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	
Telephone rebates	**31 March 2026 Rm**	31 March 2025 Rm	**31 March 2026 Rm**	31 March 2025 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