

Telkom SA SOC Limited  
Registration number 1991/005476/30  
(Incorporated in the Republic of South Africa)  
JSE share code: TKG  
JSE bond code: BITEL  
ISIN: ZAE000044897  
("Telkom" or "the Group")

## **Trading Statement for the six months ended 30 September 2022**

Shareholders are advised that Telkom is currently finalising its interim results for the six months ended 30 September 2022 ("H1 2023" or "the half year" or "the period"), which will be released on the Stock Exchange News Service ("SENS") of the JSE Limited ("JSE") on or about 23 November 2022.

In accordance with paragraph 3.4(b) of the Listings Requirements of the JSE, shareholders are advised that reported headline earnings per share (HEPS) and reported basic earnings per share (BEPS) are expected to decrease by between 45% and 55% compared to the prior interim period ended 30 September 2021 ("the prior period").

This was mainly due to Telkom's mobile postpaid vs prepaid mix changing which had the impact of deferring revenue over 24 – 36 months, as well as the cost base increasing. The resultant reduction in earnings is a combination of the following:

- The impact of revenue deferral resulting from the continued growth of our post-paid mobile sales reduced revenue recognised by R299 million;
- A shift in mobile product mix coupled with the upfront spend on handsets recorded immediately (while associated revenue is recognised over 24 – 36 months) increased the cost of handsets, equipment, software and directories by more than 30% from R2 453 million in the prior period;
- Maintenance costs and service costs also increased materially reflecting an increased mobile network for the period. Maintenance costs increased by more than 10% from R1 924 million, while service fees increased by more than 20% from R1 611 million, also impacted by higher backup energy costs due to accelerated loadshedding during the period;
- These costs were partially offset by savings in other areas as payments to other operators, employee costs, marketing, and other expenses were well managed;
- Net finance charges and fair value movements also partially offset the impact of increased costs and declined by more than 15% from R659 million due to a favourable foreign exchange hedging position during the period; and
- Reduced taxation for the period also contributed in offsetting the impact of higher costs.

Notwithstanding the weaker performance in earnings and challenging trading environment, Telkom expects to sustain its topline revenue compared to the prior period.

	30 September 2021	30 September 2022		
	Reported Earnings (cents)	Expected ranges	Movement (cents)	Expected Earnings (cents)
<b>BEPS</b>				
Reported	276.8c	45%-55% lower	152.2 to 124.6 cps lower	124.6 to 152.2 cps
<b>HEPS</b>				
Reported	285.5c	45%-55% lower	157.0 to 128.5 cps lower	128.5 to 157.0 cps

The difference between BEPS and HEPS recorded in H1 2023 is due to the net impact of impairment of assets and profit/loss on sale of assets.

The above information has not been reviewed or reported on by Telkom's independent external auditors.

The Group's interim results for the six months ended 30 September 2022 will be released on SENS on 23 November 2022 with a presentation in Sandton on the same day. The presentation will be available for all stakeholders on the Group's website. A live presentation will be webcast (a link will be available on Group's website) and a live broadcast on BDTV (Channel 412 on DSTV) at 10 am.

Centurion

14 November 2022

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited