



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.6 Sensitivity analysis

	Group		Company	
	31 March 2024 Rm	31 March 2023 Rm	31 March 2024 Rm	31 March 2023 Rm
Increase/(decrease) on the post-employment liability				
The Telkom Pension Fund				
Increase in discount rate by 0.5%	(1)	(1)	(1)	(1)
Decrease in discount rate by 0.5%	1	1	1	1
Increase in inflation rate by 1%	2	3	2	3
Decrease in inflation rate by 1%	(2)	(3)	(2)	(3)
Increase in salary inflation by 1%	2	3	2	3
Decrease in salary inflation by 1%	(2)	(3)	(2)	(3)
Change in post-retirement mortality rating from -1 to -3 years	–	1	–	1
Change in post-retirement mortality rating from -1 to 0 years	(1)	(1)	(1)	(1)
The Telkom Retirement Fund				
Increase in discount rate by 0.5%	(1 213)	(1 181)	(1 213)	(1 181)
Decrease in discount rate by 0.5%	1 313	1 282	1 313	1 282
Increase in inflation rate by 1%	2 874	2 798	2 874	2 798
Decrease in inflation rate by 1%	(2 395)	(2 219)	(2 395)	(2 219)
Increase in net TRF fund rate by 0.5%	368	431	368	431
Decrease in net TRF fund rate by 0.5%	(364)	(426)	(364)	(426)
Increase in TRF take-up ratio from 55.6% to 100%	387	409	387	409
Medical benefits				
Increase in discount rate by 0.5%	(33)	(38)	(33)	(38)
Decrease in discount rate by 0.5%	35	41	35	41
Increase in inflation rate by 1%	56	66	56	66
Decrease in inflation rate by 1%	(51)	(59)	(51)	(59)
Change in post-retirement mortality rating from -1 to -3 years	52	58	52	58
Change in post-retirement mortality rating from -1 to 0 years	(51)	(57)	(51)	(57)
Telephone rebates				
Increase in discount rate by 0.5%	(9)	(11)	(9)	(11)
Decrease in discount rate by 0.5%	9	12	9	12
Increase in inflation rate by 5%	139	184	139	184
Change in post-retirement mortality rating from -1 to -3 years	4	5	4	5
Change in post-retirement mortality rating from -1 to 0 years	(4)	(5)	(4)	(5)
Increase in normal retirement age from 56 years to 60 years	(19)	(5)	(19)	(5)
Decrease in normal retirement age from 56 years to 50 years	16	5	16	5

10.7 Telkom Group share scheme

Summary of material accounting policies

The Group has a share-based payment compensation plan. The plan is an equity-settled plan, consisting of the long-term incentive plan (LTIP), the employee share ownership plan (ESOP) and an additional share award (ASA).

The expense relating to the services rendered by the employees, and the corresponding increase in equity, is measured at the fair value of the equity instruments at their date of grant based on the market price at grant date. This compensation cost is recognised over the vesting period, based on the best available estimate at each reporting date of the number of equity instruments that are expected to vest.

During the vesting period, participants have all the shareholders' rights, including the right to vote and share in any dividend distribution.



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.7 Telkom Group share scheme continued

Telkom's shareholders approved the Telkom forfeitable share plan (FSP) and the additional share award (ASA) at the September 2013 AGM.

The FSP is made up of the long-term incentive plan (LTIP) and the employee share ownership plan (ESOP).

In the FSP, employees acquire shareholder rights on the grant date on the forfeitable shares (these include dividends and voting rights).

An employee turnover assumption of 1.5% to 9.6% has been used in calculating the expected number of shares that will vest. The turnover relates to the various entities within the Group.

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Telkom share scheme are as follows:

	Vesting Financial Year				
	2024	2025	2026	2027	2028
Telkom LTIP grants					
Telkom LTIP – 2019 financial year					
Vesting timelines	20%	–	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–	–
Telkom LTIP – 2020 financial year					
Vesting timelines	30%	20%	–	–	–
Probability of meeting non-market-related criteria	92%	92%	–	–	–
Telkom LTIP – 2022 financial year					
Vesting timelines	–	50%	30%	20%	–
Probability of meeting non-market-related criteria	–	92%	92%	92%	–
Telkom LTIP 2- 2022 financial year					
Vesting timelines	–	50%	30%	20%	–
Probability of meeting non-market-related criteria	–	93%	93%	93%	–
Telkom LTIP – 2023 financial year					
Vesting timelines	–	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	–	94%	94%	94%
Telkom LTIP 2 – 2023 financial year					
Vesting timelines	–	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	–	94%	94%	94%
Telkom ESOP grants					
Telkom ESOP – 2022 financial year					
Vesting timelines	–	100%	–	–	–
Probability of meeting non-market-related criteria	–	92%	–	–	–
Telkom ESOP – 2023 financial year					
Vesting timelines	–	–	100%	–	–
Probability of meeting non-market-related criteria	–	–	94%	–	–



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the BCX share scheme are as follows:

	Vesting Financial Year				
	2024	2025	2026	2027	2028
BCX LTIP grants					
BCX grant – 2019 financial year					
Vesting timelines	20%	–	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–	–
BCX grant – 2020 financial year					
Vesting timelines	30%	20%	–	–	–
Probability of meeting non-market-related criteria	92%	92%	–	–	–
BCX grant – 2022 financial year					
Vesting timelines	–	50%	30%	20%	–
Probability of meeting non-market-related criteria	–	92%	92%	92%	–
BCX grant – 2023 financial year					
Vesting timelines	–	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	–	94%	94%	94%
BCX grant 2 – 2023 financial year					
Vesting timelines	–	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	–	94%	94%	94%
BCX ESOP grants					
BCX grant – 2022 financial year					
Vesting timelines	–	100%	–	–	–
Probability of meeting non-market-related criteria	–	92%	–	–	–
BCX grant – 2023 financial year					
Vesting timelines	–	–	100%	–	–
Probability of meeting non-market-related criteria	–	–	94%	–	–

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Gyro share scheme are as follows:

	Vesting Financial Year				
	2024	2025	2026	2027	2028
Trudon grants					
Trudon grant – 2021 financial year					
Vesting timelines	100%	–	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–	–
Trudon grant – 2023 financial year					
Vesting timelines	–	–	100%	–	–
Probability of meeting non-market-related criteria	–	–	94%	–	–



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Gyro share scheme are as follows:

	Vesting Financial Year				
	2024	2025	2026	2027	2028
Gyro LTIP grants					
Gyro grant – 2019 financial year					
Vesting timelines	20%	–	–	–	–
Probability of meeting non-market-related criteria	92%	–	–	–	–
Gyro grant – 2020 financial year					
Vesting timelines	30%	20%	–	–	–
Probability of meeting non-market-related criteria	92%	92%	–	–	–
Gyro grant – 2022 financial					
Vesting timelines	–	50%	30%	20%	–
Probability of meeting non-market-related criteria	–	92%	92%	92%	–
Gyro grant 2 – 2022 financial year					
Vesting timelines	–	50%	30%	20%	–
Probability of meeting non-market-related criteria	–	93%	93%	93%	–
Gyro grant – 2023 financial year					
Vesting timelines	–	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	–	94%	94%	94%

Gyro ESOP grants

Gyro grant – 2022 financial year					
Vesting timelines	–	100%	–	–	–
Probability of meeting non-market-related criteria	–	92%	–	–	–
Gyro grant – 2023 financial year					
Vesting timelines	–	–	100%	–	–
Probability of meeting non-market-related criteria	–	–	94%	–	–

The vesting timelines and principal assumptions used in calculating the expected number of shares that will vest for the Openserve share scheme are as follows:

	Vesting Financial Year				
	2024	2025	2026	2027	2028
Openserve LTIP grants					
Openserve grant – 2023 financial year					
Vesting timelines	–	–	50%	30%	20%
Probability of meeting non-market-related criteria	–	–	94%	94%	94%
Openserve ESOP grants					
Openserve ESOP grants					
Vesting timelines	–	–	100%	–	–
Probability of meeting non-market-related criteria	–	–	94%	–	–



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.7 Telkom Group share scheme continued

The probabilities were independently verified by the actuaries.

Certain BCX employees were granted shares in terms of a BCX share scheme. Based on the BCX Group achieving the performance condition, the shares will vest between the 2024 and 2028 financial years.

Certain Trudon employees were granted shares in terms of a Trudon share scheme. Based on Trudon achieving the performance condition, the shares will vest between the 2024 and 2028 financial years. The Trudon shares will be included as part of the Telkom shares.

Certain Gyro employees were granted shares in terms of a Gyro share scheme. Based on Gyro achieving the performance condition, the shares will vest between the 2024 and 2028 financial years.

Certain Openserve employees were granted shares in terms of an Openserve share scheme. Based on Openserve achieving the performance condition, the shares will vest between the 2024 and 2028 financial years.

In order for the vesting to occur, the targets (including performance conditions) must be met. The targets are measured in each financial year after the grant date.

The weighted average remaining vesting period for all the shares outstanding as at 31 March 2024 is 0.89 years (31 March 2023: 1.2 years).

The following table illustrates the movement in the maximum number of shares that were granted to employees:

	Group		Company	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Beginning of the year	24 025 672	23 021 555	16 550 047	17 455 386
Vested shares during the year	(2 629 020)	(3 539 468)	(2 420 247)	(2 622 066)
Forfeited shares and other movements during the year	(4 387 927)	(3 615 212)	(3 392 892)	(1 957 270)
Granted during the year	–	8 158 797	–	3 673 997
Outstanding at the end of the year	17 008 725	24 025 672	10 736 908	16 550 047

In relation to market-related performance criteria, IFRS 2 requires a fair value to be placed on employee share grants/options. Fair value is measured as the market price of the entity's share grants/options adjusted for the terms and conditions applicable to the grant/option. Since employee share grants/options are not traded, there is no market price available. For this reason, the fair value of the grants/options must be determined by using an option pricing model.



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.7 Telkom Group share scheme continued

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Telkom			
Grant 6 (2019 financial year)			
– Vesting 30 June 2021	52.64	35%	7.40%
– Vesting 30 June 2022	52.64	35%	7.60%
– Vesting 30 June 2023	52.64	35%	8.00%
Grant 7 (2020 financial year)			
– Vesting 30 June 2022	93.82	35%	7.24%
– Vesting 30 June 2023	93.82	35%	7.37%
– Vesting 30 June 2024	93.82	35%	7.53%
Grant 8 (2021 financial year)			
– Vesting 30 June 2023	31.57	40%	4.10%
Grant 9 (2022 financial year)			
– Vesting 30 June 2024	48.11	40%	4.98%
– Vesting 30 June 2025	48.11	40%	5.51%
– Vesting 30 June 2026	48.11	40%	6.01%
Grant 10 (2022 financial year)			
– Vesting 30 June 2024	47.12	45%	5.99%
– Vesting 30 June 2025	47.12	45%	6.53%
– Vesting 30 June 2026	47.12	45%	6.94%
Grant 11 (2023 financial year)			
– Vesting 30 June 2025	36.20	50%	7.09%
– Vesting 30 June 2026	36.20	50%	7.40%
– Vesting 30 June 2027	36.20	50%	7.69%
Grant 11 (2) (2023 financial year)			
– Vesting 30 June 2025	33.79	52%	7.82%
– Vesting 30 June 2026	33.79	52%	7.90%
– Vesting 30 June 2027	33.79	52%	8.04%
BCX			
Grant 2 (2019 financial year)			
– Vesting 30 June 2021	52.64	35%	7.40%
– Vesting 30 June 2022	52.64	35%	7.60%
– Vesting 30 June 2023	52.64	35%	8.00%
Grant 3 (2020 financial year)			
– Vesting 30 June 2022	83.70	35%	6.95%
– Vesting 30 June 2023	83.70	35%	7.10%
– Vesting 30 June 2024	83.70	35%	7.26%
Grant 4 (2022 financial year)			
– Vesting 30 June 2024	48.11	40%	4.98%
– Vesting 30 June 2025	48.11	40%	5.51%
– Vesting 30 June 2026	48.11	40%	6.01%
Grant 5 (2023 financial year)			
– Vesting 30 June 2025	36.20	50%	7.09%
– Vesting 30 June 2026	36.20	50%	7.40%
– Vesting 30 June 2027	36.20	50%	7.69%
Grant 5 (2) (2023 financial year)			
– Vesting 30 June 2025	32.80	52%	7.96%
– Vesting 30 June 2026	32.80	52%	8.10%
– Vesting 30 June 2027	32.80	52%	8.25%



Notes to the financial statements continued

for the year ended 31 March 2024

10. Employee benefits continued

10.7 Telkom Group share scheme continued

Group and Company	Market share price (R)	Share price volatility	Future risk-free interest rate
Trudon			
Grant 4 (2021 financial year)	48.11	40%	4.98%
Grant 5 (2023 financial year)	36.20	50%	7.09%
Gyro			
Grant 2 (2019 financial year)			
– Vesting 30 June 2021	52.64	35%	7.40%
– Vesting 30 June 2022	52.64	35%	7.60%
– Vesting 30 June 2023	52.64	35%	8.00%
Grant 3 (2020 financial year)			
– Vesting 30 June 2022	93.82	35%	7.24%
– Vesting 30 June 2023	93.82	35%	7.37%
– Vesting 30 June 2024	93.82	35%	7.53%
Grant 4 (2022 financial year)			
– Vesting 30 June 2024	48.11	40%	4.98%
– Vesting 30 June 2025	48.11	40%	5.51%
– Vesting 30 June 2026	48.11	40%	6.01%
Grant 5 (2022 financial year)			
– Vesting 30 June 2024	47.12	45%	5.99%
– Vesting 30 June 2025	47.12	45%	6.53%
– Vesting 30 June 2026	47.12	45%	6.94%
Grant 6 (2023 financial year)			
– Vesting 30 June 2025	36.20	50%	7.09%
– Vesting 30 June 2026	36.20	50%	7.40%
– Vesting 30 June 2027	36.20	50%	7.69%
Openserve			
Grant 1 (2023 financial year)			
– Vesting 30 June 2025	36.20	50%	7.09%
– Vesting 30 June 2026	36.20	50%	7.40%
– Vesting 30 June 2027	36.20	50%	7.69%

The key performance indicators related to the share scheme are Net Promoter Score targets, headline earnings per share, free cash flow, return on invested capital and total shareholder return.

The share price volatility is based on the five-year average volatility observed for the Telkom share price.