Vodacom Group Limited

Preliminary results

for the year ended 31 March 2022

Further together

Shameel Joosub

Vodacom Group CEO commented:

The past year is best described as being a watershed year for Vodacom in which we made significant strides in our transition to a pan-African technology company through the two significant proposed strategic acquisitions we announced in November last year and the commercial launch of our consortium in Ethiopia this year.

The purchase of a 55% stake in Vodafone Egypt, which has a proven track record of consistently delivering strong revenue growth, is nearing conclusion and will help us promote greater digital and financial inclusion in Egypt through leveraging our financial services platforms, global partnerships and best practices.

Similarly, our proposed acquisition of a strategic stake in Community Investment Ventures Holdings (Proprietary) Limited (CIVH), will assist in narrowing the digital divide by enabling affordable access to connectivity in some of the most vulnerable parts of our society, is before South Africa's regulators for approval. Additionally, our financial services business is underpinned by Africa's clear fintech leader by transaction volumes, M-Pesa, which recently celebrated its 15th anniversary.

Our efforts as a purpose-led organisation continue to be the core ethos of the Vodacom brand and we support and uplift the communities across our markets wherever possible, in keeping with our Social Contract. In KwaZulu-Natal, which has recently been ravaged by devastating flooding, Vodacom donated R3 million to the Gift of the Givers Foundation to help towards relief efforts. As part of one of our flagship projects to combat the scourge of Gender Based Violence (GBV) in South Africa, Vodacom also pledged R10 million to fund a private sector-led, multi-sectoral 'Gender-Based Violence and Femicide Response Fund 1'. This is in addition to various GBV initiatives that support the implementation of the South African government's National Strategic Plan (NSP), and the wider GBV response in the country.

Looking to some of our other purpose-led initiatives across the continent, I was honoured to be part of a delegation in Tanzania attended by President Samia Suluhu Hassan, celebrating the national launch of Vodafone Foundation and Vodacom Tanzania Foundation's m-Mama. The service, which provides emergency transport for pregnant and postpartum women, is expected to save the lives of up to 9 000 mothers and babies over the next five years. It has already cut maternal mortality rates by 30%. In keeping with our continued efforts to combat COVID-19, the Vodafone Foundation and Vodacom donated R87 million to purchase vaccines and support vaccine roll-outs to vulnerable people in hard-to-reach communities across our markets. This includes funding the delivery of cold chain units to the Democratic Republic of Congo (DRC), Ghana, Mozambique, South Africa and Tanzania.

The coming financial year also promises to be significant in the lives of the South African consumer now that the long-awaited spectrum auction was concluded in March 2022, and is expected to contribute to the long-term sustainability of the industry in Vodacom Group's largest market. In addition to accelerating our rural coverage programme and fast-tracking the roll-out of our 5G network, access to high-demand spectrum will result in even faster data connectivity and will ultimately assist in delivering greater value for customers, who have already benefitted from a 43% drop in headline data prices since 2020, and our R50 billion investment in infrastructure over the past five years alone.

In building resilience of our networks to cope with significant increases in mobile data traffic volumes, enabling businesses to operate, facilitating online learning and assisting governments in providing critical services, we invested R14.6 billion into capital expenditure across the Vodacom Group markets, helping underpin the 3.0% (4.6%*) increase in Group service revenue.

In particular, I am also pleased with the growth of our Group financial services and Internet of Things divisions in an increasingly difficult trading environment. The strong operating results supported a 3.0% increase in full year dividend to 850 cents per share, a testament to having the right strategy in place and the manner in which the Group and its employees adapt to crises while at the same time resolutely delivering on our purpose-led ambitions.

In South Africa, revenue grew by 5.3% to R80.8 billion on the back of growth in our new services, continued demand for connectivity and incremental wholesale revenue. New services, such as financial and digital services, fixed and Internet of Things (IoT), grew 8.5% and contributed R8.4 billion or 14.4% of South Africa's service revenue.

Our International operations reported muted revenue growth of 0.6% in the year, impacted by a stronger rand and new levies on mobile money in Tanzania, which has proven to be a setback for our financial inclusion efforts in that country. Despite the impact of the levies, normalised growth came in at 5.6%*, showcasing the operational strength of our International portfolio. Our continued investments in our 4G capacity and coverage to enhance our network lead in all our markets continues to pay dividends with data services a key driver of growth. This is evidenced by the 11% increase in data revenue, contributing 20.7% of International service revenue.

Through our sustained investments into financial, digital and lifestyle services, we remain focused on providing opportunities to enhance our relationship with the 129.6 million customers we serve across our footprint. I am particularly excited about VodaPay's high adoption rate since its launch in South Africa in October last year. This super-app has attracted 2.2 million downloads and 1.6 million registered users and will offer services ranging from loans and savings, seamless QR and person-to-person payments, to entertainment and personalised shopping experiences, promoting greater financial inclusion.

Alongside M-Pesa, which is expected to further establish itself as Africa's largest fintech provider through the implementation of an enhanced product roadmap, VodaPay will be instrumental in our quest in connecting the next 100 million African customers so that no one is left behind. M-Pesa across our markets has grown to serve more than 47.1 million customers and 550 000 merchants through 510 000 agents in the DRC, Kenya, Lesotho, Mozambique and Tanzania. M-Pesa processes over 52 million transactions daily with a value of US$324.6 billion during the year. We now serve 60.6 million financial services customers across our footprint, including Safaricom on a 100% basis.

While we remain encouraged by the post COVID-19 recovery taking place in many of the markets in which we operate, the Ukraine-Russian war has significantly impacted commodity prices, heightening inflation risk globally which will likely impact customer affordability and weigh on economic growth. This will place even greater reliance on our ability to deliver personalised nano pricing through our innovative 'Just4You' platform, in addition to other proactive innovations to adjust to shifts in customer behaviour.

In addition to focusing on the closure of the proposed acquisitions, and the expansion into Ethiopia, our priorities in the year ahead will include scaling our super-apps, deeper penetration of financial services and delivering innovative products to assist customers with the higher cost of living.

Highlights

Group revenue of

R102.7 billion

was up 4.5%, as strong normalised growth of 5.8%* was partially offset by rand appreciation.

Normalised Group service revenue and Group operating profit growth of

4.6%* and 5.4%*

respectively, is in line with our medium-term targets.

Added

5.9 million customers, to serve a combined,

129.6 million

customers across the Group, including Safaricom on a 100% basis.

Financial services customers, including Safaricom on a 100% basis,

up 5.0% or 2.9 million to

60.6 million.

Free cash flow up

4.6%.

Full year dividend of

850cps,

up 3.0% and declared a final dividend of 430cps.

Certain financial information presented in this results announcement constitutes *pro-forma* financial information in terms of the JSE Listings Requirements. The applicable criteria on the basis of which this *pro-forma* financial information has been prepared is set out in the supplementary information on pages 49 to 53. The *pro-forma* financial information includes:

* Normalised growth, which presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as base) and excludes the impact of merger, acquisition and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.

Amounts marked with an * in this document represent normalised growth as defined above.

All growth rates quoted are year-on-year and refer to the year ended 31 March 2022 compared to the year ended 31 March 2021, unless stated otherwise.

Group statutory performance measures

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
Revenue	**102 736**	98 302	**4.5**	**5.8**
Service revenue	**79 936**	77 574	**3.0**	**4.6**
Net profit from associates and joint ventures	**3 056**	3 501	**(12.7)**	**17.5**
Operating profit	**28 236**	27 652	**2.1**	**5.4**
Net profit	**17 734**	17 071	**3.9**	
Earnings per share (cents)	**1 013**	978	**3.6**	
Headline earnings per share (cents)	**1 013**	980	**3.4**	
Total dividend per share (cents)	**850**	825	**3.0**	

Group additional performance measures

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
EBITDA	**39 888**	39 299	**1.5**	**2.1**
EBITDA margin (%)[1]	**38.8**	40.0	**(1.2ppt)**	
Capital expenditure[2]	**14 642**	13 307	**10.0**	
Capital intensity (%)[2]	**14.3**	13.5	**0.8ppt**	
Operating free cash flow[3]	**22 693**	22 338	**1.6**	
Free cash flow[3]	**15 660**	14 974	**4.6**	
Financial services revenue[4]	**7 626**	6 885	**10.8**	**14.4**

Notes:
1. EBITDA margin is EBITDA as a percentage of revenue.
2. Detail relating to capital expenditure is on page 15. Capital intensity is capital expenditure as a percentage of revenue.
3. A reconciliation of operating free cash flow and free cash flow is set out on page 54.
4. The combination of South Africa financial services revenue and International M-Pesa revenue.

Strategic review

Purpose-led business model

Our purpose-led model is premised on the three pillars: digital society; inclusion for all; and planet. Further, we remain focused on the delivery of our Social Contract with stakeholders to ensure that we make meaningful contributions to inclusion and the recovery in markets where we operate. We stepped up efforts to drive gender empowerment, financial inclusion, access to education while also mindful of the impact we have on our planet. Supporting the roll-out of vaccines across our markets, through our mVacciNation technology platform, financial contributions and cold chain and logistics support was a particularly meaningful contribution during the year.

The outcomes of our purpose-led model and strong governance were recognised by leading environmental, social and governance (ESG) rating agencies, including Morgan Stanley Capital International (MSCI) and Sustainalytics. In November 2021, MSCI rated Vodacom as AAA – its highest ESG rating. MSCI highlighted Vodacom's scores in governance, labour management and cyber-security policies as key drivers of the ESG rating. Separately, in October 2021, Sustainalytics ranked Vodacom 1st out of more than 200 companies in its Telecommunications Service industry grouping.

Implementing our strategy through our System of Advantage

Our evolution from a telecommunication to a technology company is well on track as we expand our ecosystem of products. Our multi-product strategy, called the System of Advantage, aims to deliver diversified, differentiated offerings to our customers, further strengthening and growing our relationships with them. We expect the Vodafone Egypt and CIVH fibre asset acquisitions will enhance our System of Advantage and provide scope to accelerate our Group growth profile and intend to update our medium-term targets in due course. Ahead of the Vodafone Egypt deal closing and recognising the growth potential of our System of Advantage strategy, we set out the following medium-term targets:

1. Mid-single digit Group service revenue growth;
2. Mid-to-high-single digit Group EBITDA growth; and
3. 13.0% – 14.5% of Group capital expenditure as a % of Group revenue.

These targets are on average, over the next three years, and are on a normalised basis in constant currency, based on prevailing economic conditions, excluding spectrum purchases, exceptional items and any merger and acquisition activity such as Vodafone Egypt and CIVH.

New services support strong results

Group service revenue grew 4.6%* on a normalised basis, supported by a resilient performance in South Africa. Group service revenue growth was underpinned by new services which include digital and financial, fixed and IoT. Financial services delivered 14.4%* growth on a normalised basis, as we continue to scale user adoption, new products and services. IoT was up 32.1%, supported by our class-leading products in agriculture and smart infrastructure. In aggregate, these new services amounted to R14.3 billion and contributed 17.9% of Group service revenue from 17.2% in the prior year. We target a new service contribution to Group service revenue of 25 – 30% over the medium term.

Group EBITDA increased 1.5% (2.1%*) to R39.9 billion and was negatively impacted by a one-off lease contract separation that increased operating expenses and reduced right of use (ROU) depreciation and interest. The lease contract separation did not have a material impact on Group net profit, however diluted Group EBITDA growth by 1.6ppts. Additionally, the introduction of levies on mobile money transactions in Tanzania during July 2021 negatively impacted Group EBITDA growth by 1.0ppts[1]. Adjusted for the lease contract separation, and mobile money levy impacts, Group EBITDA was up 4.7%, compared to normalised growth of 2.1%*.

Note:

1. Immediately following the introduction of mobile money levies in Tanzania in July 2021, M-Pesa volumes declined by around 30% for key revenue drivers such as cash-out and peer-to-peer transfers. Based on the volume change from 15 July 2021 until 31 March 2022, a R601 million revenue impact was calculated. Similarly, the levies negatively impacted GSM services including recharge volumes via M-Pesa by R107 million. The EBITDA impact of R401 million reflects the revenue impact less direct cost savings as a result of lower volumes.

Group operating profit grew 5.4%*, consistent with our medium-term target, supported by a recovery in International profitability. Net profit from associates and joint ventures declined 12.7% (up 17.5%*) to R3.1 billion, impacted by start-up costs related to Ethiopia and the foreign exchange translation headwinds. HEPS growth of 3.4% to 1 013 cents per share was achieved despite foreign exchange headwinds, start-up costs for our investment into Ethiopia and the impact of mobile money levies in Tanzania.

We generated operating free cash flow of R22.7 billion, up 3.0%, having invested R14.6 billion into capital expenditure and a further R4.2 billion applied to lease payments. Capital expenditure increased 10.0% as we accelerated investment into network performance. Capital expenditure represented 14.3% of Group revenue, within our guidance framework. From operating free cash flow, we paid cash taxes and finance costs but were a receiver of dividends from our associate, Safaricom. On this basis, we generated free cash flow of R15.7 billion, up 4.6%, consistent with growth in net profit.

Leading African fintech operator

Financial services revenue Rm	Year ended 31 March		% change	
	2022	2021	Reported	Normalised*
South Africa	**2 665**	2 372	**12.4**	
International	**4 961**	4 513	**9.9**	**15.5**
Consolidated Group	**7 626**	**6 885**	**10.8**	**14.4**
Safaricom (100% basis)[1]	**14 452**	12 391	**16.6**	**30.3**

Our financial services business is integral to our purpose-led business model, the largest component of our new services revenue and a clear strategic priority. Financial services customers, including Safaricom on a 100% basis, reached 60.6 million. Looking ahead, we see strong growth potential for customer adoption across our existing footprint and target 75 million financial services customers by FY25. To enhance alignment between our purpose and strategic execution, financial inclusion forms part of management's long-term incentives. Over and above this, Egypt and Ethiopia each with populations of over 100 million people, respectively, provide transformational opportunities for financial services.

Financial services revenue reached R7.6 billion in the period, up 10.8% (14.4%*). Growth was impacted by mobile money transaction levies imposed in Tanzania in July 2021. Adjusting for the estimated impact of these levies, the growth was an impressive 23.4%, compared to normalised growth of 14.4%*. Safaricom, a Group associate, generated financial services revenue of R14.4 billion on a 100% basis, up 30.3%* on a normalised basis. Our M-Pesa platform, including Safaricom, processed US$324.6 billion of transaction value during the year representing clear leadership in the African fintech space. In South Africa, we launched our super-app, VodaPay, in October 2021. The app brings together world-class consumer and merchant capabilities, supported by Alipay technology, and offers services ranging from loans, seamless QR and person-to-person payments, to entertainment and personalised shopping experiences with many more services on the product roadmap. Across our M-Pesa footprint, our super-app roll-out, global partner co-ordination, and best practice sharing is implemented by M-Pesa Africa.

Note:

1. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only.

Acquisitions to enhance our growth and returns prospects

The Group announced two material transactions in the year that complement our strategy and support our System of Advantage. The transactions provide scope to enhance the Group's growth and returns outlook.

On 10 November 2021, the Group announced that it had entered into a binding agreement to acquire a 55% shareholding in Vodafone Egypt Telecommunications SAE (Vodafone Egypt) from Vodafone Group Plc (Vodafone), for an equity consideration of US$2.738 billion (R41.1 billion). The proposed acquisition presents a unique opportunity to advance Vodacom Group's strategic connectivity and financial services ambitions in one of Africa's premier telecom operators. Vodafone Egypt is a clear market leader, strategically positioned to capture growth in a fast-growing Information and Communications Technology (ICT) market that will diversify and accelerate Vodacom Group's growth profile. Pleasingly, Vodafone Egypt delivered strong results in the year with service revenue and EBITDA growth at 18.0% and 22.3%, respectively. The transaction is expected to receive Egyptian regulatory approval in the near term.

Separately, on 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the acquisition of a 30% stake in CIVH fibre assets, with an option to increase to a 40% stake, Vodacom will gain exposure to highly attractive and fast-growing businesses and South Africa's largest open access fibre players including Vumatel and Dark Fibre Africa. Vodacom's capital injection and strategic support will further accelerate the growth trajectory of these fibre assets. Also, the contribution of Vodacom SA's wholesale FTTH assets will add further scale and enhance CIVH's fibre footprint. The deal is closely aligned with the build-out of our System of Advantage, which is aimed at delivering diversified, differentiated connectivity offerings to our customers. Further, we expect that this investment will accelerate fibre reach in South Africa, fostering economic development and helping bridge South Africa's digital divide. The regulatory approval process is proceeding, and we expect the transaction to close in the coming financial year.

Our capital structure

We ended the period with net debt to EBITDA ratio of 0.9 times. Looking forward, our strategic deals in Egypt and South Africa fibre provide us with an opportunity to utilise debt capacity and accelerate the growth profile of the Group while adhering to our internal threshold of 1.5 times net debt to EBITDA ratio. We intend to take advantage of debt gearing levels that support ongoing investment in our System of Advantage, while also positioning us favourably with our telecommunication peers.

Operational review

South Africa

Summary financial information Rm	Year ended 31 March 2022	2021	% change Reported
Service revenue	**58 526**	56 405	**3.8**
EBITDA	**31 747**	30 745	**3.3**
Operating profit	**21 133**	20 515	**3.0**
Capital expenditure	**11 149**	10 076	**10.6**

South Africa service revenue grew 3.8% to R58.5 billion supported by continued demand for connectivity, incremental wholesale revenue and growth in our new services. New services such as financial and digital services, fixed and IoT were up 8.5% and contributed R8.4 billion, or 14.4% of South Africa's service revenue. In the quarter, service revenue growth was 3.3%, supported by a strong performance in Vodacom Business. Revenue reached R80.8 billion in the financial year, up 5.3%, and was driven by strong equipment sales.

Mobile contract customer revenue increased by 5.5% to R22.0 billion, with both Vodacom Business and consumer contract contributing to this growth. We added 271 000 contract customers in the financial year, mainly within Vodacom Business, and increased ARPU by 1.7%. Consumer contract posted 1.5% customer revenue growth in the quarter, supported by attractive packages offering customers larger data allocations to facilitate increased usage.

Prepaid mobile customer revenue declined 0.7% to R25.2 billion. Adjusting for a loyalty programme provision release of R142 million in the prior year, prepaid mobile customer revenue was flat. We are pleased with the result given the strong prior year comparative, which was associated with more stringent lockdowns. We added 1.1 million prepaid customers in the year and focused our efforts on keeping customers engaged and active on the network for additional days. Higher customer engagement supported prepaid ARPU of R56, which was above the pre-COVID-19 level of R54.

Data traffic was up 19.2% in the year and accelerated to 24.3% in the fourth quarter. We added 1.8 million data customers, reaching 23.5 million customers, up 8.2%. Smart devices were up by 13.1% to 26.2 million, while 4G and 5G devices increased by 23.9% to 18.5 million. The average usage per smart device increased by 14.0% to 2.4GB per month. Prepaid data revenue increased by 3.1% to R10.0 billion as strong usage growth was offset by price transformation including our zero-rated ConnectU platform, discounted offers for poor communities, and further cuts to headline monthly data bundles implemented on 1 April 2021.

Fixed service revenue was up 13.0%, excluding wholesale transit. This was supported by strong customer adoption of fibre with homes and businesses connected reaching 142 211[1], while our own fibre passed 155 903 homes and businesses. On 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the proposed acquisition of a 30% stake in Community Investment Ventures Holdings (Proprietary) Limited (CIVH) fibre assets, Vodacom will gain exposure to highly attractive and fast-growing businesses and South Africa's largest open access fibre players including Vumatel and Dark Fibre Africa.

Revenue generated from financial services was up 12.4% to R2.7 billion. Revenue growth was underpinned by our Airtime Advance product, where we advanced R13.0 billion in airtime during the year, representing 45.2% of total prepaid recharges. Insurance revenue increased by 13.1%, supported by growth in policies which were up 14.7% to 2.4 million. In October 2021, in partnership with Alipay, we launched our much-anticipated super-app called VodaPay. This was an important milestone in the evolution of our digital ecosystem, and by year end we already reached 2.2 million downloads and 1.6 million registered users. We have 85 mini-apps registered on the platform and are consistently adding more merchants as we scale the apps.

Vodacom Business service revenue increased by 11.6% to R17.7 billion, driven by continued demand for our innovative work-from-home solutions and sustained growth in fixed-line services. IoT remains an important new service growth driver with connections up 17.3% to 6.6 million, and revenue growth at 31.5% to R1.4 billion. In the quarter, Vodacom Business service revenue grew 9.6%.

Note:

1. Including Bitstream, which refers to where we act as an internet service provider (ISP) to fibre wholesalers. In the period, we churned some low value fibre connections with an immaterial impact on fixed-line revenue.

EBITDA grew by 3.3% and was impacted by a loyalty programme provision release of R142 million and constraints on certain operating expenditure (opex) such as publicity in the prior year, while we also accelerated spend on technology opex during the year to support improved resilience of the network. Our programme to improve resilience addressed power challenges and higher rates of theft and vandalism. Pleasingly, this intervention supported a market-leading network NPS position by year-end. Our R5.4 billion investment in spectrum is expected to further support network performance. EBITDA margin moderated by 0.8ppts to 39.3% and was impacted by strong growth in low margin equipment revenue.

We invested R11.1 billion in our network, up 10.6%, to expand network capacity to manage additional demand for data, modernise our network to prepare for the next wave of COVID-19 infections and enhance our IT platforms to maintain our competitive edge. Looking ahead, we will leverage our newly acquired spectrum assets in South Africa to improve 4G services and invest incrementally into 5G infrastructure to connect our customers for a better future.

International business

Summary financial information Rm	Year ended 31 March		% change	
	2022	2021	Reported	Normalised*
Service revenue	22 213	22 146	0.3	5.6
EBITDA	8 504	8 784	(3.2)	(0.6)
Operating profit	4 352	3 833	13.5	11.8
Capital expenditure	3 486	3 226	8.1	

Service revenue for our International business increased 0.3% to R22.2 billion subdued by a strong rand and the impact of new levies on mobile money and airtime recharges in Tanzania. These levies diluted revenue by an estimated R708 million and R225 million in the year and quarter, respectively. On a normalised basis, service revenue grew 5.6%* and adjusted for the mobile money levy impact grew by 9.0%. The strong underlying growth reflects our purpose-led focus on digital and financial inclusion with local currency data revenue growth of 16.4% and normalised M-Pesa revenue growth of 15.5%*. The data revenue performance was underpinned by increased smartphone adoption, strong commercial execution and the ongoing expansion of our digital ecosystem. M-Pesa growth was supported by ongoing customer growth, service adoption and new products.

We added 2.0 million customers, up 4.9% to 41.7 million, despite barring a remaining tranche of customers in Tanzania to comply with biometric regulation. The customer growth reflects strong commercial execution across the portfolio. While the economies across our International business are recovering, constraints on consumer spending remain evident in the voice segment with voice revenue declining 5.3% (on a normalised basis, remained flat).

Data services remain a key driver of growth and our commitment to connect for a better future. Data revenue was R4.6 billion, up 11.0%, and contributed 20.7% of International service revenue. We added 531 000 data customers to end the year at 21.2 million as data customer growth was subdued by the barring of customers in Tanzania. Data traffic growth of 31.4% was supported by smartphone penetration increasing 1.4ppts to 33.7%. We continue to drive the adoption of smartphones leveraging our strategic partnerships and implementing innovative financing options to provide affordable devices to our customers.

International M-Pesa revenue was up 9.9% (15.5%*) to R5.0 billion, contributing 22.3% of service revenue. Growth was supported by strong performances in the DRC, Lesotho and Mozambique. Tanzania's M-Pesa performance and progress on financial inclusion were stalled by mobile money transaction levies introduced in July 2021. Adjusting for the impact of these levies, normalised M-Pesa revenue was up an impressive 29.5%. The underlying momentum of M-Pesa reflects our ongoing product enhancements in both the consumer and merchant segments, supported by M-Pesa Africa. In Tanzania, revenue from our lending product 'Songesha' grew 22.7%, with the equivalent of R3.3 billion in loans disbursed in the year. We also launched new insurance, term-loan and group-savings products, scaled international money transfer and enhanced our M-Pesa app during the year. To grow and diversify the M-Pesa ecosystem, we also accelerated our merchant strategy more than doubling the number of active merchants. M-Pesa transaction value processed on our platform was US$324.6 billion, including Safaricom, up 29.2%.

International EBITDA was R8.5 billion and declined 3.2% (-0.6%*). EBITDA was negatively impacted by a one-off lease contract separation in the DRC and mobile money and airtime recharge levies in Tanzania. The lease contract separation had no impact on net income as higher operating expenditure was offset by lower ROU depreciation and interest, however impacted EBITDA growth by 7.2ppt. Additionally, the introduction of levies in Tanzania negatively impacted EBITDA growth by 4.7ppts. Adjusted for the one-off lease contract separation and levy impacts, International EBITDA was up 11.3% compared to the normalised decline of 0.6%*, and reflected accelerated cost containment initiatives, particularly in Tanzania.

We increased capital expenditure by 8.1% to R3.5 billion as we accelerated investment into 4G coverage and performance. From a coverage perspective we added 777 4G sites in the year, increasing our 4G site count by 20.8%. We also continued to invest in our transmission networks to enhance our network lead in all our markets.

Safaricom

Summary financial information KShs m (100% basis)[1]	Year ended 31 March 2022	Year ended 31 March 2021	% change Reported
Service revenue	**281 107**	250 352	**12.3**
EBITDA	**149 062**	134 129	**11.1**
Capital expenditure	**49 779**	34 960	**42.4**

Safaricom delivered a strong set of results supported by strategic execution, excellent growth in the fixed business and a recovery in M-Pesa revenue due to platform growth and improved consumer confidence and business activity.

M-Pesa revenue grew 30.3%, supported by strong platform growth, product adoption and greater value through updated peer-to-peer pricing from 1 January 2021. Total M-Pesa transaction values grew 34.0% to KShs 29.6 trillion while the volume of transactions grew 34.9% to 15.8 billion in the year. This equates to a transaction value of US$266.5 billion processed in the year. Safaricom, together with M-Pesa Africa, continues to leverage on technological innovation to enhance access to financial services for consumers and enterprise customers.

Fixed service and wholesale transit revenue grew 18.3% to KShs 11.2 billion supported by 16.9% growth in enterprise revenue to KShs 7.1 billion and 20.6% growth in consumer revenue, to KShs 4.2 billion. FTTH customers grew 20.8% to 165 980 while enterprise fixed customers grew 24.1% to 48 310.

Voice revenue increased 0.8% as a result of increased customer value management initiatives and propositions. Mobile data revenue grew 8.1%, reflecting a clear improvement in the second half (up 10.0%), and was impacted by Safaricom's ongoing efforts to support inclusion through price rationalisation and the absorption of excise duty adjustment on mobile data from August 2021. Safaricom's usage growth across voice, mobile data and fibre was supported by capital expenditure in Kenya of KShs 39.3 billion, equating to a 13.2% capital intensity ratio. Including Ethiopia, capital expenditure for Safaricom Group was KShs 49.8 billion.

The strong revenue performance supported 14.9% core (Kenya) EBITDA growth, with margins expanding 0.7ppt to 51.7%. Reported EBITDA was up 11.1%, as core growth was partially offset by start-up operating costs for Ethiopia. Net income declined by 1.7% as a result of start-up financing and operating costs for Ethiopia and the normalisation of the Kenyan corporate tax rate to 30% from 25% in the prior year.

In addition to its financial results, Safaricom provided an update on our Ethiopian consortium noting an improved outlook for the security and political situation in the country. The licence unlocks a unique opportunity for our consortium to build out world-class services in Africa's second largest country by population, providing a long-term growth vector for Safaricom. Having completed our test first call and data session, the consortium is proceeding with its plans for operational readiness and expects to launch commercial services in 2022. Safaricom's market guidance reflects a step-up in investment ahead of the commercial launch.

On a rand reported basis, Safaricom contributed R3.1 billion to the Group's operating profit, declining 11.9% year-on-year. The decline was attributable to foreign exchange rate movements and Ethiopia start-up losses. On a normalised basis, Safaricom's contribution to our operating profit increased 17.7%*. Safaricom accounted for 11.1% of the Group's operating profit in the year.

Growth rates are in local currency and year-on-year, unless otherwise stated. Safaricom results announcements are available here:

www.safaricom.co.ke/investor-relation/financials/reports/financial-results

Regulatory matters

ICASA – Assignment of High Demand Spectrum

Following the issuance of an Invitation to Apply (ITA) for High Demand Spectrum (HDS) in South Africa, an auction process commenced on 8 March 2022. The auction concluded on 17 March 2022 and Vodacom secured 110 MHz of HDS spectrum including 2x10 MHz in the 700 MHz spectrum band, 80 MHz in the 2600 MHz spectrum band, and

Note:

1. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only.

10 MHz in the 3500 MHz spectrum band, for an amount of R5.4 billion. ICASA conducted the Frequency Assignment Phase on 22 March 2022, which included priority ranking as well as permissible band plans for each band. Subsequent to year end, Vodacom paid R3.2 billion for the available spectrum secured in the auction process, in accordance with ICASA guidelines. The balance of the spectrum payment will be settled when the 700 MHz block becomes fully available for use.

In a separate legal matter, eMedia Holdings (e.TV) challenged the timing of the analogue switch-off and digital migration in South Africa. The matter was heard by a full bench of the High Court on 14 and 15 March 2022. Vodacom supported the Minister of Communications and Digital Technologies and ICASA in opposing the relief sought by e.TV. On 28 March 2022, judgement was handed down. The application by e.TV was dismissed with costs. The court also deferred the analogue switch-off date to 30 June 2022. e.TV subsequently lodged an application for leave to appeal to the Constitutional Court.

Wireless Open Access Network

On 11 March 2022, the Minister of Communications and Digital Technologies amended the Government's policy for High Demand Spectrum and policy direction on the licensing of the Wholesale Open Access Network (WOAN). As a result of these amendments, it is expected that the WOAN will no longer be licensed.

Ethiopian telecommunications licence

On 26 April 2021, the Group participated as a minority investor in a consortium, controlled by Safaricom PLC, bidding for a mobile telecommunication licence in the Federal Democratic Republic of Ethiopia. In May 2021, the Ethiopian Communications Authority (the ECA) confirmed that our consortium's proposal was successful with an effective licence date of 9 July 2021. The Group, excluding its indirect interest via its shareholding in Safaricom PLC, has an effective interest of 6.2% in the consortium. In addition, the Group has indirect exposure through Safaricom PLC's 55.7% effective interest in the consortium. As noted in the Safaricom overview (page 10), the consortium is proceeding with its plans for operational readiness and commercial launch in the coming months.

Outlook and medium-term targets

Vodacom is a purpose-led company, and we connect for a better future. We remain focused on strong governance and our three purpose pillars: digital society; inclusion for all; and planet, as we deliver on our business strategy, 'Vision 2025'. We believe that this integrated approach, and our Social Contract with stakeholders, will support balanced economic progress across the countries in which we operate and provide us with compelling growth opportunities.

Our strategy, which comprises ten connected elements, sets out to deliver exceptional value to our customers. We implement our strategy through our System of Advantage, which is designed to grow with our customers as we strive to be a strategic partner of choice and an integral part of their lives, homes and offices.

Complementing our organic strategy, we announced two material M&A transactions in November 2021. We believe that the purchase of a controlling shareholding in Egypt's telecom market leader, Vodafone Egypt, and a significant stake in leading fibre assets in South Africa, including Vumatel and Dark Fibre Africa, will enhance Vodacom's growth and return potential. Further, Vodafone Egypt is expected to meaningfully diversify the Group's geographic profile. As a result we updated our profitability target metric from Group operating profit growth to Group EBITDA growth to reflect a higher anticipated contribution from controlled operations to Group profitability. Safaricom, which is accounted for within Group operating profit, provided market guidance on 12 May 2022. Safaricom's guidance reflects an anticipated increase of investment into Ethiopia ahead of commercial launch in 2022.

While we await the closing of the Vodafone Egypt transaction, our management team remains focussed on delivering the following medium-term targets:

1. Mid-single digit Group service revenue growth;
2. Mid-to-high-single digit Group EBITDA growth; and
3. 13.0% – 14.5% of Group capital expenditure as a % of Group revenue.

These targets are on average, over the next three years, and are on a normalised basis in constant currency, based on prevailing economic conditions, excluding spectrum purchases, exceptional items and any merger and acquisition activity such as Vodafone Egypt and CIVH. The Ukraine-Russia war presents a potentially material risk to the prevailing economic conditions. We intend to provide an update on the Group's targets subsequent to the completion of the Vodafone Egypt transaction.

Financial review

Summary financial information

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
Revenue	**102 736**	98 302	**4.5**	**5.8**
Service revenue	**79 936**	77 574	**3.0**	**4.6**
EBITDA	**39 888**	39 299	**1.5**	**2.1**
Net profit from associates and joint ventures	**3 056**	3 501	**(12.7)**	**17.5**
Operating profit	**28 236**	27 652	**2.1**	**5.4**
Net profit	**17 734**	17 071	**3.9**	
Capital expenditure	**14 642**	13 307	**10.0**	
Operating free cash flow[1]	**22 693**	22 338	**1.6**	
Free cash flow[1]	**15 660**	14 974	**4.6**	
Net debt	**35 181**	34 249	**2.7**	
Earnings per share (cents)	**1 013**	978	**3.6**	
Headline earnings per share (cents)	**1 013**	980	**3.4**	
Contribution margin[2] (%)	**62.4**	62.0	**(0.4ppt)**	
EBITDA margin (%)	**38.8**	40.0	**(1.2ppt)**	
Operating profit margin (%)	**27.5**	28.1	**(0.6ppt)**	
Effective tax rate (%)	**27.8**	28.2	**(0.4ppt)**	
Net profit margin (%)	**17.3**	17.4	**(0.1ppt)**	
Capital intensity (%)	**14.3**	13.5	**0.8ppt**	
Net debt/EBITDA (times)	**0.9**	0.9		

Service revenue

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
South Africa	**58 526**	56 405	**3.8**	**3.8**
International	**22 213**	22 146	**0.3**	**5.6**
Corporate and eliminations	**(803)**	(977)	**(17.8)**	
Group service revenue	**79 936**	**77 574**	**3.0**	**4.6**
Safaricom[3]	**37 715**	37 600	**0.3**	**12.3**

Group service revenue increased 3.0% (4.6%*) to R79.9 billion, supported by a resilient performance in South Africa and an improvement in normalised service revenue growth for International. Growth was underpinned by new services such as financial, fixed and IoT. Financial services delivered service revenue of R7.6 billion, up 14.4%* on a normalised basis and contributed 9.5% of consolidated service revenue. Our new services which include digital, financial, fixed and IoT amounted to R14.3 billion in aggregate and contributed 17.9% of Group service revenue.

In South Africa, service revenue increased 3.8% to R58.5 billion, supported by continued demand from work-from-home solutions, incremental wholesale revenue and growth in new services. Financial services revenue amounted to R2.7 billion or 4.6% of South Africa's service revenue.

Our International business reported a service revenue growth of 0.3% to R22.2 billion, and excluding the impacts of foreign currency translation, service revenue increased 5.6%*. The normalised growth was supported by M-Pesa and data revenue. M-Pesa and data revenue comprised 22.3% and 20.7% of International service revenue for the year. Safaricom service revenue, which we do not consolidate, increased 12.3%*.

Notes:

1. A reconciliation of operating free cash flow and free cash flow is on page 54.
2. Contribution margin is contribution profit as a percentage of revenue. Contribution profit is revenue less direct expenses.
3. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only.

Total expenses[1]

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
South Africa	**49 087**	45 949	**6.8**	**6.9**
International	**14 427**	14 030	**2.8**	**10.0**
Corporate and eliminations	**(615)**	(951)	**(35.3)**	
Group total expenses	**62 899**	**59 028**	**6.6**	**8.2**

Group total expenses increased 6.6% (8.2%*) to R62.9 billion. In South Africa, expenses increased 6.8% to R49.1 billion. The rate of growth in South Africa reflects the impact of constraints on certain operating expenditure in the prior year due to lockdown restrictions and an acceleration of technology-related expenses in the current year to support network resilience. International expenses increased 2.8% (10.0%*) to R14.4 billion, with the impact of a one-off lease contract separation offsetting cost containment.

EBITDA

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
South Africa	**31 747**	30 745	**3.3**	**3.2**
International	**8 504**	8 784	**(3.2)**	**(0.6)**
Corporate and eliminations	**(363)**	(230)	**57.8**	
Group EBITDA	**39 888**	**39 299**	**1.5**	**2.1**
Safaricom[2]	**19 989**	20 125	**(0.7)**	**11.2**

Group EBITDA increased 1.5% (2.1%*) to R39.9 billion at a margin of 38.8%. South Africa EBITDA grew 3.3% to R31.7 billion. Adjusted for the R142 million one-off loyalty provision release in the prior period, South Africa EBITDA grew 3.6%. EBITDA in our International operations decreased 3.2% to R8.5 billion, negatively impacted by foreign exchange headwinds and the operating cost impact of a one-off lease contract separation. The lease contract separation did not have a material impact on Group net profit, however diluted Group EBITDA growth by 1.6ppts.

Operating profit

Rm	Year ended 31 March 2022	2021	% change Reported	Normalised*
South Africa	**21 133**	20 515	**3.0**	**3.0**
International	**4 352**	3 833	**13.5**	**11.8**
Safaricom	**3 122**	3 542	**(11.9)**	**17.7**
Corporate and eliminations	**(371)**	(238)	**55.9**	
Group operating profit	**28 236**	**27 652**	**2.1**	**5.4**

Group operating profit increased 2.1% to R28.2 billion, diluted by the impact of foreign currency translation and start-up losses in Ethiopia. On a normalised basis, operating profit increased 5.4%*. In South Africa, operating profit was up 3.0% to R21.1 billion. International operating profit increased 13.5% (11.8%*) to R4.4 billion supported by focused cost containment.

Notes:
1. Excluding depreciation, amortisation and impairments.
2. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only.

Net finance charges

Rm	Year ended 31 March 2022	2021	% change 21/22
Finance income	**554**	767	**(27.8)**
Finance costs	**(4 229)**	(4 190)	**0.9**
Net finance costs	**(3 675)**	(3 423)	**7.4**
Net gain/(loss) on remeasurement and disposal of financial instruments	**2**	(378)	**(100.5)**
Net finance charges	**(3 673)**	**(3 801)**	**(3.4)**

Net finance charges decreased 3.4% to R3.7 billion, as we recorded a net gain on remeasurement and disposal of financial instruments, compared with a net loss in the prior period. The average cost of debt (including leases) decreased from 7.8% to 7.7% in the current period. Excluding leases, the average cost of debt decreased from 6.4% to 6.3%.

Taxation

The tax expense of R6.8 billion was 1.8% higher than the prior year due to higher taxable profits. The effective tax rate was 27.8%, slightly lower than the prior year due to a reduction in deferred tax charge in South Africa. The change in South African deferred tax was as a result of the corporate tax rate reducing from 28% to 27%, effective 1 April 2022.

Earnings

	Year ended 31 March 2022	2021	% change 21/22
Earnings per share (EPS) (cents)	**1 013**	978	**3.6**
Headline earnings per share (HEPS) (cents)	**1 013**	980	**3.4**
Weighted average number of ordinary shares outstanding for the purpose of calculating EPS and HEPS (million)	**1 694**	1 695	**(0.1)**

EPS and HEPS increased 3.6% and 3.4% respectively. EPS and HEPS was supported by Group operating profit growth and lower finance charges.

Dividend

Rm	Year ended 31 March 2022	2021	% change 21/22
Headline earnings	**17 162**	16 609	**3.3**
Adjusted for:			
Net profit from Safaricom	**(3 122)**	(3 542)	**(11.9)**
Withholding tax	**250**	273	**(8.4)**
Non-controlling interest and other	**392**	444	**(11.7)**
Headline earnings, excluding Safaricom, available for dividend distribution	**14 682**	**13 784**	**6.5**
At 90% of headline earnings, excluding Safaricom, available for dividend distribution	**13 213**	12 406	
Flow through of Safaricom cash dividend (net of withholding tax)	**2 322**	2 778	
Available for dividend distribution	**15 535**	15 184	
Total dividend declared per share (cents)	**850**	**825**	**3.0**

Owned capital expenditure[1]

Rm	Year ended 31 March 2022	2021	% change 21/22
Group capital expenditure	**14 642**	**13 307**	**10.0**
South Africa	**11 149**	10 076	**10.6**
International	**3 486**	3 226	**8.1**
Corporate and eliminations	**7**	5	**40.0**
Group capital intensity[2] (%)	**14.3**	**13.5**	**0.8ppt**
Safaricom	**6 655**	**5 367**	**24.0**
Safaricom capital intensity[2] (%)	**16.6**	13.5	**3.1ppt**

The Group's capital expenditure was R14.6 billion, representing 14.3% of revenue. In South Africa, capital expenditure was directed at improving capacity and resilience of the network and increasing 5G roll-out. We now have 97.9% (FY21: 97.3%) 4G population coverage and have extended our 5G sites to 624. In our International operations, the focus remained on increasing both coverage and capacity as well as continuing the 4G roll-out.

Notes:
1. Owned capital expenditure, excluding spectrum, licences and capitalised right-of-use assets. Right-of-use asset additions include R3 318 million (FY21: R3 282 million) for the Group, of which R2 658 million (FY21: R2 584 million) for South Africa and R660 million (FY21: R698 million) in International.
2. Capital expenditure as a percentage of revenue.

Statement of financial position

Property, plant and equipment increased 4.9% to R59.3 billion and intangible assets increased 6.6% to R14.0 billion. The combined increase is as a result of net additions of R18.3 billion and depreciation and amortisation of R14.7 billion.

Rm	31 March 2022	31 March 2021	Movement
Bank and cash balances	**17 716**	15 751	**1 965**
Bank overdrafts	**(1 058)**	(542)	**(516)**
Current borrowings	**(22 061)**	(9 634)	**(12 427)**
Non-current borrowings	**(29 347)**	(39 741)	**10 394**
Other financial instruments	**(430)**	(83)	**(347)**
Net debt[1]	**(35 180)**	**(34 249)**	**(931)**
Net debt/EBITDA (times)	**0.9**	**0.9**	

Our net debt to EBITDA ratio remained stable year-on-year, while net debt increased modestly to R35.2 billion. The net debt movement is largely explained by the payment of our proportionate share of the mobile licence in Ethiopia. This amounted to US$52.7 million (R779 million). Total borrowings increased by R2.0 billion to R51.4 billion, while current borrowings increased due to upcoming maturities of debt with Vodafone Luxembourg. We do not foresee any refinancing risk related to these borrowings.

Cash flows[2]

Free cash flow

	Year ended 31 March		% change
Rm	2022	2021 Restated[2]	21/22
EBITDA	**39 888**	39 299	**1.5**
Working capital[2]	**955**	(103)	**(>200)**
Capital expenditure[3]	**(14 642)**	(13 307)	**10.0**
Disposal of property, plant and equipment	**61**	51	**19.6**
Lease liability payments	**(4 172)**	(4 266)	**(2.2)**
Other	**603**	664	**(9.2)**
Operating free cash flow[2]	**22 693**	**22 338**	**1.6**
Tax paid[2]	**(7 124)**	(7 736)	**(7.9)**
Finance income received	**545**	723	**(24.6)**
Finance costs paid	**(2 863)**	(2 609)	**9.7**
Net dividends received from associates and paid to non-controlling shareholders	**2 409**	2 258	**6.7**
Free cash flow	**15 660**	**14 974**	**4.6**

Operating free cash flow increased 3.0%, with EBITDA growth and working capital efficiencies somewhat offset by higher capital expenditure. Free cash flow increased 4.6%, ahead of operating free cash flow, as a result of lower taxes paid and a higher dividend received from Safaricom.

Notes:

1. Debt includes interest bearing debt, non-interest-bearing debt, capitalised leases and bank overdrafts.
2. For the reconciliation of cash generated from operations to free cash flow, refer to page 54. The prior year cash generated from operations and tax paid line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax paid and no longer under cash generated from operations. Refer to Note 9 of the preliminary condensed consolidated financial statements.
3. Capital expenditure comprises the purchase of property, plant and equipment and intangible assets, other than licence and spectrum payments. Purchases of customer bases are excluded from capital expenditure.

Dividends

Declaration of final dividend number 26 – payable from income reserves

Notice is hereby given that a gross final dividend number 26 of 430 cents per ordinary share in respect of the financial year ended 31 March 2022 has been declared payable on Monday 27 June 2022 to shareholders recorded in the register at the close of business on Friday 24 June 2022. The number of ordinary shares in issue at the date of this declaration is 1 835 864 961. The dividend will be subject to a local dividend withholding tax rate of 20% which will result in a net final dividend to those shareholders not exempt from paying dividend withholding tax of 344.00000 cents per ordinary share.

Last day to trade shares cum dividend	Tuesday 21 June 2022
Shares commence trading ex-dividend	Wednesday 22 June 2022
Record date	Friday 24 June 2022
Payment date	Monday 27 June 2022

Share certificates may not be dematerialised or rematerialised between Wednesday 22 June 2022 and Friday 24 June 2022, both days inclusive.

On Monday 27 June 2022, the final dividend will be electronically transferred into the bank accounts of all certificated shareholders where this facility is available. Shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited on Monday 27 June 2022.

Vodacom Group Limited tax reference number is 9316/041/71/5.

Dividend policy

Since the financial year ended 31 March 2013, the Board has maintained its dividend policy of paying at least 90% of adjusted headline earnings, excluding the contribution of the attributable net profit from Safaricom. In addition, the Group distributed any dividend it received from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

Looking ahead, the acquisition of Vodafone Egypt and an up to 40% stake in Community Investment Ventures Holdings (Proprietary) Limited's (CIVH) fibre assets, provides a compelling opportunity to accelerate our System of Advantage and the Group's growth profile. Mindful that these deals will utilise debt capacity and while also wanting to retain headroom to invest into growth areas, the Board considered it appropriate to review the current dividend policy.

Accordingly, on completion of the Vodafone Egypt acquisition, the Group intends to amend and simplify its dividend policy and institute a policy of paying dividends of at least 75% of Vodacom Group headline earnings. The simplified policy and proposed acquisitions combine to provide a high pay-out on enhanced growth prospects. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies on the JSE. Additionally, the policy provides scope for the Group to invest within its 13 – 14.5% capital intensity target, de-lever the balance sheet and accommodate the upstreaming and dividend pay-out profiles of Safaricom and Vodafone Egypt.

For and on behalf of the Board

Sakumzi Justice Macozoma
Chairman

Shameel Aziz Joosub
Chief Executive Officer

Raisibe Morathi
Chief Financial Officer

Midrand
13 May 2022

Independent auditor's review report

To the shareholders of Vodacom Group Limited

We have reviewed the preliminary condensed consolidated financial statements of Vodacom Group Limited set out on pages 19 to 40, contained in the accompanying preliminary report, which comprises the condensed consolidated statement of financial position as at 31 March 2022, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and selected explanatory notes.

Directors' responsibility for the preliminary condensed consolidated financial statements

The directors are responsible for the preparation and presentation of these preliminary condensed consolidated financial statements in accordance with the requirements of the JSE Limited listings requirements for preliminary reports, as set out in note 1, Basis of preparation to the financial statements and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of preliminary condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these preliminary condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the preliminary condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of preliminary condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these preliminary condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying preliminary condensed consolidated financial statements of Vodacom Group Limited for the year ended 31 March 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1, Basis of preparation to the financial statements, and the requirements of the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Vinodhan Pillay
Registered Auditor
Chartered Accountant (SA)
13 May 2022

Condensed consolidated income statement

for the year ended 31 March

Rm	Note	2022 Reviewed	2021 Audited
Revenue	3	**102 736**	98 302
Direct expenses		**(38 624)**	(36 269)
Staff expenses		**(7 266)**	(6 990)
Publicity expenses		**(1 886)**	(1 718)
Net credit losses on financial assets		**(704)**	(1 078)
Other operating expenses		**(14 419)**	(12 973)
Depreciation and amortisation		**(14 657)**	(15 117)
Impairment losses		**–**	(6)
Net profit from associates and joint ventures		**3 056**	3 501
Operating profit		**28 236**	27 652
Net loss on disposal of subsidiaries		**–**	(70)
Finance income		**554**	767
Finance costs		**(4 229)**	(4 190)
Net gain/(loss) on remeasurement and disposal of financial instruments		**2**	(378)
Profit before tax		**24 563**	23 781
Taxation		**(6 829)**	(6 710)
Net profit		**17 734**	17 071
Attributable to:			
Equity shareholders		**17 163**	16 581
Non-controlling interests		**571**	490
		17 734	17 071

Cents	Note	2022 Reviewed	2021 Audited
Basic earnings per share	4	**1 013**	978
Diluted earnings per share	4	**984**	956

Condensed consolidated statement of comprehensive income

for the year ended 31 March

Rm	2022 Reviewed	2021 Audited
Net profit	**17 734**	17 071
Other comprehensive income		
Foreign currency translation differences, net of tax[1]	**(3 368)**	(16 361)
Foreign currency translation differences recognised through profit or loss on disposal of foreign operations[1]	**–**	15
Mark-to-market of financial assets held at fair value through other comprehensive income, net of tax[1,2]	**271**	286
Mark-to-market gains recognised through profit or loss on disposal of financial assets held at fair value through other comprehensive income, net of tax[1,2]	**(271)**	(234)
Total comprehensive income	**14 366**	777
Attributable to:		
Equity shareholders	**14 167**	1 642
Non-controlling interests	**199**	(865)
	14 366	777

1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations or financial assets held at fair value through other comprehensive income.
2. Mark-to-market gains on financial assets held at fair value through other comprehensive income that have previously been reported net of amounts recognised through profit or loss on disposal, have now been disaggregated and disclosed on a gross basis. The reclassification had no impact on any reported totals, headline earnings per share or on any amounts presented in the statement of financial position.

Condensed consolidated statement of financial position

as at 31 March

Rm	Note	2022 Reviewed	2021 Audited Restated[1]
Assets			
Non-current assets		**127 448**	125 670
Property, plant and equipment		**59 273**	56 480
Intangible assets		**14 054**	13 186
Financial assets		**783**	605
Investment in associates and joint ventures		**47 429**	50 173
Trade and other receivables		**2 763**	2 536
Finance receivables		**2 374**	2 275
Tax receivable		**647**	356
Deferred tax[3]		**125**	59
Current assets		**50 519**	46 309
Financial assets[2]		**612**	558
Mobile financial deposits[2]		**6 386**	5 891
Inventory		**1 787**	1 198
Trade and other receivables		**21 230**	20 129
Finance receivables		**2 554**	2 431
Tax receivable		**234**	351
Bank and cash balances		**17 716**	15 751
Total assets		**177 967**	171 979
Equity and liabilities			
Fully paid share capital		**57 073**	57 073
Treasury shares		**(17 019)**	(16 861)
Retained earnings		**39 886**	36 884
Other reserves		**(503)**	2 274
Equity attributable to owners of the parent		**79 437**	79 370
Non-controlling interests		**6 029**	6 320
Total equity		**85 466**	85 690
Non-current liabilities		**34 834**	44 219
Borrowings	8	**29 347**	39 741
Trade and other payables		**541**	210
Provisions		**1 581**	833
Deferred tax[3]		**3 365**	3 435
Current liabilities		**57 667**	42 070
Borrowings	8	**22 061**	9 634
Trade and other payables[1,2]		**26 632**	24 315
Mobile financial payables[2]		**6 386**	5 891
Provisions		**341**	390
Tax payable[1]		**1 178**	1 281
Dividends payable		**11**	17
Bank overdraft		**1 058**	542
Total equity and liabilities		**177 967**	171 979

1. The trade and other payables and tax payable line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax payable and no longer under trade and other payables. Refer to Note 11.
2. Restricted cash balances related to deposits received from M-Pesa customers that were previously reported in financial assets are now separately reported as mobile financial deposits. Amounts owing to M-Pesa customers that were previously reported in Trade and other payables, are now separately reported as mobile financial payables. Refer to Note 11.
3. The Group's South Africa deferred tax assets and liabilities have been adjusted by applying the newly enacted 27% South African corporate tax rate (2021: 28%), which become effective for the financial year ending 31 March 2023. The Group's deferred tax expense for the financial year ended 31 March 2022 is net of the credit as a result of the tax rate change.

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 March 2021 – Audited	**79 370**	**6 320**	**85 690**
Total comprehensive income	**14 167**	**199**	**14 366**
Dividends	**(14 162)**	**(502)**	**(14 664)**
Repurchase and sale of shares	**(433)**	**–**	**(433)**
Share-based payments	**495**	**–**	**495**
Changes in subsidiary holdings	**–**	**12**	**12**
31 March 2022 – Reviewed	**79 437**	**6 029**	**85 466**
31 March 2020 – Audited	91 656	8 414	100 070
Total comprehensive income	1 642	(865)	777
Dividends	(13 991)	(1 318)	(15 309)
Repurchase and sale of shares	(485)	–	(485)
Share-based payments	557	–	557
Changes in subsidiary holdings	(9)	89	80
31 March 2021 – Audited	79 370	6 320	85 690

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	Notes	2022 Reviewed	2021 Audited Restated[1]
Cash flows from operating activities			
Cash generated from operations[1]	9	**41 152**	41 097
Tax paid[1]		**(7 124)**	(7 736)
Net cash flows from operating activities		**34 028**	33 361
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		**(13 843)**	(13 443)
Proceeds from disposal of property, plant and equipment and intangible assets		**61**	69
Acquisition of associate	13.6	**(874)**	–
Loan to joint venture		**(234)**	–
Disposal of subsidiaries (net of cash and cash equivalents disposed)		**–**	15
Dividends received from associate		**2 911**	3 576
Finance income received		**545**	723
Other investing activities[2]		**(530)**	63
Net cash flows utilised in investing activities		**(11 964)**	(8 997)
Cash flows from financing activities			
Borrowings incurred		**8 570**	180
Borrowings repaid		**(9 717)**	(4 052)
Finance costs paid		**(4 312)**	(3 945)
Dividends paid - equity shareholders		**(14 170)**	(13 944)
Dividends paid - non-controlling interests		**(502)**	(1 318)
Repurchase of shares		**(517)**	(563)
Proceeds on sale of shares		**84**	78
Changes in subsidiary holdings		**–**	(24)
Net cash flows utilised in financing activities		**(20 564)**	(23 588)
Net increase in cash and cash equivalents		**1 500**	776
Cash and cash equivalents at the beginning of the year		**15 209**	16 191
Effect of foreign exchange rate changes		**(51)**	(1 758)
Cash and cash equivalents at the end of the year		**16 658**	15 209

1. The cash generated from operations and tax paid line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax paid and no longer under cash generated from operations. Refer to Note 11.
2. Consists mainly of a net increase in restricted cash deposits from M-Pesa customers of R500 million (2021: R1 201 million increase in restricted cash deposits; R1 262 million decrease in investment in treasury bills in Tanzania).

Notes to the preliminary condensed consolidated financial statements

for the year ended 31 March

1. Basis of preparation

These preliminary condensed consolidated financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and in accordance with and containing the information required by International Accounting Standard (IAS) 34: Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants' (SAICA) Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the parent Company's functional and presentation currency.

The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous year, except as disclosed in Note 2. The significant accounting policies are available for inspection at the Group's registered office.

The preparation of these preliminary condensed consolidated financial statements was supervised by the Chief Financial Officer, RK Morathi (CA) SA, M.Phil., H.Dip Tax.

The financial information has been reviewed by Ernst & Young Inc., whose unmodified review report is presented on page 18.

2. Change in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2021, none of which had any material impact on the Group's financial results for the year. The Group has not early adopted any new, revised or amended accounting pronouncements, that are not yet effective and the Group is not expecting these pronouncements to have a material impact on the financial results of the Group.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, issued by the IASB, became effective during the current reporting period (effective for periods commencing on or after 1 January 2021). Regulators globally have signalled that institutions should transition away from the Interbank Offered Rate (IBOR) to alternative risk-free rates (RFRs). In response to the above the IASB has been engaged in a two-phase project of amending its guidance to enable a smoother transition to the adoption of RFRs. The Group is exposed to the US$ London Interbank Offered Rate (LIBOR) as well as the Johannesburg Interbank Average Rate (JIBAR), consequently the Group continues to follow developments relating to the benchmark reform as and when communicated by financial and regulatory authorities.

In March 2021, the Intercontinental Exchange Benchmark Administration announced that it will cease the publication of certain US$ LIBOR settings immediately following the LIBOR publication on 30 June 2023.

Considering the US$ LIBOR cessation occurring only in June 2023 and the South African Reserve Bank reform projects being in an initial stage, as at 31 March 2022 none of the Group's LIBOR or JIBAR linked instruments have transitioned to an alternative rate.

The Group continues to assess the impact of interest rate benchmark reform but does not expect that it will have a material impact on the financial results.

Full details on changes in accounting policies will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2022, which will be available online.

Rm	2022 Reviewed	2021 Audited
3. Segment analysis		
External customer segment revenue	**102 736**	98 302
South Africa	**80 429**	76 303
International	**22 296**	21 999
Corporate and eliminations	**11**	–
Safaricom[1]	**39 985**	39 627
Inter-segment revenue	**–**	–
South Africa	**399**	434
International	**592**	747
Corporate and eliminations	**(991)**	(1 181)

Revenue is further disaggregated into product type below.

Rm	South Africa	International	Corporate and elimination	Total	Safaricom[1]
31 March 2022 – reviewed					
Mobile contract revenue	21 985	1 615	(8)	23 592	4 673
Mobile prepaid revenue	25 171	18 294	–	43 465	28 899
Customer service revenue	47 156	19 909	(8)	67 057	33 572
Mobile interconnect	1 703	1 175	(440)	2 438	1 321
Fixed service revenue	3 847	1 011	(325)	4 533	1 508
Other service revenue	5 820	118	(30)	5 908	1 314
Service revenue[2]	58 526	22 213	(803)	79 936	37 715
Equipment revenue	15 838	373	(7)	16 204	1 925
Non-service revenue	5 990	291	(170)	6 111	346
Revenue from contracts with customers	80 354	22 877	(980)	102 251	*
Interest income recognised as revenue	410	11	–	421	*
Other[3]	64	–	–	64	*
Revenue	80 828	22 888	(980)	102 736	39 985

1. The Group has a 34.94% effective interest in Safaricom Plc (Safaricom) through its subsidiary Vodafone Kenya Limited, which the Group equity accounts for as an investment in an associate at 39.93%. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom.
2. Includes financial services revenue of R2 665 million for South Africa; R4 961 million for International and R14 452 million for Safaricom.
3. Other revenue largely represents lease revenues recognised under IFRS 16 "Leases".
* Not reviewed by the chief operating decision maker.

3. **Segment analysis** continued

Rm	South Africa	International	Corporate and elimination	Total	Safaricom[1]
31 March 2021 – audited					
Mobile contract revenue	20 829	1 469	(6)	22 292	3 420
Mobile prepaid revenue	25 359	18 009	(2)	43 366	30 153
Customer service revenue	46 188	19 478	(8)	65 658	33 573
Mobile interconnect	1 742	1 330	(544)	2 528	1 426
Fixed service revenue	3 556	1 233	(390)	4 399	1 429
Other service revenue	4 919	105	(35)	4 989	1 172
Service revenue[2]	56 405	22 146	(977)	77 574	37 600
Equipment revenue	14 672	285	(21)	14 936	1 527
Non-service revenue	5 299	303	(183)	5 419	500
Revenue from contracts with customers	76 376	22 734	(1 181)	97 929	*
Interest income recognised as revenue	296	12	–	308	*
Other[3]	65	–	–	65	*
Revenue	76 737	22 746	(1 181)	98 302	39 627

1. The Group has a 34.94% effective interest in Safaricom Plc (Safaricom) through its subsidiary Vodafone Kenya Limited, which the Group equity accounts for as an investment in an associate at 39.93%. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom.
2. Includes financial services revenue of R2 372 million for South Africa; R4 513 million for International and R12 391 million for Safaricom.
3. Other revenue largely represents lease revenues recognised under IFRS 16 "Leases".
* Not reviewed by the chief operating decision maker.

Rm	2022 Reviewed	2021 Audited
EBITDA	**39 888**	39 299
South Africa	**31 747**	30 745
International	**8 504**	8 784
Corporate and eliminations	**(363)**	(230)
Safaricom[1]	**19 989**	20 125
Operating profit	**28 236**	27 652
South Africa	**21 133**	20 515
International	**4 352**	3 833
Corporate and eliminations[2]	**2 751**	3 304
Safaricom[1]	**12 408**	11 886

1. The Group has a 34.94% effective interest in Safaricom Plc (Safaricom) through its subsidiary Vodafone Kenya Limited, which the Group equity accounts for as an investment in an associate at 39.93%. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom, including the depreciation and amortisation impact of net fair value adjustments on tangible and intangible assets.
2. Includes Net profit from associates and joint ventures.

3. Segment analysis continued

Rm	2022 Reviewed	2021 Audited
Reconciliation of segment results		
EBITDA	**39 888**	39 299
Depreciation and amortisation	**(14 657)**	(15 117)
Net profit on disposal of property, plant and equipment and intangible assets	**1**	68
Impairment losses	**–**	(6)
Net profit from associates and joint ventures	**3 056**	3 501
Other	**(52)**	(93)
Operating profit[1]	**28 236**	27 652
Total assets	**177 967**	171 979
South Africa	**90 789**	83 212
International	**42 253**	38 415
Corporate and eliminations	**44 925**	50 352
Safaricom[2]	**69 651**	60 587
Total liabilities	**(92 501)**	(86 289)
South Africa	**(68 934)**	(62 644)
International	**(26 477)**	(24 612)
Corporate and eliminations	**2 910**	967
Safaricom[2]	**(29 237)**	(21 790)

1. For a reconciliation of operating profit to net profit for the year, refer to the condensed consolidated income statement on page 19.
2. The Group has a 34.94% effective interest in Safaricom Plc (Safaricom) through its subsidiary Vodafone Kenya Limited, which the Group equity accounts for as an investment in an associate at 39.93%. Due to the significance of this investment, and the information available for review by the chief operating decision maker, Safaricom is presented as a separate segment. The above results represent 100% of the results of Safaricom, including the net fair value adjustments on tangible and intangible assets, excluding goodwill, that arose on acquisition.

	Cents	2022 Reviewed	2021 Audited
4.	**Per share calculations**		
4.1	**Earnings and dividends per share**		
	Basic earnings per share	**1 013**	978
	Diluted earnings per share	**984**	956
	Headline earnings per share	**1 013**	980
	Diluted headline earnings per share	**984**	957
	Dividends per share	**830**	820

	Million	2022 Reviewed	2021 Audited
4.2	**Weighted average number of ordinary shares outstanding for the purpose of calculating**		
	Basic and headline earnings per share	**1 694**	1 695
	Diluted earnings and diluted headline earnings per share	**1 744**	1 735
4.3	**Ordinary shares for the purpose of calculating dividends per share:**		
	405 cents per share declared on 7 May 2020		1 836
	415 cents per share declared on 13 November 2020		1 836
	410 cents per share declared on 17 May 2021	**1 836**	
	420 cents per share declared on 12 November 2021	**1 836**	

Vodacom Group Limited acquired 3 277 032 (2021: 3 589 285) shares in the market during the year at an average price of R131.63 (2021: R129.24) per share for the Group's forfeitable share plan. The Innovator Trust, a structured entity consolidated by the Group in terms of IFRS 10: Consolidated Financial Statements, also purchased 738 455 (2021: 794 068) shares at an average price of R134.90 (2021: R124.37). Share repurchases did not exceed 1% of Vodacom Group Limited's issued share capital.

Dividend per share calculations are based on a dividend paid of R15 238 million (2021: R15 054 million) of which R74 million (2021: R74 million) was offset against the forfeitable share plan reserve, R11 million (2021: R11 million) expensed as staff expenses and R128 million (2021: R126 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group. An amount of R950 million (2021: R939 million) was paid to YeboYethu Investment Company (RF) (Pty) Limited, a special purpose vehicle holding shares in Vodacom Group Limited on behalf of broad-based black economic empowerment participants, of which R105 million (2021: R96 million) was paid out as a trickle dividend to participants. R20 million (2021: R11 million) was paid to The Innovator Trust. The Group declared a final dividend in respect of the year ended 31 March 2022 after the reporting period (refer to Note 14).

4. Per share calculations continued

Rm	2022 Reviewed	2021 Audited
4.4 Headline earnings reconciliation		
Earnings attributable to equity shareholders for basic and diluted earnings per share	**17 163**	16 581
Adjusted for:		
Net profit on disposal of property, plant and equipment and intangible assets[1]	**(4)**	(73)
Impairment losses	**–**	6
Loss on disposal of subsidiaries	**–**	70
Net loss on disposal, before foreign currency translation of the operations	**–**	55
Foreign currency translation differences recognised through profit or loss on disposal of foreign operations	**–**	15
	17 159	16 584
Tax impact of adjustments	**1**	22
Non-controlling interests' share in adjustments	**2**	3
Headline earnings for headline- and diluted headline earnings per share[2]	**17 162**	16 609

1. Includes attributable share of net profit on disposal of property, plant and equipment and intangible assets of associates and joint ventures of R3 million (2021: R 5 million).
2. This disclosure is a requirement of the JSE Limited. It has been calculated in accordance with Circular 1/2021 as issued by SAICA.

5. Related parties

The amounts disclosed in Notes 5.1 and 5.2 include significant balances and transactions with the Group's parent, entities in its group as well as with its associates and joint ventures.

	Rm	2022 Reviewed	2021 Audited
5.1	**Balances with related parties**		
	Borrowings (including accrued finance cost)	**25 928**	28 804
5.2	**Transactions with related parties**		
	Dividends declared	**(9 218)**	(9 107)
	Dividend receivable from associate included in trade and other receivables	**1 301**	972
	Finance costs	**(1 574)**	(1 953)

5.3 Directors and key management personnel

Compensation paid to the Group's Board and key management personnel will be disclosed in the Group's consolidated annual financial statements for the year ended 31 March 2022, which will be available online.

There have been no new appointments or resignations of directors during the year ended 31 March 2022.

	Rm	2022 Reviewed	2021 Audited
6.	**Capital commitments**		
	Capital expenditure contracted for but not yet incurred	**10 093**	4 045

Included in capital commitments above is an amount of R5 382 million relating to the spectrum acquisition commitment as at 31 March 2022. R3 196 million of this commitment was settled subsequent to year-end. Refer to Note 13.2.

	Rm	2022 Reviewed	2021 Audited
7.	**Capital expenditure incurred**		
	Capital expenditure additions including software	**14 642**	13 307

8. Borrowings

On 26 April 2021 the Group repaid a R2 000 million loan bearing interest at 3 months Jibar +1.35% to Vodafone Investments Luxembourg s.a.r.l.. On 29 July 2021, a further R4 000 million loan bearing interest at a fixed rate of 8.991% was repaid to Vodafone Investments Luxembourg s.a.r.l..

During the year, the Group obtained a R2 000 million loan from Nedbank Limited bearing interest at 3 months Jibar +1.4%, and a R1 500 million loan from Investec Bank Limited bearing interest at 3 months Jibar +1.25%. Both loans are repayable on 29 July 2024. The Group obtained a further R500 million loan from Nedbank Limited bearing interest at 3 months Jibar +1.325%, repayable on 10 December 2024.

A further loan of R723 million was obtained from Standard Bank of South Africa Ltd at a rate of 1 month Jibar +0.9%. This loan facility was subsequently increased to R1 233 million bearing interest at 3 months Jibar +1%, of which a total of R947 million has been drawn down as at 31 March 2022. This loan was for payment of the Group's proportionate share of the licence fee for a mobile telecommunications licence in the Federal Democratic Republic of Ethiopia (refer to Note 13.6) and is repayable on 31 May 2022.

The Group obtained a new loan facility of R9 000 million from Vodafone Luxembourg s.a.r.l. on 30 March 2022 at 3 months Jibar +1.34%, of which R3 200 million was drawn as at 31 March 2022.

The balance of borrowings repaid consists of repayments on lease liabilities which are classified as borrowings under IFRS 16.

Rm	2022 Reviewed	2021 Audited Restated[1]
9. Cash flows from operating activities		
Profit before tax	**24 563**	23 781
Adjusted for:		
Net loss on disposal of subsidiaries	**–**	70
Finance income	**(554)**	(767)
Finance costs	**4 229**	4 190
Net (gain)/loss on remeasurement and disposal of financial instruments	**(2)**	378
Operating profit	**28 236**	27 652
Adjusted for:		
Depreciation and amortisation	**14 657**	15 117
Net profit on disposal of property, plant and equipment and intangible assets	**(1)**	(68)
Impairment losses	**–**	6
Net credit losses on financial assets	**704**	1 078
Share-based payment	**575**	554
Net profit from associates and joint ventures	**(3 056)**	(3 501)
Cash flows from operations before working capital changes	**41 115**	40 838
(Increase)/decrease in inventory	**(594)**	167
Increase in trade and other receivables	**(1 486)**	(2 569)
Increase in mobile financial payables, trade and other payables and provisions[1]	**2 117**	2 661
Cash generated from operations[1]	**41 152**	41 097

1. The movement in mobile financial payables, trade and other payables and provisions and cash generated from operations line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax paid and no longer under cash generated from operations. Refer to Note 11.

10. Impact of global incidents

10.1 Covid-19

The Group continues to monitor the impact of the Covid-19 pandemic. To date, there was no significant impact on our operations and the countries we operate in, neither do we expect a significant impact over the short- to medium term.

10.2 War in Ukraine

Whilst the Group does not have operations in either Russia or the Ukraine, a review was undertaken by management to assess any consequences on the financial statements arising from the conflict or from the resulting sanctions imposed on Russia and Belarus. It was concluded that there are no material impacts on the consolidated financial statements for the year ended 31 March 2022.

11. Prior year restatement and reclassification

11.1 Restatement

Subsequent to the release of the 2021 annual results, the Group became aware of an incorrect classification relating to withholding taxes on intercompany loan interest. Tax on interest earned by a foreign lender relating to an intercompany loan to a foreign borrower was recognised as accounts payable instead of as tax payable, as this tax was withheld and paid over, from October 2020, by the borrower to the required tax authority.

The consolidated statement of financial position as at 31 March 2021 has been restated to reflect the income tax under tax payable and no longer under trade and other payables. The Group also restated the statement of cash flows for the year ended 31 March 2021 to reflect amounts paid to revenue authorities as tax paid. The restatement has no impact on earnings or earnings per share, nor on any subtotals or totals in the statement of financial position and statement of cash flows. The amount of the correction is reflected in the restatement column in the table below.

11.2 Reclassification

Restricted cash balances related to deposits received from M-Pesa customers that were previously reported in financial assets are now separately reported as mobile financial deposits. Amounts owing to M-Pesa customers that were previously reported in Trade and other payables, are now separately reported as mobile financial payables. The reclassification has no impact on earnings or earnings per share, nor on any subtotals or totals in the statement of financial position. The amounts of the reclassifications is reflected in the reclassification column in the table below.

11. **Prior year restatement and reclassification** continued

Rm	As previously reported	Restatement	Reclassification	Restated
Year ended 31 March 2021 – Audited				
Consolidated statement of financial position				
Current assets				
Financial assets	6 449		(5 891)	558
Mobile financial deposits	–		5 891	5 891
Current liabilities				
Trade and other payables	31 132	(926)	(5 891)	24 315
Mobile financial payables			5 891	5 891
Tax payable	355	926		1 281
Consolidated statement of cash flows				
Cash generated from operations	40 789	308		41 097
Tax paid	(7 428)	(308)		(7 736)
Notes to the consolidated financial statements				
Cash flows from operating activities				
Increase in mobile financial payables, trade and other payables and provisions	2 353	308		2 661
Cash generated from operations	40 789	308		41 097

12. Contingent liabilities

12.1 Guarantees

The Group has various guarantees in issue, relating to external financial obligations of its subsidiaries, which amounted to R93 million (2021: R97 million).

Foreign denominated guarantees amounting to R1 096 million (2021: R1 107 million) are in issue in support of the Group's subsidiary, Vodacom Congo, relating to liabilities included in the consolidated statement of financial position.

12.2 Tax matters

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings, the most significant of which are capital allowances, withholding taxes, customs duty and transfer pricing in certain jurisdictions. The consequence of such reviews is that disputes may arise with tax authorities over the interpretation or application of certain tax rules to the Group's business. The tax laws are in some instances ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability. All major tax positions taken are subject to review by executive management and are reported to the Board. The Group has support from external advisors with regards to the positions taken in respect of the significant tax matters which confirms the application and interpretation of the tax legislation. The Group has considered all matters in dispute with the relevant tax authorities and has accounted for any exposure identified, if required. The Group has not disclosed all the details in respect of the open tax disputes as these matters are still under the dispute resolution process. These disputes may not necessarily be resolved in a manner that is favourable to the Group.

12.3 Legal contingencies

The Group is currently involved in various legal disputes across its different jurisdictions and has, in consultation with its legal advisors, assessed the possible outcomes in these cases and has determined that adequate provision has been made in respect of all these cases as at 31 March 2022.

13. Other matters

13.1 Kenneth Makate (Mr Makate) vs Vodacom (Pty) Limited (Vodacom)

In accordance with a 2016 Constitutional Court order, the Group CEO (the CEO) as a court sanctioned deadlock breaking mechanism made a determination on the reasonable compensation payable to Mr Makate for his Please Call Me (PCM) idea. Mr Makate rejected this determination and brought an application to the Gauteng Division of the High Court of South Africa (the High Court) to have the CEO's determination judicially reviewed and set aside. The High Court, in a judgement delivered on 8 February 2022, set aside the CEO's determination and ordered him to reassess the compensation amount.

The Group applied for leave to appeal against the whole of the judgement and order of the High Court. On 11 April 2022, the Group was granted leave to appeal the judgement and order of the High Court to the Supreme Court of Appeal (the SCA).The effect of the appeal is that the amount of reasonable compensation as determined as payable and owing by Vodacom to Mr Makate will stand until the appeal is heard and a determination made by the SCA.

13.2 Independent Communications Authority of South Africa (ICASA) assignment of high demand spectrum (HDS)

Following the publication of an Invitation to Apply (ITA) for High Demand Spectrum (HDS) in South Africa, an auction process commenced on 8 March 2022. The auction concluded on 17 March 2022. Vodacom secured 110 MHz of spectrum including two blocks of 2x5 MHz in the 700 MHz spectrum band, 80 MHz in the 2600 MHz spectrum band, and 10 MHz in the 3500 MHz spectrum band, for an amount of R5 382 million (Refer to Note 6). ICASA conducted the Frequency Assignment Phase on 22 March 2022, which included priority ranking as well as permissible band plans for each band. Subsequent to financial year end, Vodacom paid R3 196 million for the available spectrum secured in the auction process, in accordance with ICASA guidelines. The balance of the spectrum payment will be settled when the 700Mhz block becomes available for use.

In a separate legal matter, eMedia Holdings (e.TV) challenged the timing of the digital migration in South Africa due to the negative impact on its estimated 8 million customers who access their services and receive information through free-to-air television. Vodacom supported the Minister of Communications and Digital Technologies and ICASA's case against e.TV. On 28 March 2022, e.TV's application was dismissed with costs, but the court took it upon itself to defer the analogue switch off date to 30 June 2022. e.TV has applied for leave to appeal the judgement and order of the High Court, directly to the Constitutional Court. The Constitutional Court has decided to hear the applications for leave to appeal. The matter has been set down for hearing on 20 May 2022.

13.3 ICASA inquiry into mobile broadband services

On 16 November 2018, ICASA gave notice of its intention to conduct an inquiry into mobile broadband services. The purpose of the inquiry was to assess the state of competition, and to determine whether there were markets or market segments within the mobile broadband services value chain that may require regulatory intervention in terms of Chapter 10 of the Electronic Communications Act, 2005.

Following a November 2019 discussion document and public hearings in October 2020, ICASA issued a findings document and Draft Mobile Broadband Services Regulations on 26 March 2021.

On 31 March 2022 ICASA published the Mobile Broadband Regulations and Reasons document. ICASA has concluded that Vodacom and MTN have significant market power in certain retail and wholesale mobile service markets and will monitor retail prices and wholesale prices, particularly in relation to margin squeeze.

13. Other matters continued

13.4 Application to the Competition Tribunal regarding agreements between Vodacom (Pty) Limited (the Company) and Rain Networks (Pty) Limited (Rain)

Telkom South Africa SOC Limited (Telkom) launched an application to the Competition Tribunal in October 2020 in respect of a transaction concluded by the Company and Rain. Telkom withdrew its application on 10 May 2022.

13.5 Vodacom Congo (RDC) SA (Vodacom Congo) Organisation for the Harmonisation of Business Law in Africa (OHADA)

Vodacom Congo is not in compliance with the minimum capital requirements as set out under the OHADA. Vodacom Congo has to increase its share capital to meet the minimum OHADA requirements. A non-compliance gap remains, and the matter is continuously being discussed by the Board and shareholders of Vodacom Congo.

13.6 Ethiopian telecommunications licence

On 26 April 2021, the Group participated as a minority investor in a consortium, controlled by Safaricom PLC, bidding for a unified telecommunications service licence (licence) in the Federal Democratic Republic of Ethiopia. In May 2021, the Ethiopian Communications Authority (the ECA) confirmed that the consortium's proposal was successful. The term of the licence, which was granted on 9 July 2021, will be for an initial term of 15 years and renewable for an additional period of 15 years. Subsequent to the award, the Group has paid its proportionate share of the licence fee (refer to Note 8). The Group, excluding its indirect interest via its shareholding in Safaricom PLC, has an effective interest of 6.19% in the consortium. The Group has representation on the board and participates in policy decision making and consequently has significant influence, and therefore accounts for the investment as an equity accounted associate. In addition, the Group has indirect exposure through Safaricom PLC's 55.7% effective interest in the consortium. The consortium is proceeding with its preparations for commercial launch during 2022.

As part of the collective acquisition, the Group has entered into an agreement with CDC Group PLC, a party to the consortium, granting it the right to require the Group to purchase all of its equity holdings in the consortium at fair value. The option is a derivative that does not have value because it must be exercised at fair value.

13.7 Vodafone Egypt Telecommunications SAE (Vodafone Egypt)

On 10 November 2021, the Group announced that it had entered into a binding agreement to acquire a 55% shareholding in Vodafone Egypt from Vodafone Group Plc (Vodafone), for an equity purchase consideration of US$2 738 million (circa R41 billion) (subject to adjustments at the closing of the deal, in accordance with the agreement). The transaction was approved by shareholders at a general meeting held on 19 January 2022. Eighty percent of this purchase consideration will be settled by the issue of 242.0 million new Vodacom Group Limited shares at an issue price of R135.75 per share, with the remainder to be settled in cash. This cash consideration is subject to change on closing per the principles set out in the agreements. The investment in Vodafone Egypt will be accounted for as a subsidiary of the Group, and the acquisition represents a business combination under common control that will be accounted for using the pooling of interest method in the consolidated financial statements of the Group. The closing of the transaction remains conditional upon certain regulatory approvals including from the National Telecom Regulatory Authority of Egypt (NTRA) and Egypt's Financial Regulatory Authority as set out in the shareholder circular available at www.vodacom.com.

13. Other matters continued

13.8 Community Investment Ventures Holdings (Pty) Limited (CIVH)

On 10 November 2021, the Group announced an investment into a joint venture that will house the material fibre network assets of both the Group and CIVH. The operating companies of CIVH managing its material fibre network are Dark Fibre Africa (Pty) Limited and Vumatel (Pty) Limited. The transaction is subject to the fulfilment of certain conditions precedent, including obtaining the necessary regulatory approvals from the South African competition authorities and ICASA. ICASA and Competition Commission filings were submitted in December 2021. The investment will be equity accounted as a joint venture. The purchase consideration will be made up of an initial cash consideration of R6 billion, as well as an asset for share swap where the Group will contribute its fibre-to-the-home, fibre-to-the-business and Business-to-Business transmission access fibre network infrastructure to the joint venture, at a valuation of R4.2 billion. The Group will acquire further (secondary) shares for cash from CIVH sufficient to increase its shareholding to at least 30% shareholding in the joint venture. The value of this cash consideration is a function of the valuation of the joint venture and cannot be precalculated with certainty. Based on the Group's current expectations, including the time of closing and the joint venture valuation, the secondary purchase consideration is estimated to be approximately R3 billion. The Group also has an option, which is exercisable for 180 days post transaction implementation, to acquire an additional 10% stake which will increase its shareholding in the joint venture to 40% at the same implied valuation. The option is a derivative that does not have a value because it must be exercised at fair value.

13.9 Vodacom Lesotho (Pty) Limited (Vodacom Lesotho) enforcement proceedings

In December 2019, the LCA issued a notice of enforcement against Vodacom Lesotho premised on its view that the company's statutory external auditors were not independent, as required by the Companies Act. The statutory external auditors of Vodacom Lesotho are not affiliated to the Group auditors, Ernst & Young Inc. The LCA subsequently issued a penalty of R134 million followed by a notice of revocation of the operating licence of Vodacom Lesotho for its refusal to pay the aforesaid penalty.

Vodacom Lesotho launched an application in the Lesotho High Court to have both determinations of the LCA reviewed and set aside. The Lesotho High Court issued an order interdicting the LCA from, inter alia, enforcing the payment of the said fine and revoking Vodacom Lesotho's operating licence. The Lesotho High Court heard the matter in December 2020. Vodacom Lesotho is awaiting judgement.

14. Events after the reporting period

The Board is not aware of any matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the year, other than the following:

14.1 Dividend declared after the reporting date and not recognised as a liability

A final dividend of R7 894 million (430 cents per ordinary share) for the year ended 31 March 2022, was declared on 13 May 2022, payable on 27 June 2022 to shareholders recorded in the register at the close of business on 24 June 2022. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 344.00000 cents per share. Since the financial year ended 31 March 2021, the Board has maintained its dividend policy of paying at least 90% of adjusted headline earnings, excluding the contribution of the attributable net profit from Safaricom. In addition, the Group distributed any dividend it received from Safaricom, up to a maximum amount of the dividend received, net of withholding tax. Following the announcement of the Vodafone Egypt acquisition (refer to Note 13.7), the Group intends to amend and simplify its dividend policy and institute a policy of paying dividends of at least 75% of Vodacom Group headline earnings with effect from the interim dividend relating to the 2023 financial year.

14.2 Acquisition of additional stake in 10T Holdings (Pty) Limited and IoT.nxt B.V.

The Group entered into an agreement to acquire an additional 14% equity interest in each of 10T Holdings (Pty) Ltd and IoT.nxt B.V. for a cash consideration of R258 million, increasing the total shareholding in each entity to 65%. The Group received South African Reserve Bank approval during April 2022, resulting in the transaction being effective at signature date of the annual financial statements. As part of the agreement, the IoT group will be restructured, resulting in IoT.nxt B.V. becoming a subsidiary of 10T Holdings (Pty) Ltd.

15. Fair value

The carrying amounts of financial assets at amortised cost, mobile financial deposits, trade receivables, bank and cash balances, bank overdraft, mobile financial payables and trade and other payables approximate their fair value due to short-term maturity.

The aggregate fair value, if determinable, of interest bearing borrowings (excluding leases) with a carrying amount of R38 752 million (2021: R36 934 million) amounts to R38 881 million (2021: R37 444 million). Fair value is based on level two of the fair value hierarchy[2]. Estimated interest rates for fixed interest rate financial liabilities are calculated with reference to the applicable zero coupon yield curves at the reporting date, as published by Bloomberg. Where the fair value could be determined by using the discounted cash flow method (with a discount rate based on market-related interest rates) the discount rate varied between 6.02% and 7.21% (2021: 5.25% and 6.33%) for rand-denominated borrowings.

15.1 Fair value hierarchy

The table below sets out the valuation basis of financial instruments measured at fair value:

Rm	2022 Reviewed	2021 Audited
Level one[1]		
Financial assets at fair value through profit or loss		
Unit trust investments	**378**	341
Level two[2]		
Financial assets at fair value through other comprehensive income		
Finance receivables[3]	**4 928**	4 706
Financial assets and liabilities at fair value through profit or loss		
Derivative financial assets[4]	**259**	122
Derivative financial liabilities[4]	**(689)**	(205)
	4 876	4 964

1. Level one classification is used when the valuation is determined using quoted prices in an active market for identical assets or liabilities that the entity can access at the valuation date.
2. Level two classification is used when valuation inputs used to determine fair value are observable for the asset/(liability), either directly as prices or indirectly when derived from prices.
3 The Group provides financing to customers to acquire devices at an additional contractual charge which is included in finance receivables. The business model under IFRS 9 for finance receivables has been determined to be "hold to collect and sell". Finance receivables are valued using a market approach, with cash flows discounted at the 24-month weighted average credit risk adjusted risk free rate at which finance receivables are sold across multiple financial institutions.
4. The fair value of foreign exchange forward contracts and firm commitment assets and liabilities are determined with reference to quoted market prices for similar instruments, being the mid forward rates and spot rates respectively, as at the reporting date.

Supplementary information

Operating results for the year ended 31 March 2022

Rm	South Africa	% 21/22	International	% 21/22	Corporate/ Eliminations	Group	% 21/22	Safaricom[1]	% 21/22
Mobile contract revenue	**21 985**	**5.5**	**1 615**	**9.9**	**(8)**	**23 592**	**5.8**	4 673	36.6
Mobile prepaid revenue	**25 171**	**(0.7)**	**18 294**	**1.6**	**–**	**43 465**	**0.2**	28 899	(4.2)
Customer service revenue	**47 156**	**2.1**	**19 909**	**2.2**	**(8)**	**67 057**	**2.1**	**33 572**	**–**
Mobile interconnect	**1 703**	**(2.2)**	**1 175**	**(11.7)**	**(440)**	**2 438**	**(3.6)**	1 321	(7.4)
Fixed service revenue	**3 847**	**8.2**	**1 011**	**(18.0)**	**(325)**	**4 533**	**3.0**	1 508	5.5
Other service revenue	**5 820**	**18.3**	**118**	**12.4**	**(30)**	**5 908**	**18.4**	1 314	12.1
Service revenue	**58 526**	**3.8**	**22 213**	**0.3**	**(803)**	**79 936**	**3.0**	**37 715**	**0.3**
Equipment revenue	**15 929**	**7.9**	**384**	**29.3**	**(7)**	**16 306**	**8.5**	1 925	26.1
Non-service revenue	**6 373**	**14.3**	**291**	**(4.0)**	**(170)**	**6 494**	**14.0**	345	(31.0)
Revenue	**80 828**	**5.3**	**22 888**	**0.6**	**(980)**	**102 736**	**4.5**	**39 985**	**0.9**
Direct expenses	**(33 283)**	**6.6**	**(6 159)**	**1.5**	**814**	**(38 624)**	**6.5**	(12 278)	1.4
Staff expenses	**(4 662)**	**0.5**	**(1 865)**	**4.9**	**(739)**	**(7 266)**	**4.0**	(2 617)	10.6
Publicity expenses	**(1 315)**	**17.4**	**(565)**	**(4.4)**	**(6)**	**(1 886)**	**9.8**	(572)	(3.7)
Net credit losses on financial instruments	**(686)**	**30.1**	**(18)**	**(81.3)**	**–**	**(704)**	**(34.7)**	(316)	(34.0)
Other operating expenses	**(9 141)**	**14.3**	**(5 820)**	**5.9**	**542**	**(14 419)**	**11.2**	(4 204)	6.8
Depreciation and amortisation	**(10 608)**	**3.3**	**(4 043)**	**(16.4)**	**(6)**	**(14 657)**	**(3.0)**	(5 359)	(6.2)
Net profit/(loss) from associates and joint ventures	**–**	**(100)**	**(66)**	**57.1**	**3 122**	**3 056**	**(12.7)**	(64)	(5.9)
Operating profit	**21 133**	**3.0**	**4 352**	**13.5**	**2 751**	**28 236**	**2.1**	**14 575**	**1.5**
EBITDA	**31 747**	**3.3**	**8 504**	**(3.2)**	**(363)**	**39 888**	**1.5**	19 989	(0.7)
EBITDA margin (%)	**39.3**	**(0.8)**	**37.2**	**(1.4)**	**37.0**	**38.8**	**(1.2)**	50.0	(0.8)
Included in service revenue:									
Financial services revenue	**2 665**	**12.4**	**4 961**	**9.9**	**–**	**7 626**	**10.8**	14 452	16.6

Note:
1. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only. The above results represent 100% of the results of Safaricom, excluding the depreciation and amortisation impact of net fair value adjustments on tangible and intangible assets.

Operating results for the year ended 31 March 2021

Rm	South Africa	International	Corporate/ Eliminations	Group	Safaricom[1]
Mobile contract revenue	20 829	1 469	(6)	22 292	3 420
Mobile prepaid revenue	25 359	18 009	(2)	43 366	30 153
Customer service revenue	**46 188**	**19 478**	**(8)**	**65 658**	**33 573**
Mobile interconnect	1 742	1 330	(544)	2 528	1 426
Fixed service revenue	3 556	1 233	(390)	4 399	1 429
Other service revenue	4 919	105	(35)	4 989	1 172
Service revenue	**56 405**	**22 146**	**(977)**	**77 574**	**37 600**
Equipment revenue	14 756	297	(21)	15 032	1 527
Non-service revenue	5 576	303	(183)	5 696	500
Revenue	**76 737**	**22 746**	**(1 181)**	**98 302**	**39 627**
Direct expenses	(31 209)	(6 070)	1 010	(36 269)	(12 114)
Staff expenses	(4 639)	(1 778)	(573)	(6 990)	(2 366)
Publicity expenses	(1 120)	(591)	(7)	(1 718)	(594)
Net credit losses on financial instruments	(982)	(96)	–	(1 078)	(479)
Other operating expenses	(7 999)	(5 495)	521	(12 973)	(3 938)
Depreciation and amortisation	(10 274)	(4 835)	(8)	(15 117)	(5 714)
Impairment charges	–	(6)		(6)	–
Net profit from associates and joint ventures	1	(42)	3 542	3 501	(68)
Operating profit	**20 515**	**3 833**	**3 304**	**27 652**	**14 354**
EBITDA	30 745	8 784	(230)	39 299	20 125
EBITDA margin (%)	40.1	38.6		40.0	50.8
Included in service revenue:					
Financial services revenue	2 372	4 513	–	6 885	12 391

Note:

1. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only.

South Africa key telecom indicators for the quarter ended

	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021	% change 21/22
Customers[1] (thousand)	**45 459**	**45 772**	**45 428**	**44 601**	**44 061**	**3.2**
Prepaid	**38 974**	39 337	39 074	38 379	**37 847**	**3.0**
Contract	**6 485**	6 435	6 354	6 222	**6 214**	**4.4**
Data customers[2] (thousand)	**23 475**	**23 383**	**22 840**	**21 145**	**21 703**	**8.2**
Internet of Things connections[3] (thousand)	**6 596**	**6 183**	**5 751**	**5 658**	**5 625**	**17.3**
Traffic[4] (millions of minutes)	**16 609**	**16 724**	**17 675**	**16 885**	**16 868**	**(1.5)**
Outgoing	**13 760**	14 288	14 849	14 160	**14 159**	**(2.8)**
Incoming	**2 849**	2 436	2 826	2 725	**2 709**	**5.2**
MOU per month[5]	**121**	**121**	**131**	**127**	**128**	**(5.5)**
Prepaid	**111**	111	119	115	**116**	**(4.3)**
Contract	**183**	183	207	201	**197**	**(7.1)**
Total ARPU[6] (rand per month)	**91**	**91**	**90**	**88**	**92**	**(1.1)**
Prepaid	**54**	57	56	55	**57**	**(5.3)**
Contract	**312**	302	299	292	**306**	**2.0**

South Africa key telecom indicators

	Year ended 31 March		% change
	2022	2021	21/22
Traffic[4] (millions of minutes)	**67 894**	**68 455**	**(0.8)**
Outgoing	**57 057**	57 586	**(0.9)**
Incoming	**10 837**	10 869	**(0.3)**
MOU per month[5]	**125**	**136**	**(8.0)**
Prepaid	**114**	126	**(9.5)**
Contract	**193**	195	**(1.0)**
Total ARPU[6] (rand per month)	**90**	**95**	**(5.3)**
Prepaid	**56**	61	**(8.2)**
Contract	**301**	296	**1.7**

Notes:
1. Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
2. Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
3. Internet of Things (IoT) connections is the remote wireless interchange between two or more predefined devices or a central station without direct relationship with an end customer, in order to support a specific business process or product.
4. Traffic comprises total traffic registered on Vodacom's mobile network including bundled minutes; promotional minutes and outgoing international roaming calls but excluding national roaming calls, incoming international roaming calls and calls to free services.
5. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
6. Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period. Prepaid and contract ARPU only include the revenue generated from Vodacom mobile customers.

International key telecom indicators for the quarter ended

	30 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021	% change 21/22
Customers[1] (thousand)	**41 716**	**42 122**	**42 493**	**40 324**	**39 751**	**4.9**
Tanzania	**15 368**	15 365	15 237	14 771	**14 861**	3.4
DRC	**15 512**	15 873	16 780	15 536	**15 180**	2.2
Mozambique	**8 954**	8 973	8 675	8 260	**7 979**	12.2
Lesotho	**1 882**	1 911	1 801	1 757	**1 731**	8.7
Data customers[2] (thousand)	**21 175**	**21 493**	**21 367**	**20 851**	**20 644**	**2.6**
Tanzania	**7 603**	7 641	7 875	7 710	**7 695**	(1.2)
DRC	**7 326**	7 310	7 350	7 208	**7 056**	3.8
Mozambique	**5 372**	5 549	5 279	5 079	**5 045**	6.5
Lesotho	**874**	993	863	854	**848**	3.1
MOU per month[3]						
Tanzania	**237**	246	236	207	**201**	17.9
DRC	**31**	31	32	32	**32**	(3.1)
Mozambique	**109**	121	124	129	**135**	(19.3)
Lesotho	**60**	63	60	65	**64**	(6.3)
Total ARPU[4] (rand per month)						
Tanzania	**32**	35	32	34	**33**	(3.0)
DRC	**44**	43	40	39	**42**	4.8
Mozambique	**55**	61	59	60	**52**	5.8
Lesotho	**51**	54	52	51	**53**	(3.8)
Total ARPU[4] (local currency per month)						
Tanzania (TZS)	**4 797**	5 154	5 037	5 555	**5 152**	(6.9)
DRC (US$)	**2.9**	2.8	2.7	2.8	**2.8**	3.6
Mozambique (MZN)	**230**	254	259	254	**257**	(10.5)

Notes:
1. Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
2. Data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
3. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
4. Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

International key telecom indicators

	Year ended 31 March		% change
	2022	2021	21/22
MOU per month[1]			
Tanzania	**232**	194	**19.6**
DRC	**32**	33	**(3.0)**
Mozambique	**120**	135	**(11.1)**
Lesotho	**62**	70	**(11.4)**
Total ARPU[2] **(rand per month)**			
Tanzania	**33**	37	**(10.8)**
DRC	**42**	45	**(6.7)**
Mozambique	**59**	57	**3.5**
Lesotho	**52**	59	**(11.9)**
Total ARPU[2] **(local currency per month)**			
Tanzania (TZS)	**5 132**	5 259	**(2.4)**
DRC (US$)	**2.8**	2.8	**–**
Mozambique (MZN)	**249**	250	**(0.4)**

Notes:
1. Minutes of use (MOU) per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly customers during the period.
2. Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period.

Safaricom key telecom indicators

	Year ended 31 March		% change
	2022	2021	21/22
Customers[1] (thousand)	**42 440**	39 902	**6.4**
Data customers[2] (thousand)	**25 220**	23 770	**6.1**
ARPU[3] (local currency per month)	**562**	551	**2.0**

Notes:
1. A customer is defined as a Subscriber Identity Module (SIM), or in territories where SIMs do not exist, a unique mobile telephone number which has access to the network for any purpose (including data only usage) except telemetric applications.
2. Data customers are based on the number of unique active users who have generated data traffic.
3. ARPU is calculated by dividing the average total service revenue by the average monthly customers during the period.

Financial services key indicators

Active customers[1] for the quarter ended

Thousand	31 March 2022	30 September 2021	31 March 2021	% change 21/22
South Africa	**13 541**	**12 841**	**13 276**	**2.0**
International M-Pesa	**16 523**	**15 731**	**16 149**	**2.3**
Tanzania	**6 833**	6 463	7 395	**(7.6)**
DRC	**3 452**	3 220	3 029	**14.0**
Mozambique	**5 246**	5 112	4 874	**7.6**
Lesotho	**992**	936	851	**16.6**
Consolidated Group	**30 064**	**28 572**	**29 425**	**2.2**
Safaricom M-Pesa	**30 527**	28 689	28 307	**7.8**
Total (100% basis)	**60 591**	**57 261**	**57 732**	**5.0**

Monthly average M-Pesa value of transactions for the quarter ended

US$m	31 March 2022	30 September 2021	31 March 2021	% change 21/22
International	**4 745**	4 639	4 515	**5.1**
Safaricom	**23 417**	22 206	19 992	**17.1**
Total (100% basis)	**28 162**	26 845	24 507	**14.9**

Merchants & agents

	Year ended March		
Thousand	2022	2021	% change
Merchants			
International	**57**	27	**111.1**
Safaricom	**493**	302	**63.2**
Agents			
International	**248**	239	**3.8**
Safaricom	**262**	247	**6.1**

Note:

1. Financial services customers are based on the number of unique customers who have generated revenue to Financial Services during the last month.

International financial review per country

	Year ended March		% change
	2022	**2021**	**21/22**
Revenue (local currency)			
Tanzania (TZSm)	**971 025**	974 391	**(0.3)**
DRC (US$000)	**561 268**	509 156	**10.2**
Mozambique (MZNm)	**27 992**	25 462	**9.9**
Lesotho (LSLm)	**1 244**	1 209	**2.9**
EBITDA (local currency)			
Tanzania (TZSm)	**300 135**	316 341	**(5.1)**
DRC (US$000)	**189 420**	197 926	**(4.3)**
Mozambique (MZNm)	**13 587**	12 410	**9.5**
Lesotho (LSLm)	**454**	517	**(12.2)**

Historical financial review

Revenue for the quarter ended

Rm	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020
South Africa	**20 680**	20 875	19 737	19 535	**20 294**	19 729	19 459
International	**5 720**	6 110	5 563	5 495	**5 315**	5 685	5 952
Corporate and eliminations	**(265)**	(240)	(223)	(251)	**(285)**	(280)	(297)
Group revenue	**26 135**	**26 745**	**25 077**	**24 779**	**25 324**	**25 134**	**25 114**

Revenue YoY % change for the quarter ended

	Reported				Normalised*
%	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2022
South Africa	**1.9**	5.8	1.4	13.2	**1.9**
International	**7.6**	7.5	(6.5)	(5.2)	**1.7**
Group revenue	**3.2**	**6.4**	**(0.1)**	**9.0**	**2.0**

Service revenue for the quarter ended

Rm	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020
South Africa	**14 961**	14 950	14 545	14 070	**14 481**	14 306	14 240
International	**5 586**	5 913	5 412	5 301	**5 194**	5 543	5 751
Corporate and eliminations	**(189)**	(199)	(207)	(206)	**(243)**	(222)	(237)
Group service revenue	**20 358**	**20 664**	**19 750**	**19 165**	**19 432**	**19 627**	**19 754**

Service revenue YoY % change for the quarter ended

	Reported				Normalised*
%	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2022
South Africa	**3.3**	4.5	2.1	5.2	**3.3**
International	**7.5**	6.7	(5.9)	(6.3)	**1.7**
Group service revenue	**4.8**	**5.3**	**0.0**	**2.2**	**3.2**

Financial services revenue

	Year ended 31 March		% change	
Rm	2022	2021	Reported	Normalised*
South Africa	**2 665**	**2 372**	**12.4**	**12.4**
International	**4 961**	**4 513**	**9.9**	**15.5**
Tanzania	**2 109**	2 508	(15.9)	**(7.6)**
DRC	**1 188**	845	40.6	**52.7**
Mozambique	**1 519**	1 042	45.8	**37.9**
Lesotho	**145**	118	22.9	**22.9**
Consolidated Group	**7 626**	**6 885**	**10.8**	**14.4**
Safaricom[1]	**14 452**	12 391	16.6	**30.3**

Note:

1. The Group's effective interest of 34.94% in Safaricom Group PLC (Safaricom) is accounted for as an investment in associate. Results represent 100% of Safaricom and is for information purposes only.

Exchange rates

	Average YTD			Closing YTD		
	31 March		% change	31 March		% change
	2022	2021	21/22	2022	2021	21/22
US$/ZAR	**14.85**	16.36	**9.2**	**14.61**	14.77	**(1.1)**
ZAR/MZN	**4.24**	4.43	**(4.3)**	**4.37**	4.58	**(4.6)**
ZAR/TZS	**156.04**	142.57	**9.4**	**158.77**	157.05	**1.1**
EUR/ZAR	**17.25**	19.04	**(9.4)**	**16.26**	17.35	**(6.3)**
ZAR/KES	**7.46**	6.67	**11.8**	**7.87**	7.41	**6.2**

	Average QTD				Closing QTD			
	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2022	31 December 2021	30 September 2021	30 June 2021
US$/ZAR	**15.22**	15.42	14.63	14.12	**14.61**	15.96	15.04	14.28
ZAR/MZN	**4.20**	4.14	4.35	4.26	**4.37**	4.00	4.24	4.45
ZAR/TZS	**151.98**	149.49	158.50	164.20	**158.77**	144.36	153.27	162.41
EUR/ZAR	**17.09**	17.64	17.24	17.02	**16.26**	18.15	17.44	16.93
ZAR/KES	**7.48**	7.26	7.47	7.63	**7.87**	7.09	7.34	7.56

Pro-forma financial information

The presentation of the *pro-forma* financial information and related reconciliations as detailed below on pages 49 – 53, is the responsibility of the directors of Vodacom Group Limited.

- 'Normalised' results have been presented to assist the user in understanding the underlying growth trends and adjusts for:
  - the impact of trading foreign exchanges;
  - the impact of foreign currency translation on a constant currency basis; and
  - the merger, acquisition and disposal activities during the current year and on a constant currency basis in the prior year, where applicable.
- 'Operating free cash flow' and 'free cash flow' has been presented to provide users with relevant information and measures used by the Group to assess performance.

Collectively, the '*pro-forma* financial information'.

The *pro-forma* financial information has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, and results of operations or cash flows of Vodacom Group Limited. The *pro-forma* financial information is presented in accordance with the JSE Listings Requirements and the SAICA Guide on *Pro-Forma* Financial Information. This *pro-forma* financial information for the year ended 31 March 2022 as presented in Table A as well as the constant currency information, along with the respective notes, has been reported on by the Group's auditors, being Ernst & Young Inc., and these independent reporting accountant's reports are available for inspection at the Group's registered offices.

TABLE A: Reconciliation of normalised values for the year ended 31 March 2022

Rm	Reported results[1]	Foreign exchange: Trading FX[2]	Foreign exchange: Translation FX[3]	Mergers, Acquisitions & Disposals[4]	Normalised*
Revenue					
Group	**102 736**	–	–	–	**102 736**
International	**22 888**	–	–	–	**22 888**
South Africa	**80 828**	–	–	–	**80 828**
Service revenue					
Group	**79 936**	–	–	–	**79 936**
International	**22 213**	–	–	–	**22 213**
South Africa	**58 526**	–	–	–	**58 526**
Financial services revenue					
Group	**7 626**	–	–	–	**7 626**
International (M-Pesa)	**4 961**	–	–	–	**4 961**
Total expenses					
Group	**62 899**	9	–	–	**62 908**
International	**14 427**	(18)	–	–	**14 409**
South Africa	**49 087**	25	–	–	**49 112**
EBITDA					
Group	**39 888**	(9)	–	–	**39 879**
International	**8 504**	18	–	–	**8 522**
South Africa	**31 747**	(25)	–	–	**31 722**
Net profit from associates and joint ventures					
Group	**3 056**	27	–	429	**3 512**
Safaricom	**3 122**	24	–	389	**3 535**
Operating profit					
Group	**28 236**	16	–	429	**28 681**
International	**4 352**	21	–	40	**4 413**
South Africa	**21 133**	(25)	–	–	**21 108**

TABLE B: Reconciliation of normalised values for the year ended 31 March 2021

Rm	Reported[1]	Foreign exchange: Trading FX[2]	Foreign exchange: Translation FX[3]	Mergers, Acquisitions & Disposals[4]	Normalised*
Revenue					
Group	**98 302**	–	(1 164)	–	**97 138**
International	**22 746**	–	(1 151)	–	**21 595**
South Africa	**76 737**	–	(14)	–	**76 723**
Service revenue					
Group	**77 574**	–	(1 122)	–	**76 452**
International	**22 145**	–	(1 110)	–	**21 035**
South Africa	**56 405**	–	(12)	–	**56 393**
Financial services revenue					
Group	**6 885**	–	(218)	–	**6 667**
International (M-Pesa)	**4 513**	–	(218)	–	**4 295**
Total expenses					
Group	**59 028**	(54)	(871)	–	**58 103**
International	**14 030**	(73)	(864)	–	**13 093**
South Africa	**45 949**	4	(7)	–	**45 946**
EBITDA					
Group	**39 299**	54	(293)	–	**39 060**
International	**8 784**	73	(285)	–	**8 572**
South Africa	**30 745**	(4)	(9)	–	**30 732**
Net profit from associates and joint ventures					
Group	**3 501**	58	(570)	–	**2 989**
Safaricom	**3 541**	33	(571)	–	**3 003**
Operating profit					
Group	**27 652**	112	(565)	–	**27 199**
International	**3 833**	99	14	–	**3 946**
South Africa	**20 515**	(4)	(8)	–	**20 503**

TABLE C: Reconciliation of normalised growth for the year ended 31 March 2022

The reconciliation below presents the normalised growth which has been adjusted for trading foreign exchange gains/losses as well as foreign exchange translations, mergers, acquisitions and disposals where applicable, tax related adjustments where applicable, all at a constant currency rate to show a like-for-like comparison of results.

		Foreign exchange			
%	% change[5]	Trading FX[2] ppts	Translation FX[3] ppts	Mergers, Acquisitions & Disposals[4]	Normalised* % change
Revenue					
Group	**4.5**	–	1.3	–	**5.8**
International	**0.6**	–	5.4	–	**6.0**
South Africa	**5.3**	–	0.1	–	**5.4**
Service revenue					
Group	**3.0**	–	1.6	–	**4.6**
International	**0.3**	–	5.3	–	**5.6**
South Africa	**3.8**	–	–	–	**3.8**
Financial services revenue					
Group	**10.8**	–	3.6	–	**14.4**
International (M-Pesa)	**9.9**	–	5.6	–	**15.5**
Total expenses					
Group	**6.6**	0.1	1.5	–	**8.2**
International	**2.8**	0.4	6.8	–	**10.0**
South Africa	**6.8**	0.1	–	–	**6.9**
EBITDA					
Group	**1.5**	(0.2)	0.8	–	**2.1**
International	**(3.2)**	(0.6)	3.2	–	**(0.6)**
South Africa	**3.3**	(0.2)	0.1	–	**3.2**
Net profit from associates and joint ventures					
Group	**(12.7)**	(1.0)	17.8	13.4	**17.5**
Safaricom	**(11.9)**	(0.1)	17.7	12.0	**17.7**
Operating profit				–	
Group	**2.1**	(0.4)	2.1	1.6	**5.4**
International	**13.5**	(2.6)	(0.5)	1.4	**11.8**
South Africa	**3.0**	(0.1)	0.1	–	**3.0**

TABLE D: Reconciliation of normalised growth for the quarter ended

31 March 2022 Rm	Reported[1]	Translation FX[3]	Normalised*
Revenue			
Group	26 135	–	26 135
International	5 720	–	5 720
Service revenue			
Group	20 358	–	20 358
International	5 587	–	5 587

31 March 2021 Rm	Reported[1]	Translation FX[3]	Normalised*
Revenue			
Group	25 324	307	25 631
International	5 315	309	5 624
Service revenue			
Group	19 432	299	19 731
International	5 194	301	5 495

31 March 2022 %	% change[6]	Translation FX[3] ppts	Normalised* % change
Revenue			
Group	3.2	(1.2)	2.0
International	7.6	(5.9)	1.7
Service revenue			
Group	4.8	(1.6)	3.2
International	7.6	(5.9)	1.7

Notes:

1. The financial information relating to revenue, service revenue, financial services revenue, total expenses, EBITDA, operating profit and net profit from associates and joint ventures are extracted without adjustment from the preliminary condensed consolidated financial statements for the year ended 31 March 2022.
2. Trading foreign exchange adjustments (FX) are foreign exchange gains/losses on foreign denominated monetary assets and liabilities resulting from trading activities of entities within the Group, which is included with other operating expenses as per the preliminary condensed consolidated income statement.
3. The Group's presentation currency is the South African rand. Our International operations utilise a number of functional currencies, for example the United States dollar, Tanzanian shilling, and Mozambican metical. Translation foreign exchange (FX) arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. For year-end purposes, IFRS monthly results are translated at the prevailing average monthly exchange rate and the translated value is accumulated for the twelve-month period. For the *pro-forma* financial information for the year ended 31 March 2021, these exchange variances are eliminated by applying the average rate for the year ended 31 March 2022 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period as applicable to each specified line item) to the 31 March 2021 numbers, thereby giving a user a view of the performance, which excludes exchange variances. The effective translation rates for *pro-forma* financial information is similar to those used for IFRS purposes. The prevailing exchange rates for the current and comparative periods are disclosed on page 49.
4. On 26 April 2021, the Group participated as a minority investor in a consortium, controlled by Safaricom PLC, bidding for a mobile telecommunication licence in the Federal Democratic Republic of Ethiopia. In May 2021, the Ethiopian Communications Authority (the ECA) confirmed that our consortium's proposal was successful with an effective licence date of 9 July 2021. The Group, excluding its indirect interest via its shareholding in Safaricom PLC, has an effective interest of 6.2% in the consortium. In addition, the Group has indirect exposure through Safaricom PLC's 55.7% effective interest in the consortium. The start-up operating and finance costs associated with the Group's direct and indirect exposure are included in mergers and acquisitions.
5. The percentage change relates to the year-on-year percentage growth calculated as the percentage change between the year-to-date ended 31 March 2022 and year-to-date 31 March 2021 value.
6. The percentage change relates to the quarter to date year-on-year percentage growth calculated as the percentage change between the quarter-to-date 31 March 2022 and the quarter-to-date 31 March 2021 values.

* Normalised growth presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as base) and excludes the impact of merger, acquisition and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.

TABLE E: Reconciliation of operating free cash flow and free cash flow

Rm	2022	2021 Restated
	Year ended 31 March	
Cash generated from operations[1]	**41 152**	41 097
Cash capital expenditure[2]	**(13 782)**	(13 325)
Lease liability payments[3]	**4 172**	(4 266)
Movement in amounts due to M-Pesa account holders[4]	**(505)**	(1 168)
Operating free cash flow	**22 693**	**22 338**
Tax paid[1]	**(7 124)**	(7 736)
Finance income received[5]	**545**	723
Finance costs paid[5]	**(2 863)**	(2 609)
Net dividends received from associates and paid non-controlling shareholders	**2 409**	2 258
Free cash flow	**15 660**	**14 974**

The reconciliation presents the reconciliation of cash generated from operators to free cash flow. Free cash flow excludes the movement in amounts due to M-Pesa account holders and held on their behalf. Management excludes these balances to present a view of the true commercial cash conversion in the operation.

Notes:

1. Extracted without adjustment from the preliminary condensed consolidated statement of cash flows for the year ended 31 March 2022. The prior year cash generated from operations and tax paid line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax paid and no longer under cash generated from operations. Refer to Note 9 of the preliminary condensed consolidated financial statements.
2. Extracted without adjustment from the preliminary condensed consolidated statement of cash flows for the year ended 31 March 2022.
3. Lease liability payments includes interest on lease liabilities of R1 449 million (FY21: R1 336 million).
4. Movements included in cash generated from operations relate to money held on behalf of M-Pesa customers, which is not available for use by the Group.
5. This represents the finance costs paid of R4 312 million (FY21: R3 945 million), as extracted from the preliminary condensed consolidated statement of cash flows for the year ended 31 March 2022, net of interest on lease liabilities of R1 449 million (FY21: R1 336 million).

Additional financial and operational measures

This announcement contains certain financial (i.e. Vodacom Business service revenue and EBITDA) and operational (i.e. customers, ARPUs and number of employees) measures which are presented in addition to the financial information disclosed in the preliminary condensed consolidated financial statements for the year ended 31 March 2022 which have been prepared in terms of IFRS. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the preliminary condensed consolidated financial statements for the year ended 31 March 2022. The financial measures have been extracted from the management accounts upon which the preliminary condensed consolidated financial statements for the year months ended 31 March 2022 are based. Refer to page 15 for details relating to capital expenditure and the supplementary information on pages 49 to 53 for a reconciliation thereof to the reported results included in this announcement.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, Connected Farmer, Vodafone Supernet, Vodafone Mobile Broadband, Vodafone WebBox, Vodafone Passport, Vodafone live!, Power to You, Vodacom, Vodacom 4 Less and Vodacom Change the World are trademarks of Vodafone Group Plc (or have applications pending). Other products and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This announcement which sets out the preliminary results for Vodacom Group Limited for the year ended 31 March 2022 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations including the confirmation of the Group's targets; expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding adjusted EBITDA, capital additions, free cash flow, and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets' (including in their negative form). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are several factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Vodacom Business and broadband; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax or non-tax legal issues.

All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Vodacom does not intend to update these forward-looking statements and does not undertake any obligation to do so.

Corporate information

Vodacom Group Limited

(Incorporated in the Republic of South Africa)
Registration number: 1993/005461/06
(ISIN: ZAE000132577 Share Code: VOD)
(ISIN: US92858D2009 ADR code: VDMCY)
(Vodacom)

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