Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.4 Medical benefits

Telkom makes certain contributions to medical aid funds in respect of current and retired employees. The scheme is a defined benefit plan. The expense in respect of current employees' medical aid is disclosed in note 3.4.3. The amounts due in respect of post-retirement medical benefits to current and retired employees have been actuarially determined and provided for as set out in note 6.5. Telkom has terminated future post-retirement medical benefits in respect of employees joining after 1 July 2000.

There are three major categories of members entitled to the post-retirement medical aid: pensioners who retired before 1994 (Pre-94); those who retired after 2013; and the in-service members. The pensioners retiring post 2013 and the in-service members' liabilities are subject to a rand cap, which increases as per the Board's approval.

Eligible employees must remain employed by Telkom until retirement age to qualify for the post-retirement medical aid benefit. The most recent actuarial valuation of the benefit was performed as at 31 March 2026.

The medical aid plan exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

	Group		Company	
	31 March 2026	31 March 2025	**31 March 2026**	31 March 2025
Medical aid	**Rm**	Rm	**Rm**	Rm
Benefit obligation:				
At the beginning of the year	**1 306**	1 262	**1 284**	1 240
Interest cost	**116**	136	**116**	136
Service cost	**3**	1	**3**	1
Actuarial loss	**82**	84	**82**	84
Benefits paid from plan assets	**(181)**	(177)	**(159)**	(177)
Benefit obligation at the end of the year	**1 326**	1 306	**1 326**	1 284
Plan assets at fair value:				
At the beginning of the year	**2 286**	2 528	**2 286**	2 528
Interest on plan assets	**212**	283	**212**	283
Benefits paid from plan assets	**(180)**	(178)	**(180)**	(178)
Employer withdrawal	**—**	(332)	**—**	(332)
Actuarial gain/(loss)	**25**	(15)	**25**	(15)
Plan assets at the end of the year	**2 343**	2 286	**2 343**	2 286
Present value of funded obligation	**(1 326)**	(1 306)	**(1 326)**	(1 284)
Fair value of plan assets	**2 343**	2 286	**2 343**	2 286
Fund surplus	**1 017**	980	**1 017**	1 002
Liability as disclosed in the statement of financial position (refer to note 6.5)	**(6)**	(7)	**—**	—
Asset as disclosed in the statement of financial position	**1 011**	973	**1 017**	1 002
The net periodic other comprehensive expense includes the following components:				
Actuarial loss due to financial assumptions changes	**(36)**	(74)	**(36)**	(74)
Actuarial gain/ (loss) due to experience adjustments	**20**	(17)	**20**	(17)
Actuarial loss due to demographic assumptions changes	**(41)**	(12)	**(41)**	(12)
Net periodic pension expense recognised in other comprehensive income	**(57)**	(103)	**(57)**	(103)
Cumulative actuarial loss	**(1 736)**	(1 679)	**(1 742)**	(1 685)
Plan assets at fair value:				
Interest on plan assets	**212**	283	**212**	283
Actuarial gain/(loss) on plan assets	**25**	(15)	**25**	(15)
Actual return on plan assets	**237**	268	**237**	268
Plan asset balance comprises:				
Cash and cash equivalents	**53**	57	**53**	57
Equity securities	**1 189**	1 081	**1 189**	1 081
Bonds	**1 062**	1 111	**1 062**	1 111
Foreign investments	**39**	37	**39**	37
Total	**2 343**	2 286	**2 343**	2 286

All equity securities and government bonds have quoted prices in active markets.

Notes to the annual financial statements continued

for the year ended 31 March 2026

10. Employee benefits continued

10.4 Medical benefits continued

Funding arrangements

The general funding arrangements from the plan assets is to maximise long-term capital growth and long-term total return on Telkom's portfolios. The portfolios are managed as a segregated portfolio, including international investments. The investment objective is to provide an absolute return, measured over a 36-month period, in excess of CPI-X plus 5% per annum. The funding arrangements for the plan assets are managed by designated asset managers who apply a flexible investment approach to Telkom's portfolios. This approach includes investing in holding equities, property, fixed income and money market assets, in varying weightings at any point in time.

	Group		Company	
	31 March 2026	31 March 2025	**31 March 2026**	31 March 2025
	%	%	**%**	%
The fund portfolio consists of the following percentages:				
Cash and money market investments	**2**	2	**2**	2
Equities	**51**	47	**51**	47
Bonds	**45**	49	**45**	49
Foreign investments	**2**	2	**2**	2
Total	**100**	100	**100**	100

The total estimated contributions to be paid to the post-retirement medical aid by the employer for the year ending 31 March 2027 is Rnil as the liability is currently significantly overfunded.

10.5 Telephone rebates

Telkom provides telephone rebates to its pensioners who joined prior to 1 August 2009. The most recent actuarial valuation was performed as at 31 March 2026. Eligible employees must be employed by Telkom until retirement age to qualify for the telephone rebates. The scheme is a defined benefit plan.

The telephone rebate benefit exposes the Group to actuarial risks, such as longevity, currency, interest rate and market risks.

The status of the telephone rebate liability is disclosed below:

	Group		Company	
	31 March 2026	31 March 2025	**31 March 2026**	31 March 2025
Telephone rebates	**Rm**	Rm	**Rm**	Rm
Benefit obligation:				
At the beginning of the year	**370**	316	**370**	316
Current service cost	**1**	1	**1**	1
Interest cost	**36**	39	**36**	39
Actuarial (gain)/loss	**(20)**	44	**(20)**	44
Benefits paid	**(28)**	(30)	**(28)**	(30)
Liability as disclosed in the statement of financial position (refer to note 6.5)	**359**	370	**359**	370
The net periodic other comprehensive expense includes the following components:				
Actuarial loss due to financial assumptions changes	**(32)**	(54)	**(32)**	(54)
Actuarial gain due to experience adjustments	**43**	10	**43**	10
Actuarial gain due to demographic assumptions changes	**9**	—	**9**	—
Net periodic pension income/(expense) recognised in other comprehensive income	**20**	(44)	**20**	(44)
Cumulative actuarial loss	**161**	141	**161**	141
Number of members	**3 541**	3 645	**3 541**	3 645
Number of pensioners	**11 772**	13 726	**11 772**	13 726