**Entity wide disclosures**
All material non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts related to the segments above are located in South Africa. Assets belonging to the subsidiaries of BCX outside of South Africa are not considered material to the Group as a whole.

No single customer contributes more than 10% of the revenue from external customers and thus no specific information relating to major customers is included in the segment information above.

For the purpose of assessing revenue contribution per customer, management does not treat Government as a single customer.

1 *Revenue includes transactions generated by subsidiaries of BCX in countries outside of South Africa. These are however not considered material to the Group and are thus not disclosed separately.*
2 *Certain information technology hardware and software items and customer premises equipment related services were incorrectly reflected at a point in time and has now been moved to revenue over time. The comparatives have been re-presented. Refer to note 2.4.7.6 for the significant judgements regarding the CPE related services revenue.*
3 *In the current year, it was identified that lease revenue was incorrectly included in sundry revenue and has now been moved to a separate line item, "lease revenue". The comparatives have been re-presented.*
4 *Restated. Refer to notes 2.3.1.1 and 2.6.*
5 *The 31 March 2020 segment information has been restated to align with the change in the organisational structure, as a result of the introduction of SMB.*
6 *The comparatives have been re-presented for an amount of R86 million, due to Gyro internal cross charges that were previously reported as intersegmental operating revenue and have now been reclassified to service fees. This re-presentation is in relation to revenue categories and the revenue per the statement of profit or loss and other comprehensive income is not restated.*

# 4. Revenue

## 4.1 Disaggregation of revenue

| | Company | |
|---|---|---|
| | 31 March 2021 Rm | 31 March 2020 Rm |
| **Revenue** | 39 220 | 39 251 |
| *Revenue from contracts with customers recognised over time* | 36 246 | 36 224 |
| Voice | 10 840 | 12 850 |
| Interconnection | 920 | 956 |
| Data | 21 731 | 18 906 |
| Information technology | 1 460 | 2 039 |
| Customer premises equipment related services[1] | 1 055 | 1 194 |
| Interest revenue | 240 | 279 |
| *Revenue from contracts with customers recognised at a point in time* | 2 873 | 2 917 |
| Customer premises equipment | 2 742 | 2 750 |
| Sundry revenue | 131 | 167 |
| *Lease revenue*[2] | 101 | 110 |

1 *Certain information technology hardware and software items and customer premises equipment related services were incorrectly reflected at a point in time and has now been moved to revenue over time. The comparatives have been re-presented. Refer to note 2.4.7.6 for the significant judgements regarding the CPE related services revenue.*
2 *In the current year, it was identified that lease revenue was incorrectly included in sundry revenue and has now been moved to a separate line item, "lease revenue". The comparatives have been restated.*

Refer to note 3 for the disaggregated revenue per segment for the Group.

Included in Telkom Company revenue is revenue, to the value of R7 157 million (31 March 2020: R9 471 million), which relates to Enterprise customer contracts which were sold to BCX in previous financial years, which have been retained in the name of Telkom SA SOC Ltd. Refer to note 2.4.7.5 for the significant judgements and estimates considered in determining that Telkom is the principal in relation to these transactions.

# Notes to the financial statements continued

for the year ended 31 March 2021

## 4. Revenue continued

### 4.2 Transaction price allocated to the remaining performance obligations

The tables below include revenue expected to be recognised in the future, related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

| | Group 31 March 2021 | | |
|---|---|---|---|
| | 2022 Rm | 2023 Rm | Beyond 2024 Rm |
| Voice | 431 | 148 | 14 |
| Data | 2 347 | 779 | 50 |
| Information technology | 125 | 8 | – |

| | 31 March 2020 | | |
|---|---|---|---|
| | 2021 Rm | 2022 Rm | Beyond 2023 Rm |
| Voice | 439 | 131 | 7 |
| Data | 2 752 | 973 | 111 |
| Information technology | 158 | 23 | – |

| | Company 31 March 2021 | | |
|---|---|---|---|
| | 2022 Rm | 2023 Rm | Beyond 2024 Rm |
| Voice | 431 | 148 | 14 |
| Data | 2 347 | 779 | 50 |

| | 31 March 2020 | | |
|---|---|---|---|
| | 2021 Rm | 2022 Rm | Beyond 2023 Rm |
| Voice | 439 | 131 | 7 |
| Data | 2 752 | 973 | 111 |

All revenue from contracts with customers is included in the amounts presented above.

The Group and Company apply the practical expedient in paragraph 121 of IFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

### 4.3 Customer relationship periods

The customer relationship periods (CRP) in the current financial year are determined as follows:

- Voice revenue: 5.5 years (31 March 2020: 5 to 6.5 years)
- Wholesale revenue: 4 years (31 March 2020: 4 years)
- Non–voice revenue: 3.5 years (31 March 2020: 4 to 5.5 years)

The average CRP in respect of non-voice changed from 4 to 5.5 years as at March 2020 to 3.5 years as at March 2021. The voice CRP changed from 5 to 6.5 years as at March 2020 to 5.5 years as at March 2021. This is a change in an accounting estimate in terms of IAS 8 and accounted for prospectively. The change in the non-voice CRP resulted in an accelerated rate of deferred installation revenue recognition with the effect being an increase in revenue of R28 million in the 2021 financial year. The change in the voice CRP resulted in a decelerated rate of deferred installation revenue recognition with the effect being a decrease in revenue of R1.4 million in the 2021 financial year. Revenue recognition in respect of deferred installation fees for the future periods is expected to decrease by R26.6 million (31 March 2020: R32 million) due to these changes in accounting estimates.

## 4.4 Impact of COVID–19 on revenue

There was no significant impact of COVID-19 on Mobile revenue as the telecommunications industry was declared as an essential service in South Africa, which allowed the Group to continue to connect South Africans during the national lockdown period. This contributed to the Group experiencing a surge in fixed and mobile network traffic for telco services from people working from home. There were no significant contract modifications that took place and both new and existing contracts were assessed to be enforceable at the end of the reporting date.

Telkom enhanced broadband-led propositions across customer segments and scaled up digital platforms as the Telkom stores were closed during the early phase of the national lockdown. As a result, the Mobile business sustained its growth trajectory into the first half of the year, driven by data demand.

The Group's fixed and IT services revenue has however been negatively impacted by COVID-19 during the period under review. To curb the revenue decline in fixed line, Telkom has been migrating its fixed line customers to fibre and wireless from copper-based technology.

# 5. Other income

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2021 Rm | 31 March 2020 Rm | 31 March 2021 Rm | 31 March 2020 Rm |
| | 619 | 676 | 1 018 | 1 577 |
| Interest received from trade receivables[1] | 151 | 128 | 108 | 78 |
| Sundry income[2] | 401 | 530 | 839 | 1 493 |
| Profit on disposal of assets[3] | 67 | 18 | 71 | 6 |

[1] *Interest received on trade receivables relates to interest on overdue trade receivables accounts. These are financial assets measured at amortised cost. Interest is recognised on a time proportionate basis, taking into account the principal amount outstanding and effective interest rate.*
[2] *Sundry income for Telkom Company includes income from management fees charged to subsidiaries.*
[3] *Included in the current year profit on disposal of assets for Group and Company is a gain on disposal of contract assets to the amount of R63 million.*

# 6. Expenses

## 6.1 Cost of handsets, equipment, software and directories

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2021 Rm | 31 March 2020 Rm | 31 March 2021 Rm | 31 March 2020 Rm |
| **Cost of handsets, equipment, software and directories** | (4 781) | (5 625) | (2 722) | (3 189) |
| The decline in cost of handsets, equipment, software and directories is primarily due to the major distribution channels being closed during the COVID-19 national lockdown. This was largely in the first six months of the current financial year. | | | | |

## 6.2 Sales commission, incentives and logistical costs

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2021 Rm | 31 March 2020 Rm | 31 March 2021 Rm | 31 March 2020 Rm |
| **Sales commission, incentives and logistical costs** | (2 425) | (2 006) | (2 243) | (1 778) |
| This increase is mainly as a result of the year on year growth in mobile revenues. | | | | |