Notes to the annual financial statements continued

for the year ended 31 March 2025

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 portfolio. 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 of the plan assets are driven by designated asset managers to manage Telkom's portfolios by applying a flexible approach, which includes holding equities, property, fixed income or money market assets as part of the investment strategy, in variable weightings, at any point in time.

	Group		Company	
	31 March 2025	31 March 2024	**31 March 2025**	31 March 2024
	Rm	Rm	**Rm**	Rm
Included in the fair value of plan assets is:				
Telkom shares	**—**	0.5	**—**	0.5
The fund portfolio consists of the following percentages:				
Cash and money market investments (%)	**2**	2	**2**	2
Equities (%)	**47**	47	**47**	47
Bonds (%)	**49**	49	**49**	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 2026 is Rnil as the liability is currently significantly over funded.

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 2025. 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 2025	31 March 2024	**31 March 2025**	31 March 2024
Telephone rebates	**Rm**	Rm	**Rm**	Rm
Benefit obligation:				
At the beginning of the year	**316**	356	**316**	356
Current service cost	**1**	1	**1**	1
Interest cost	**39**	39	**39**	39
Actuarial loss/(gain)	**44**	(49)	**44**	(49)
Curtailment loss	**—**	(1)	**—**	(1)
Benefits paid	**(30)**	(30)	**(30)**	(30)
Liability as disclosed in the statement of financial position (refer to note 6.5)	**370**	**316**	**370**	**316**
The net periodic other comprehensive (expense)/income includes the following components:				
Actuarial (loss)/gain due to financial assumptions changes	**(54)**	38	**(54)**	38
Actuarial gain due to experience adjustments	**10**	12	**10**	12
Actuarial loss due to demographic assumptions changes	**—**	(1)	**—**	(1)
Net periodic pension (expense)/income recognised in other comprehensive income	**(44)**	49	**(44)**	49
Cumulative actuarial loss	**141**	185	**141**	185
Number of members	**3 645**	3 664	**3 645**	3 664
Number of pensioners	**13 726**	13 746	**13 726**	13 746