vision, linking the overall strategy to business unit and individual goals, driving appropriate resource allocation, and motivating leaders to make the right trade-offs between short-term targets and long-term strategic goals
- Balancing desired business outcomes and business drivers, considering appropriate leading and lagging metrics that assist in monitoring performance against set objectives
- Scorecard measures should pass the SSMART test, i.e. be simple, specific, measurable, achievable, relevant and time-bound

Aligned to the Group's PIVOT Strategy

Guaranteed pay 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.

STI Encourages 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.							LTI Enables 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	The Group's strategic focus remains on driving revenue growth, generating sustainable free cash flow, and delivering profitable earnings. Performance will be measured against the achievement of Group Revenue, Group Free Cash Flow, and Group Profit After Tax (PAT) before STI targets, ensuring the business maintains financial strength, liquidity, and long-term value creation.	65%	Business unit's financial performance focuses on driving sustainable revenue growth, improving operational profitability, and maintaining strong cash generation. Performance is measured against the achievement of External Revenue, EBITDA before STI, and Free Cash Flow targets	50% - 55%	Financial performance	100%	Profit	HEPS growth	30%
Strategic execution	- Business transformation	10%	Execute in line with the FY2026 approved business plan and scorecard	15% - 20%	Execution - Business unit and function specific		Share value	Total shareholder return (TSR)	30%
Customers	The Group's customer strategy is focused on growing the mobile and fibre subscriber base, expanding fibre to the home connectivity, and strengthening relationships with key strategic customers.	15%	Business unit remains focused on delivering a superior customer experience by improving service quality, growing pre-paid customer performance, and enhancing customer satisfaction across digital channels and interactions.	15%	Leadership performance is focused on creating a high-performing, engaged, and inclusive organisation through effective execution of the people strategy and culture transformation initiatives. Performance is measured by leadership effectiveness, progress against strategic people objectives, the successful embedding of the desired organisational culture, and the achievement of B-BBEE transformation targets.			ROIC	25%
ESG	The Group remains committed to its ESG priorities through initiatives that support environmental sustainability, cultural transformation, and diversity and inclusion. Performance is measured by the achievement of annual CO ₂ emissions reduction targets, improvements in employee engagement levels, and increased representation of women in leadership positions (M5 and above).	10%	The business unit key performance focus areas align to the Group.	15% - 20%	Ensure that key business risks are appropriately identified, assessed, and monitored, with effective mitigation strategies implemented where required. Maintain an adequate system of internal controls to support sound governance, regulatory compliance, and operational resilience.		ESG	Business strategy	15%

FY2026 Executive Directors' and Prescribed Officers' individual scorecard is 20%, adding up to the Group and business unit weighted score of 100% (refer to the [remuneration report](#) from page 35).

For detail on the performance underpinning remuneration outcomes, read the GCEO and GCFO reports on [pages 14](#) and [18](#).

The Group's actual achievements against the targets are reflected below:

Performance measures	Group scorecard weighting	On-target (100%)	Actual achievement
Group financial	65%		
PAT before STI (Rm)	25%	R4 519	R4 130
Group revenue (Rm)	20%	R46 908	R44 477
FCF (Rm)	20%	R3 092	R3 068
Strategic project execution	10%	Execute on the approved initiatives by 31 March 2026	Executed on the approved initiatives by 30 September 2025
Customer	15%		
Consumer			
▪ Mobile subscriber base		26 435 000	25 671 212
▪ Fibre subscriber base		265 000	239 921
BCX			
Revenue growth in the eight priority high-touch client accounts		8.0%	(4.0%)
Openserve			
FTTH connected premises – 100k (capex dependent)		100 000	122 910
ESG	10%		
Environment: Annual CO ₂ emissions reduction		4.20% - 4.99%	27.0%
Social: Improve in terms of:			
A transformed organisational culture that drives: Higher employee engagement Improved performance and productivity Stronger employee experience Enhanced organisational reputation and sustainability		7-12 point overall average score improvement	7-12 point overall average score improvement
Increased women in leadership (M5 and above)		36.5%	37.3%
Total	100%		



Single-figure remuneration for Executive Directors

The table below outlines the aggregate remuneration, benefits paid and STIs for FY2026.

GCEO: S Taukobong



	FY2026	FY2025
GP	R10 468 238	R9 922 500
STI	R10 000 000	R10 000 000
LTI (vested shares)	R3 545 822	R13 357 447
Other benefits ¹	R12 292	R12 292
Total remuneration paid	R24 026 352	R33 292 240

GCFO: NS Dlamini



	FY2026	FY2025
GP	R7 268 625	R6 825 000
STI	R6 359 756	R6 142 461
LTI (vested shares)	–	–
Other benefits ¹	R296	R296
Total remuneration paid	R13 628 676	R12 967 757

The following table outlines the aggregate remuneration, benefits and STIs paid to Group Prescribed Officers for FY2026:

	NM Lekota	BN Apleni	LM Sigo ²	PJ Bogoshi ³	SE Mmakau	M McNamee	FY2026 Total	FY2025 Total
GP	R4 912 250	R4 500 000	R6 391 425	R5 678 869	R4 618 263	R4 388 800	R30 489 607	R36 125 559
STI	R4 284 299	R5 640 015	R12 964 308	–	R4 087 741	R4 115 514	R31 091 877	R23 171 578
LTI (vested shares)	R668 492	–	R1 500 108	R11 197 638	–	–	R13 366 238	R41 424 967
Severance	–	–	–	R2 801 716	–	–	R2 801 716	R6 901 595
Leave payment	–	–	–	R230 173	–	–	R230 173	R552 462
Sign-on	–	–	–	–	R408 333	–	R408 333	R908 333
Other benefits ¹	R296	R9 219	R12 292	R271	R9 293	R11 997	R43 368	R40 766
Total earnings outcome	R9 865 337	R10 149 234	R20 868 133	R19 908 667	R9 123 630	R8 516 311	R78 431 312	R109 125 260

¹ Other benefits include fringe benefits, motor car insurance and funeral benefit.

² STI is a computation of FY2026 bonus (R6 632 897) and retention offering (R6 331 411) (paid in July 2025) for outperformance linked to the short-term performance conditions over a period of three years.

³ Total earnings outcome includes severance package and pro-rated share vesting.

Note: Total remuneration paid is different from that disclosed in the annual financial statements, as the one in the remuneration report includes LTI vested shares to reflect the full benefits earned in one total, while the annual financial statements discloses LTI vested shares separately.

Non-executive Directors' fees

Non-executive Directors receive an all-inclusive annual retainer fee for attendance at Board meetings and an annual retainer fee based on the Committees on which they serve.

A 5.5% increase in the all-inclusive fee structure for Non-executive Directors was recommended by Remco and approved by shareholders at the 2025 AGM.

More information on remuneration

Performance outcomes and implementation detail of the following is available in the remuneration report:

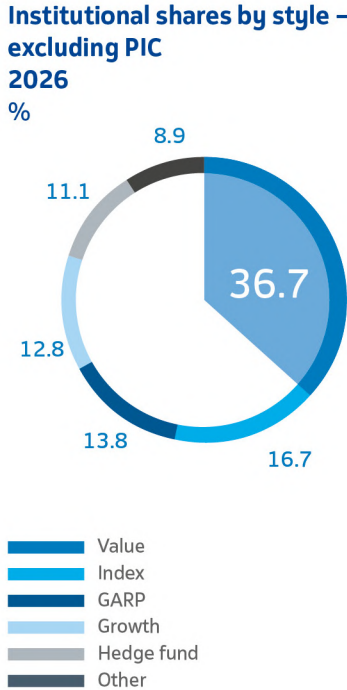
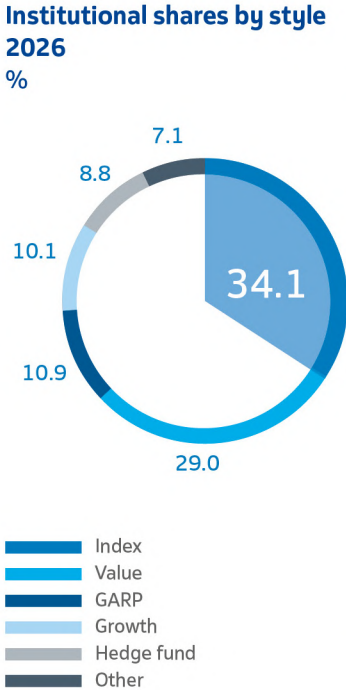
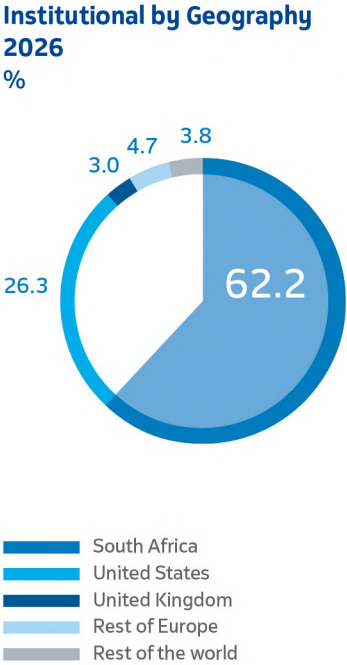
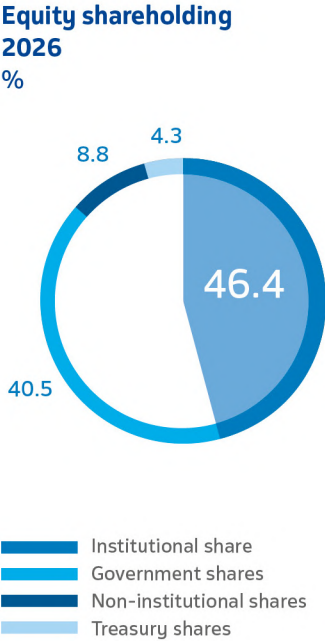
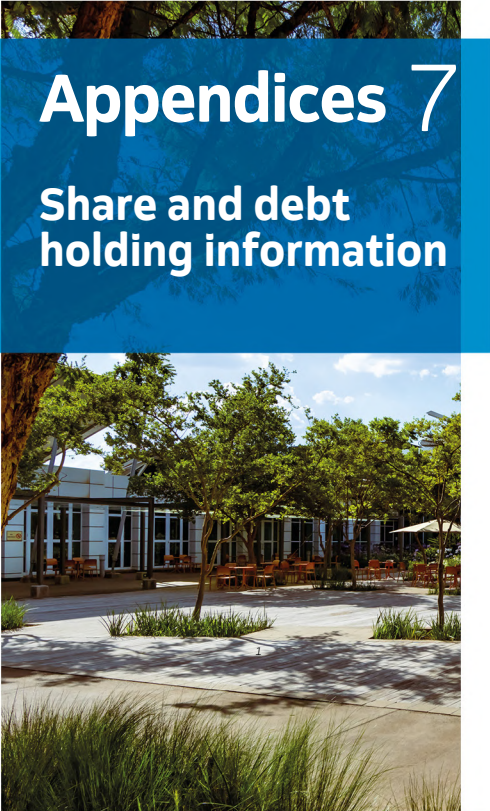
- STI outcomes for Executive Directors and Group Prescribed Officers
- LTI vesting in FY2026
- Total shares awarded
- Executive Directors' and Prescribed Officers' minimum shareholding requirement FY2026 build-up statement

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 75 for its focus areas.

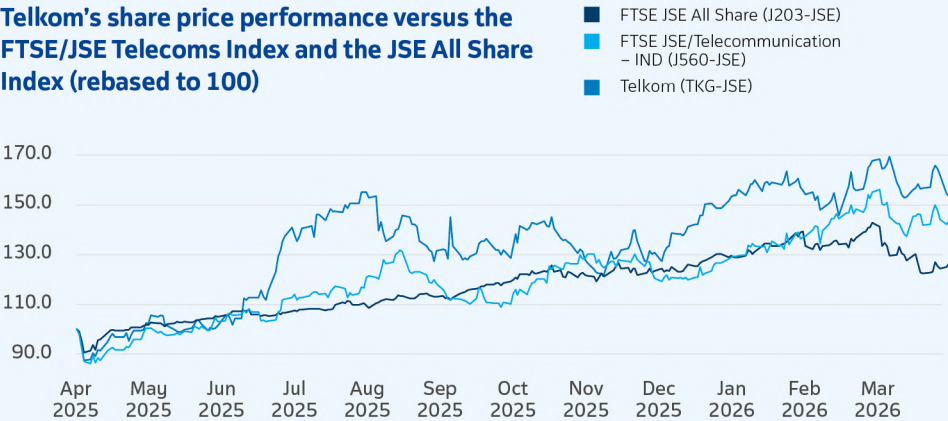
The separate remuneration report online includes:

- The report from the Remco Chairperson
- Our detailed remuneration policies
- The implementation report for FY2026



Telkom's share price

Telkom's share price performance versus the FTSE/JSE Telecoms Index and the JSE All Share Index (rebased to 100)



Top 10 institutions shareholders (current year – FY2026)
%



Top 10 institutions shareholders (previous year – FY2025)
%



Abbreviations

4G	The fourth generation of mobile network technology
5G	The fifth generation of mobile network technology
ADSL	asymmetric digital subscriber line
AFS	annual financial statements
AGM	annual general meeting
AI	artificial intelligence
AIOps	artificial intelligence for IT operations
API	application programming interface
ARPU	average revenue per user
B-BBEE	broad-based black economic empowerment
BEPS	basic earnings per share
BSS	business support system
capex	capital expenditure
CDP	Carbon Disclosure Project
CHRO	Chief Human Resources Officer
CoCA	Chief of Corporate Affairs
CoEs	Centres of Excellence
Companies Act	Companies Act, 71 of 2008, as amended
cps	cents per share
CSI	corporate social investment
CVM	customer value management
CWU	Communication Workers Union
DoA	delegation of authority
DSL	digital subscriber line
EBITDA	Earnings before investment income and finance cost, tax, depreciation, amortisation and write-offs, impairments and losses

ERM	enterprise risk management
ERMF	enterprise risk management framework
ERP	enterprise resource planning
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
GCDO	Group Chief Digital Officer
GCEO	Group Chief Executive Officer
GCFO	Group Chief Financial Officer
GHG	greenhouse gas
GHz	gigahertz
GJ	gigajoules
GP	Guaranteed pay
GWh	gigawatt hour
HEPS	headline earnings per share
HR	human resources
ICASA	Independent Communications Authority of South Africa
ICT	information and communications technology
IFRS	International Financial Reporting Standards
IoDSA	Institute of Directors South Africa
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
LED	light-emitting diode
LEO	Low Earth Orbit
LTE	long-term evolution
LTi	long-term incentive
M&A	mergers and acquisitions
MHz	Megahertz
Mol	memorandum of incorporation
MSCI	Morgan Stanley Capital International
MVNOs	mobile virtual network operators
MW	Megawatts
NPS	net promoter score
NRF	National Research Foundation
OHS	occupational health and safety
OSS	operational support systems
OTT	over-the-top
PaaS	Power-as-a-Service
PAT	profit after tax
PIVOT	Partnerships, Integrated solutions, Value-rich broadband, Operational efficiency, and Technology innovation
ppts	percentage points

PV	photovoltaic
R&D	Research and development
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	Sustainable Development Goals
SMMEs	small, medium and micro enterprises
STI	short-term incentive
tCO₂e	tonnes of carbon dioxide equivalent
TGF	Telkom Group Forensics
TGIA	Telkom Group Internal Audit
TPS	Telkom Physical Security
TRF	Telkom Retirement Fund

Administration



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