Vodacom Group Limited trading update for the quarter ended 30 June 2022 (the quarter)

21 July 2022

Highlights

- Group revenue increased 5.2% (3.3%*) to R26.1 billion underpinned by a resilient performance in South Africa.
- Group service revenue was up 5.2% (2.9%*), supported by growth in data revenue and new services such as IoT.
- South Africa service revenue grew 3.0% with an improved performance in consumer contract.
- International service revenue increased by 10.4% (2.4%*), supported by data revenue growth and a weaker rand.
- Financial services revenue increased 9.3% to R2.1 billion, with further reductions of mobile money levies announced in Tanzania.

	Quarter ended 30 June		YoY % change	
Rm	**2022**	**2021**	**Reported**	**Normalised***
Group service revenue	**20 154**	**19 165**	**5.2**	**2.9**
South Africa	14 496	14 070	3.0	3.0
International	5 854	5 301	10.4	2.4
Group revenue	**26 056**	**24 779**	**5.2**	**3.3**
South Africa	20 268	19 535	3.8	3.8
International	6 038	5 495	9.9	1.9

Shameel Joosub, Vodacom Group CEO commented:

Vodacom Group produced a resilient first quarter performance despite the turmoil in financial markets and uncertainty about the recovery of the global economy, as a result of COVID-19 and the Russia-Ukraine conflict. Inflation continues to accelerate in most of the markets where we operate, which means that the cost of living has climbed. As a purpose-led organisation, Vodacom is accelerating the delivery of innovative products to provide even greater value to customers under increasing financial strain. We are also ramping up efforts to lower the cost to communicate for poorer communities through initiatives such as personalised nano pricing on our 'Just4You' platform and the deployment of high-demand spectrum purchased through ICASA's auction process earlier this year.

During the past quarter we made good progress on the optimisation of our assets, which in the medium term will also positively contribute to bridging the digital divide. For instance, we are in the process of establishing a separate legal entity for our South African 'TowerCo' that will be 100% owned by Vodacom Group and intend to announce the Managing Director of the business in due course.

I am also particularly proud of the fact that in June, Vodacom Group was recognised as a level one Broad-Based Black Economic Empowerment (B-BBEE) contributor for a third consecutive year and remains one of South Africa's most transformed companies. In the past financial year, we spent R41 billion on procurement from suppliers with B-BBEE credentials on level 4 or better, including R18 billion in procuring services from greater than 30% black woman-owned suppliers, demonstrating our strong commitment to gender equality and the transformation agenda.

In addition to fully embracing transformation, we have also stepped up our commitment to addressing climate change and unemployment. For instance, to deliver on a pledge of halving the Group's environmental impact by 2025, Vodacom South Africa will increasingly diversify its energy mix and purchase the electricity it needs to operate from renewable energy sources wherever possible. Given South Africa has one of the highest unemployment rates in the world, Vodacom South Africa recently launched the

Notes:

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 13 to 14.

The *pro-forma* financial information has not been audited or reviewed or otherwise reported on by external auditors.

The quarterly information has not been audited or reviewed by Vodacom's external auditors.

All growth rates quoted are year-on-year and refer to the quarter ended 30 June 2022 compared to the quarter ended 30 June 2021.

* 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.

'Get-a-Gig' zero-rated jobs portal initiative through our NXT LVL platform with the objective of connecting one million of the country's youth to a job or a 'gig' by 2024.

Group revenue in the first quarter was up 5.2% to R26.1 billion underpinned by a resilient financial performance in most of our markets and South Africa in particular. Our service revenue growth was supported by a 10.4% increase from our International portfolio and 9.3% growth from our financial services business. The growth rate in financial services was dampened by mobile money levies in Tanzania, and if adjusted for this impact would have been an estimated 19.7%.

Service revenue in South Africa grew 3.0% on the back of sustained investment into technology and our network, which continues to enhance the customer experience. This experience was evidenced through the 5.1% growth in our customer contract base to 6.5 million and recognition by Tutela, an independent data research company, as the country's leader in network quality.

Financial services remains a clear strategic priority for the Group and this business continues to gain momentum, contributing R2.1 billion to service revenue. The segment is driven in the main by our pioneering mobile money platform M-Pesa, which is Africa's largest by transaction value. Combined with Safaricom, our M-Pesa platform processed US$340 billion over the last twelve months, up 20.2%. Looking ahead, a further meaningful 43% reduction to mobile money levies in Tanzania from July 2022 bodes well for M-Pesa's contribution to financial inclusion in the country.

The rapid adoption rate of our VodaPay super-app in South Africa remains encouraging with 2.8 million downloads and 1.9 million registered users by quarter end. Given VodaPay is a precursor to M-Pesa's evolution and further strengthens our fintech position across our footprint, we remain confident about the growth outlook of financial services.

Supported by our continued focus on financial inclusion and accelerated capital expenditure, service revenue for our International operations grew 10.4% to R5.9 billion, underpinned by the 11.8% increase in M-Pesa revenue and a 23.4% rise in data revenue. A key focus for our International portfolio is digital inclusion through smartphone adoption and data usage, supported by our 20 million strong data customer-base. Smartphone penetration across International improved to 33.5% from 31.8% a year ago as we continue to leverage partnerships with global tech firms and innovative financing options to support our pledge to enable a digital society.

From a Mergers & Acquisitions perspective, our purchase of a 55% stake in Vodafone Egypt of around R41 billion is expected to receive Egyptian regulatory approval in the near term. The regulatory approval process for our proposed acquisition of a 30% stake in CIVH's fibre assets, which will accelerate fibre reach in South Africa, fostering economic development and helping bridge South Africa's digital divide, continues to make progress. We expect this transaction will conclude in the current financial year. Our Ethiopian business, Safaricom Ethiopia, is making excellent progress on its commercial launch plans in Africa's second largest country by population. Safaricom Ethiopia's phased launch will commence from August 2022 in the city of Dire Dawa and then accelerate to 24 other cities, including Addis Ababa in the months that follow.

Looking ahead, we are fully cognisant of the financial constraints on customers caused by global economic uncertainty and increased inflation and remain committed to delivering innovations that enhance the value we deliver to customers and helping to alleviate cost of living pressures.

Group review

New services support service revenue growth

Group service revenue grew 2.9%*, supported by a resilient performance in South Africa and growth in new services. Group growth was constrained by levies on mobile money in Tanzania introduced in July 2021 and pressure on consumer spend owing to accelerating inflation on fuel and food. The levies implemented in Tanzania impacted Group service revenue growth by an estimated 1.1ppts. Positively, subsequent to the quarter-end, the levies were reduced further. This marks a cumulative 60% reduction of the levies since implementation July 2021. The reduced levies should support accelerated financial inclusion in Tanzania and an improved M-Pesa revenue outlook for the remainder of the financial year.

Revenue from new services, which include digital and financial, fixed and IoT, remains a key growth engine for the Group. In aggregate, these new services amounted to R3.8 billion in the quarter, up 10.7%. Financial services delivered 9.3% growth, as we continue to scale user adoption, new products, and services. IoT was up 16.0%, supported by our class-leading products in agriculture and smart infrastructure. Overall, new services contributed 18.8% of Group service revenue and we target a new service contribution to Group service revenue of 25% – 30% over the medium term.

Capital intensity was 10.6% and was impacted by phasing as we meaningfully accelerated spend in the fourth quarter of the previous financial year in anticipation of global supply challenges and to capture a stronger rand. Further, we continue to target a capital intensity range of 13.0% - 14.5% for the current financial year.

Leading African fintech operator

Financial services revenue	Quarter ended 30 June		% change	
Rm	**2022**	**2021**	**Reported**	**Normalised***
South Africa	672	643	4.5	
International	1 380	1 234	11.8	3.4
Consolidated Group	**2 052**	**1 877**	**9.3**	**3.7**

Our financial services business is integral to our purpose-led business model and is the largest component of our new services revenue. Financial services revenue reached R2.1 billion in the quarter, with International contributing R1.4 billion. Adjusting for the impact of Tanzanian mobile money levies in the quarter, financial services revenue growth was an estimated 19.7% compared with reported growth of 9.3%. We remain confident on the growth outlook of financial services, with our dual-sided ecosystem bringing together consumers and merchants. At the heart of this ecosystem is our super-app approach. At quarter-end we had accumulated 2.8 million downloads and 1.9 million registered users on our VodaPay super-app in South Africa. Across our M-Pesa footprint, our merchant play is scaling rapidly. International M-Pesa merchants, excluding Safaricom, were up more than 200% to 84 250.

Progress on key strategic projects

South Africa TowerCo formation

The optimisation of assets through sharing is an integral part of Vodacom Group's strategy called the System of Advantage. The separation of our South African tower portfolio into a standalone tower company (TowerCo) business is expected to support this strategic priority by enhancing asset returns, lower costs to communicate and further our ambitions to connect for a better future. In this regard, we are making good progress with the carve-out of the portfolio and are in the process of establishing a separate legal entity that will be 100% owned by Vodacom Group.

Ethiopia nearing commercial launch

The Group's expansion into Ethiopia provides us with a unique opportunity to build out world-class services in Africa's second largest country by population. Safaricom Ethiopia is making excellent progress on its commercial launch plans. Our phased launch will commence from August 2022 and cover 25 cities across Ethiopia in the months that follow, including Addis Ababa. Since the licence grant in July 2021, Safaricom Ethiopia has imported equipment worth over US$300 million into Ethiopia, developed its core network and IT, built two data centres and signed infrastructure and interconnection agreements with the incumbent operator, Ethio Telecom.

The Group has a direct interest of 6.2% in the Ethiopian business. In addition, the Group has indirect exposure through Safaricom Plc's 55.7% effective interest in the business.

Vodafone Egypt delivering excellent growth

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, 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 Africa by acquiring a controlling interest in Vodafone Egypt, 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 market that will diversify and accelerate Vodacom Group's growth profile. Vodafone Egypt sustained its strong growth trajectory in the quarter with revenue growth at 19.2%. The transaction is expected to receive Egyptian regulatory approval in the near term. Further, we intend to provide an update on the Group's targets subsequent to the completion of the Vodafone Egypt transaction.

Regulatory approval process for CIVH deal underway

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 Community Investment Ventures Holdings (Proprietary) Limited (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 for the CIVH transaction is proceeding and ICASA commenced with public hearings in July 2022. We expect the transaction to close in the current financial year.

Operating review

South Africa

Summary financial information for the quarter ended

	30 June 2022	31 March 2022	30 June 2021	YoY % change Reported
Revenue (Rm)	20 268	20 680	19 535	3.8
Service revenue (Rm)	14 496	14 961	14 070	3.0
Capital expenditure (Rm)	2 352	3 241	2 915	(19.3)
Customers (000)	45 086	45 459	44 601	1.1

Service revenue increased 3.0% (4Q: 3.3%) to R14.5 billion, supported by an improved performance in consumer contract and continued growth in new services. New services such as financial and digital services, fixed and IoT were up 9.2% and contributed R2.1 billion, or 14.7% of South Africa's service revenue. Revenue of R20.3 billion increased by 3.8%, supported by sustained growth in equipment revenue. The quarter-on-quarter revenue trend was impacted by seasonality associated with the summer campaign in the period quarter.

Mobile contract customer revenue increased 5.8% to R5.5 billion, supported by both our consumer and Vodacom Business segments. In the quarter, we increased contract pricing by between 3% - 5% reflecting inflationary cost pressures. Mobile contract ARPU of R294 was up 0.7% with the price increases partially offset by repricing pressure associated with the government contract for mobile services (RT15) within Vodacom Business. We added 52 000 contract customers, with the base at 6.5 million, up 5.1%.

Our prepaid segment delivered a resilient performance given the challenging macro backdrop of higher food and fuel inflation and delays to social grant payments. Prepaid revenue increased 1.7% to R6.2 billion as we leveraged our advanced CVM capabilities to further drive segmentation and localisation to help offset pressure on consumer spend. In addition, our initiative to increase prepaid active days supported ARPU of R55, up 1.9% quarter-on-quarter.

Data traffic growth accelerated to 30.2% in the quarter. Data customers of 23.0 million were up 8.6%, representing 63.5% penetration of our one-month customer base. Smart devices on our network were up by 11.5% to 26.4 million. The number of 4G devices on our network increased 11.3% to 18.2 million while the average usage per smart device increased 25.2% to 2.7GB per month. Prepaid data revenue of R2.6 billion was up 8.3%.

Service revenue from financial services was up 4.5% to R672 million, with a customer base of 13.1 million. Revenue growth was supported by strong growth in our insurance portfolio, with the number of policies up 8.0% to 2.4 million. Our Airtime Advance product remained a key contributor to financial services revenue, with volumes improving through the quarter as we updated bundle pricing. We advanced R3.1 billion in airtime, amounting to 44.7% of total prepaid recharges. Our super-app, VodaPay, continues to gain traction with more than 2.8 million downloads, 1.9 million registered users and over 90 mini apps since launch 10 months ago. We continue to expand our offerings as we drive deeper penetration of financial services and are on track to launch VodaPay cash-in/cash-out in the financial year.

Vodacom Business service revenue increased by 2.5% to R4.3 billion, supported by sustained demand for mobile connectivity and IoT revenue. IoT connections were up 19.1% to 6.7 million, with revenue growth at 16.4% to R0.4 billion. Wholesale revenue dampened the Vodacom Business growth profile, as we lapped a strong prior year comparative period.

Fixed service revenue was up 6.5%, excluding wholesale transit. This was supported by strong customer adoption of fibre with homes and businesses connected reaching 147 302[1], while our own fibre passed 156 828 homes and businesses. Our fibre ambition will be accelerated through the proposed acquisition of a 30% stake in 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, which will enable us to accelerate fibre reach in South Africa and help bridge the digital divide.

We invested R2.4 billion in the quarter to expand network capacity to manage the growing demand for data, modernise our network and enhance our IT platforms to support the build-out of best-in-class networks and platforms that broaden our reach and overall customer proposition. Capital intensity was impacted by phasing and looking ahead, we will leverage our newly acquired spectrum assets in South Africa to improve 4G services and invest incrementally into 5G infrastructure as we deliver on our purpose to connect our customers for a better future.

Note:
1. Including Bitstream, which refers to where we act as an internet service provider (ISP) to fibre wholesalers.

Operating review (continued)

International

Summary financial information for the quarter ended

	30 June 2022	31 March 2022	30 June 2021	YoY % change	
				Reported	Normalised*
Revenue (Rm)	6 038	5 720	5 495	9.9	1.9
Service revenue (Rm)	5 854	5 586	5 301	10.4	2.4
Capital expenditure (Rm)	415	1 267	453	(8.4)	
Customers (000)	42 662	41 716	40 324	5.8	

Service revenue for our International operations was R5.9 billion up 10.4%, or 2.4%* on a normalised basis. Growth was underpinned by data revenue, which was up 23.4% on a reported basis. The levies imposed on mobile money and airtime recharges in Tanzania remained a headwind in the quarter, while pro-active price transformation in Mozambique and macro pressures on consumer spend detracted from growth. The levies in Tanzania diluted International service revenue by an estimated R204 million and growth by 3.6ppts, on a normalised basis. Positively, further reduction to mobile levies from July 2022 is expected to support an improved outlook for financial inclusion in Tanzania. Further, in Mozambique, we expect that our proactive price transformation initiatives will support improved elasticity through the remainder of the financial year.

We added 946 000 customers in the quarter reaching 42.7 million customers, supported by improved commercial execution in the DRC and accelerated acquisition and retention initiatives in Tanzania. Voice revenue declined 4.5%* highlighting the pressure on consumer spending and heightened competition.

Data revenue was R1.3 billion, up 14.9%* and contributed 22.1% of service revenue. The strong performance was underpinned by our network investment in the prior year and targeted campaigns to drive data usage. Data traffic growth was strong at 39.7%, despite the optimisation of free traffic in DRC leading to loss of active data customers. Our data customer base of 19.8 million represents 54.5% penetration of our 30-day active base. Smartphone adoption remains a key focus area to drive digital inclusion and data usage. Smartphone penetration reached 33.5%, up 1.7ppts on the prior year. We drive the adoption of affordable smartphone devices by leveraging partnerships with global tech firms and innovative financing options to support our pledge to enable a digital society.

M-Pesa revenue grew 11.8% to R1.4 billion and was up 3.4%* on a normalised basis. Excluding the impact of the mobile money levies in Tanzania, normalised M-Pesa revenue increased 18.1%* highlighting the strong underlying growth momentum in customer and product adoption. We added 807 000 M-Pesa customers in the quarter, with penetration of our 30-day active base at 47.7%. New growth areas such as lending and savings products continue to gain traction. We granted loans of R1.8 billion in the quarter, up 71.2%, supported by products such as 'Songesha' in Tanzania and 'Txuna' in Mozambique. M-Pesa transaction values processed on our platform over the last twelve months, including Safaricom, was US$339.8 billion, up 20.2%.

Capital investment was R0.4 billion in the quarter and we expect investment to accelerate in the remainder of the financial year.

Safaricom

Results for Vodacom's associate investment in Safaricom Plc are disclosed on a bi-annual basis and therefore not included in the quarterly update.

Regulatory matters

ICASA – Invitation to Apply

On 17 March 2022, 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 10 MHz in the 3500 MHz spectrum band, for an amount of R5.4 billion. In May 2022, Vodacom paid R3.2 billion for the available spectrum secured in the auction process, in accordance with ICASA guidelines. The spectrum, including the available 700 MHz, was issued on 1 July 2022. The balance of the spectrum payment will be settled once the remainder of the spectrum in the 700 MHz block becomes available for use.

In a legal matter related to the availability of 700MHz and 800MHz spectrum, eMedia Holdings (eTV) challenged the timing of the analogue switch-off and digital migration in South Africa. On 28 March 2022, the High Court deferred the analogue switch-off date to 30 June 2022. Subsequently, eTV lodged an appeal to the Constitutional Court to review the High Court decision. The Constitutional Court ruled that the Minister of Communications and Digital Technologies is required to determine, through consultation, a new analogue switch-off date and a new deadline for registrations for set-top boxes.

Supplementary information

Financial review

Revenue for the quarter ended 30 June 2022

Rm	South Africa	YoY % change	International	YoY % change	Corporate/ Eliminations	Group	YoY % change
Mobile contract revenue	5 522	5.8	455	20.7	(3)	5 974	6.8
Mobile prepaid revenue	6 225	1.7	4 816	10.1	–	11 041	5.2
Customer service revenue	**11 747**	**3.6**	**5 271**	**10.9**	**(3)**	**17 015**	**5.7**
Mobile interconnect	397	(4.8)	279	3.3	(105)	571	(0.2)
Fixed service revenue	947	3.2	273	8.8	(76)	1 144	5.1
Other service revenue	1 405	1.0	31	14.8	(12)	1 424	1.0
Service revenue	**14 496**	**3.0**	**5 854**	**10.4**	**(196)**	**20 154**	**5.2**
Equipment revenue	4 087	4.3	114	20.0	(7)	4 194	4.5
Non-service revenue	1 685	9.0	70	(29.3)	(47)	1 708	6.6
Revenue	**20 268**	**3.8**	**6 038**	**9.9**	**(250)**	**26 056**	**5.2**

Included in service revenue:

Financial services revenue	672	4.5	1 380	11.8	–	2 052	9.3

Revenue for the quarter ended 30 June 2021

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 221	377	(2)	5 596
Mobile prepaid revenue	6 123	4 375	–	10 498
Customer service revenue	**11 344**	**4 752**	**(2)**	**16 094**
Mobile interconnect	417	270	(115)	572
Fixed service revenue	918	251	(80)	1 089
Other service revenue	1 391	28	(9)	1 410
Service revenue	**14 070**	**5 301**	**(206)**	**19 165**
Equipment revenue	3 919	95	(2)	4 012
Non-service revenue	1 546	99	(43)	1 602
Revenue	**19 535**	**5 495**	**(251)**	**24 779**

Included in service revenue:

Financial services revenue	643	1 234	–	1 877

Supplementary information (continued)

Historical financial review

Revenue for the quarter ended

Rm	30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
South Africa	20 268	20 680	20 875	19 737	19 535	20 294	19 729
International	6 038	5 720	6 110	5 563	5 495	5 315	5 685
Corporate and eliminations	(250)	(265)	(240)	(223)	(251)	(285)	(280)
Group revenue	**26 056**	**26 135**	**26 745**	**25 077**	**24 779**	**25 324**	**25 134**

Revenue yoy % change for the quarter ended

	Reported			Normalised*
%	30 June 2022	31 March 2022	31 December 2021	30 June 2022
South Africa	3.8	1.9	5.8	3.8
International	9.9	7.6	7.5	1.9
Group revenue	**5.2**	**3.2**	**6.4**	**3.3**

Service revenue for the quarter ended

Rm	30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020
South Africa	14 496	14 961	14 950	14 545	14 070	14 481	14 306
International	5 854	5 586	5 913	5 412	5 301	5 194	5 543
Corporate and eliminations	(196)	(189)	(199)	(207)	(206)	(243)	(222)
Group service revenue	**20 154**	**20 358**	**20 664**	**19 750**	**19 165**	**19 432**	**19 627**

Service revenue yoy % change for the quarter ended

	Reported			Normalised*
%	30 June 2022	31 March 2022	31 December 2021	30 June 2022
South Africa	3.0	3.3	4.5	3.0
International	10.4	7.5	6.7	2.4
Group service revenue	**5.2**	4.8	5.3	**2.9**

Financial services revenue

	Quarter ended 30 June		% change	
Rm	2022	2021	Reported	Normalised*
South Africa	**672**	**643**	**4.5**	
International	**1 380**	**1 234**	**11.8**	**3.4**
Tanzania	546	593	(7.9)	(16.3)
DRC	362	252	43.7	30.1
Mozambique	432	355	21.3	16.7
Lesotho	40	34	17.6	17.6
Consolidated Group	**2 052**	**1 877**	**9.3**	**3.7**

Supplementary information (continued)

Historical key indicators

South Africa for the quarter ended

	30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2021	YoY % change
Customers[1] (thousand)	**45 086**	**45 459**	**45 772**	**45 428**	**44 601**	**1.1**
Prepaid	38 549	38 974	39 337	39 074	38 379	0.4
Contract	6 537	6 485	6 435	6 354	6 222	5.1
Data customers[2] (thousand)	**22 971**	**23 475**	**23 383**	**22 840**	**21 145**	**8.6**
Internet of Things connections[3] (thousand)	**6 736**	**6 596**	**6 183**	**5 751**	**5 658**	**19.1**
Traffic[4] (millions of minutes)	**16 505**	**16 609**	**16 724**	**17 675**	**16 885**	**(2.3)**
Outgoing	13 674	13 760	14 288	14 849	14 160	(3.4)
Incoming	2 831	2 849	2 436	2 826	2 725	3.9
MOU per month[5]	**121**	**121**	**121**	**131**	**127**	**(4.7)**
Prepaid	112	111	111	119	115	(2.6)
Contract	179	183	183	207	201	(10.9)
Total ARPU[6] (rand per month)	**89**	**91**	**91**	**90**	**88**	**1.1**
Prepaid	55	54	57	56	55	–
Contract	294	312	302	299	292	0.7

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 only include the revenue generated from Vodacom mobile customers.

Supplementary information (continued)

Historical key indicators (continued)

International for the quarter ended

	30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2021	YoY % change
Customers[1] (thousand)	**42 662**	**41 716**	**42 122**	**42 493**	**40 324**	**5.8**
Tanzania	15 595	15 368	15 365	15 237	14 771	5.6
DRC	16 019	15 512	15 873	16 780	15 536	3.1
Mozambique	9 184	8 954	8 973	8 675	8 260	11.2
Lesotho	1 864	1 882	1 911	1 801	1 757	6.1
Data customers[2] (thousand)	**19 822**	**21 175**	**21 493**	**21 367**	**20 851**	**(4.9)**
Tanzania	7 460	7 603	7 641	7 875	7 710	(3.2)
DRC	6 150	7 326	7 310	7 350	7 208	(14.7)
Mozambique	5 333	5 372	5 549	5 279	5 079	5.0
Lesotho	879	874	993	863	854	2.9
MOU per month[3]						
Tanzania	260	237	246	236	207	25.6
DRC	33	31	31	32	32	3.1
Mozambique	109	109	121	124	129	(15.5)
Lesotho	58	60	63	60	65	(10.8)
Total ARPU[4] (rand per month)						
Tanzania	34	32	35	32	34	–
DRC	48	44	43	40	39	23.1
Mozambique	55	55	61	59	60	(8.3)
Lesotho	48	51	54	52	51	(5.9)
Total ARPU[4] (local currency per month)						
Tanzania (TZS)	5 044	4 797	5 154	5 037	5 555	(9.2)
DRC (US$)	3.0	2.9	2.8	2.7	2.8	7.1
Mozambique (MZN)	223	230	254	259	254	(12.2)

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.

Supplementary information (continued)

Historical key indicators (continued)

Average quarter-to-date exchange rates

	30 June 2022	31 March 2022	30 June 2021	YoY % change	Quarterly % change
US$/ZAR	15.59	15.22	14.12	10.4	2.4
ZAR/MZN	4.10	4.20	4.26	(3.8)	(2.4)
ZAR/TZS	149.32	151.98	164.20	(9.1)	(1.8)
EUR/ZAR	16.60	17.09	17.02	(2.5)	(2.9)
ZAR/KES	7.47	7.48	7.63	(2.1)	(0.1)

Financial services key indicators

Active customers[1] for the quarter ended

Thousand	30 June 2022	31 March 2022	30 June 2021	% change 20/21
South Africa	**13 125**	**13 541**	**13 271**	**(1.1)**
International M-Pesa	**17 330**	**16 523**	**16 791**	**3.2**
Tanzania	7 445	6 833	7 791	(4.4)
DRC	3 621	3 452	3 081	17.5
Mozambique	5 270	5 246	5 015	5.1
Lesotho	994	992	904	10.0
Consolidated Group	**30 455**	**30 064**	**30 062**	**1.3**

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

US$m	30 June 2022	31 March 2022	31 December 2021	30 September 2021	30 June 2021	% change 20/21
Total (100% basis)[2]	30 501	28 162	28 156	26 845	25 027	21.9

Note:

1. Financial services customers are based on the number of customers who have generated revenue to financial services during the last month.
2. Total including International and Safaricom on a 100% basis.

Pro-forma financial information

The presentation of the *pro-forma* financial information and related reconciliations as detailed below on pages 13 - 14, is the responsibility of the directors of Vodacom Group Limited. This *pro-forma* information has been prepared for illustrative purposes only and due to its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. This *pro-forma* information and the basis on which the historical financial information has been prepared in accordance with the accounting policies of the Group. The purpose of presenting *pro-forma* financial information on a comparable and normalised growth constant currency basis and excluding mergers, acquisition and disposal activity, is to assist the user in understanding the underlying growth trends on a comparable basis. This *pro-forma* information has not been reviewed or reported on by Vodacom's external auditors.

Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised values for the quarter ended 30 June 2022

Rm	Reported	Translation FX[1]	Normalised*
Revenue			
Group	26 056	–	26 056
International	6 038	–	6 038
Service revenue			
Group	20 154	–	20 154
International	5 854	–	5 854
Data revenue			
International	1 291	–	1 291
Financial services revenue			
Group	2 052	–	2 052
International (M-Pesa)	1 380	–	1 380

Reconciliation of normalised values for the quarter ended 30 June 2021

Rm	Reported	Translation FX[1]	Normalised*
Revenue			
Group	24 779	433	25 212
International	5 495	433	5 928
Service revenue			
Group	19 165	417	19 582
International	5 301	417	5 718
Data revenue			
International	1 046	78	1 124
Financial services revenue			
Group	1 877	101	1 978
International (M-Pesa)	1 234	101	1 335

Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised growth for the quarter ended 30 June 2022

%	Reported % change[2]	Translation FX ppts	Normalised* % change
Revenue			
Group	5.2	(1.9)	3.3
International	9.9	(8.0)	1.9
Service revenue			
Group	5.2	(2.3)	2.9
International	10.4	(8.0)	2.4
Data revenue			
International	23.4	(8.5)	14.9
Financial services revenue			
Group	9.3	(5.6)	3.7
International (M-Pesa)	11.8	(8.4)	3.4

Notes:

1. 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, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed on page 12. 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. The exchange variances are eliminated by applying the average rate for the quarter ended 30 June 2022 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 30 June 2021 numbers, thereby giving a user a view of the performance, which excludes exchange variances.
2. The percentage change relates to the year-on-year percentage growth calculated as the percentage change between the quarter ended 30 June 2022 and quarter ended 30 June 2021 values.

Disclaimer

Additional financial and operational measures

This announcement contains certain financial (i.e. service revenue, enterprise service revenue) and operational (i.e. customers, ARPUs) measures. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses as 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.

Trademarks

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Forward-looking statements

This announcement which sets out the quarterly results for Vodacom Group Limited for the quarter ended 30 June 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 a number of 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, Enterprise 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 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)

Directors

SJ Macozoma (Chairman), MS Aziz Joosub (CEO), RK Morathi (CFO), P Klotz[1], P Mahanyele-Dabengwa, NC Nqweni, AM O'Leary[2], JWL Otty[3], KL Shuenyane, S Sood[4], CB Thomson, LS Wood[3] (Alternate F Bianco[5])

1. Swedish 2. Irish 3. British 4. Indian 5. Italian

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ADR Depository Bank

Deutsche Bank Trust Company Americas

Company Secretary

SF Linford

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JP Davids

Media Relations

Byron Kennedy