Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits

10.1 Employee benefits summary

Significant judgements, estimates and assumptions

The Group provides defined benefit plans for certain post-employment benefits. The obligation and assets related to each of the post-retirement benefits are determined through an actuarial valuation. The actuarial valuation relies heavily on assumptions as disclosed in note 10.1. The assumptions determined by management make use of information obtained from the Group's employment agreements with staff and pensioners, market-related returns on similar investments, market-related discount rates and other available information. The assumptions concerning the interest on assets and expected change in liabilities are determined on a uniform basis, considering long-term historical returns and future estimates of returns and medical inflation expectations. In the event that further changes in assumptions are required, the future amounts of post-employment benefits may be affected materially.

The discount rate reflects the average timing of the estimated defined benefit payments. The discount rate is based on long-term South African Government bonds with the longest maturity period as reported by the JSE debt market. The discount rate is expected to follow the trend of inflation.

The interest cost on the defined benefit obligation and the interest on assets are accounted for through the net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

The forfeitable share incentives are allocated to employees based on vesting conditions linked to time and performance measures. The total shareholder return is considered in estimating the fair value of the grant at grant date. The Group allocates the number of shares per employee based on a formula taking into account the annual guaranteed package, percentage of gross profit and share price at grant date. The shares to be allocated are limited to approximately 5% of the issued share capital and vest between three and five years. The additional share scheme award provides for the granting of shares to eligible participating employees, equivalent in value to the increase in share price from the grant date (based on the specific grant price) to the vesting date.

Summary of material accounting policies

Post-employment benefits

The Group provides defined benefit and defined contribution plans for the benefit of the employees. These plans are funded by the employees and the Group, taking into account the recommendations of the independent actuaries. The post-retirement telephone rebate liability is unfunded.

Defined benefit plans

The Group provides defined benefit plans for pension, post-retirement medical aid benefits and telephone rebates to qualifying employees. The Group's net obligation in respect of defined benefits is calculated separately for each plan by estimating the amount of future benefits earned in return for services rendered.

The amount reported in the statement of financial position represents the present value of the defined benefit obligations, using the projected credit unit method, reduced by the fair value of the related plan assets. To the extent that there is uncertainty as to the entitlement to the surplus, no asset is recognised. The effects of this asset limitation and actuarial gains and losses are recognised in other comprehensive income. Interest, service cost, settlement gains or losses and curtailment gains or losses related to the defined benefit plan are recognised in the statement of profit or loss and other comprehensive income.

Defined contribution plan

Following a rule amendment on 1 July 2024, the Telkom Retirement Fund is now classified as a defined contribution plan, replacing its previous defined benefit status. Telkom no longer has any further obligations under IAS 19. Contributions made by Telkom are recognised as employee expenses. Refer to note 3.4.3 for details regarding contributions.

	Group		Company	
Employee benefits	**31 March 2026 Rm**	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 Rm
Non-current assets	**1 017**	993	**1 017**	993
Telkom Pension Fund asset	**—**	13	**—**	13
Post-retirement medical aid recognition of net plan asset	**1 017**	980	**1 017**	980

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.1 Employee benefits summary continued

	Group		Company	
	31 March 2026 Rm	31 March 2025 Rm	31 March 2026 Rm	31 March 2025 Rm
Defined benefit plan actuarial (losses)/gains	**(24)**	(2)	**(24)**	2
Telkom Pension Fund net actuarial gain/(loss)	**13**	(5)	**13**	(5)
Telkom Retirement Fund net actuarial gain[1]	**—**	154	**—**	154
Medical aid net actuarial loss	**(57)**	(103)	**(57)**	(102)
Telephone rebate net actuarial gain/(loss)	**20**	(44)	**20**	(44)
Long service award net actuarial loss	**—**	(4)	**—**	(1)

[1] *The net actuarial gain on the TRF is up until 1 July 2024, the date of the settlement of the TRF in the prior year.*

The Group provides benefits for its permanent employees through the Telkom Pension Fund and the Telkom Retirement Fund. Membership to one of the funds is compulsory. In addition, certain retired employees receive medical aid benefits and a telephone rebate. The liabilities for all of the benefits are actuarially determined in accordance with accounting requirements each year. In addition, statutory funding valuations for the retirement and pension funds are performed at intervals not exceeding three years.

Qualified actuaries performed actuarial valuations to determine the benefit obligation, plan asset and service costs for the pension fund for each of the financial years presented.

General information applicable to all funds

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Telkom Pension Fund duration	**3.7 years**	4.3 years	**3.7 years**	4.3 years
Medical aid duration	**6.6 years**	6.5 years	**6.6 years**	6.5 years
Telephone rebate duration	**8.0 years**	7.9 years	**8.0 years**	7.9 years
Long service award duration	**4.4 years**	4.1 years	**4.4 years**	4.1 years

The duration is impacted by the size of each liability. The next full valuations for all funds will be performed at 31 March 2027.

Principal actuarial assumptions were as follows:
Assumptions regarding future mortality are based on mortality tables. The current longevities underlying the values of the liabilities in the defined benefit plan are as follows:

	Group		Company	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
Males over 65 (years)	**17.10**	17.00	**17.10**	17.00
Females over 65 (years)	**21.50**	21.30	**21.50**	21.30
Telkom Pension Fund discount rate (%)	**8.50**	9.20	**8.50**	9.20
Medical aid discount rate (%)	**9.20**	10.20	**9.20**	10.20
Telephone rebate discount rate (%)	**9.50**	10.80	**9.50**	10.80
Long service award discount rate (%)	**8.80**	9.10	**8.80**	9.10
Telkom Pension Fund interest on plan assets (%)	**8.50**	9.20	**8.50**	9.20
Medical aid interest on plan assets (%)	**9.20**	10.20	**9.20**	10.20
Salary inflation rate (%)	**4.70**	5.00	**4.70**	5.00
Telkom Pension Fund pension increase allowance (%)	**2.40**	6.30	**2.40**	6.30
Medical inflation rate (%)	**6.00**	6.70	**6.00**	6.70
Contractual retirement age	**65**	65	**65**	65
Average retirement age	**58**	56	**58**	56

The assumed rates of mortality are determined by reference to the SA85-90 (Light) ultimate table, as published by the Actuarial Society of South Africa, for pre-retirement purposes and the PA(90) ultimate table, minus one year age rating, as published by the Institute and Faculty of Actuaries in London and Scotland, for retirement purposes.