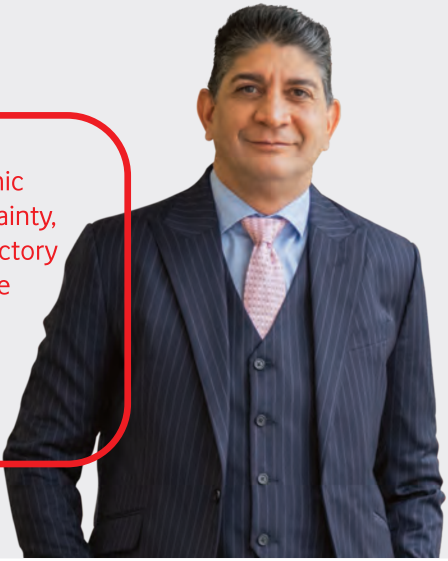
Vodacom Group Ltd Preliminary results

for the year ended 31 March 2023

Vodacom Group CEO commented:



In a year defined by the global economic slowdown and financial market uncertainty, Vodacom Group has delivered a satisfactory set of results, showcasing the resilience of our strategy and our track-record in adapting quickly to changes across operating environments.

Given the numerous external pressures, it is particularly pleasing to have delivered a 17.2% increase in Group service revenue (up 7.2% excluding Vodafone Egypt) with net profit up 2.1%.

The war in Ukraine, which followed hard on the heels of a global health crisis, resulted in supply-chain disruption and inflationary pressures. These factors have contributed to a higher cost of living, a sharp rise in interest rates and foreign exchange rate volatility across our markets.

Guided by our purpose-led approach, we responded by absorbing inflationary pressures where possible and sought to deliver even greater value to customers in an attempt to assist more vulnerable communities impacted by economic hardship.

At the same time, we diversified and accelerated our growth profile by completing the acquisition of a 55% stake in Vodafone Egypt for R43.6 billion, the largest acquisition in the Vodacom Group's history and one that expands our population reach to over 500 million people across Africa. Since consolidating Vodafone Egypt on 8 December 2022, it has contributed R8.0 billion to Group service revenues, prompting an upgrade in the Group's medium-term service revenue and EBITDA growth targets.

The Group remains committed to spending 13% to 14.5% of its overall revenue on capital expenditure that ultimately results in an enhanced customer experience through sustained investments in technology and network infrastructure.

A prime example of this promise is the pledge made at the recent South Africa Investment Conference of R60 billion of capital investment over the next five years in South Africa alone having delivered on a R50 billion pledge made in 2018 over the previous five years. These substantial investments have and will contribute significantly to enhancing network resilience to keep customers connected through the likes of elevated levels of loadshedding, the acceleration of 5G coverage, as well as our rural coverage programme to help bridge the digital divide.

Vodacom responded to South Africa's power crisis with increased investment in power resilience, which has ensured network availability and contributed to an accelerated demand for data, up 45.4% in the fourth quarter. The sustained levels of loadshedding has been disastrous for the South African economy and the industry as a collective. Since 2020, Vodacom South Africa has spent over R4.0 billion in back-up power solutions such as batteries and generators and a further R300 million in the past financial year on additional running costs in the form of diesel, security and maintenance.

We remain confident that the 'virtual wheeling' pilot project that we're pioneering with Eskom, South Africa's power utility company, will be signed off in the near term and that this will have a significantly positive impact on the country's power grid and ultimately on the over 20 000 towers across the industry that require reliable power supply to operate optimally.

The power crisis in South Africa, higher interest charges, Ethiopia start-up losses, M&A costs and higher inflation across our markets weighed on net profit growth of 2.1%.

In South Africa, financial services continue to grow at a double-digit rate, supported by our insurance portfolio and Airtime Advance product. I am particularly encouraged by the traction and transaction volume growth that our VodaPay super-app continues to attract through its 5.7 million downloads and 3.3 million registered users. In the coming year we will scale lending, insurance and payment products, including cash-in and cash-out, while creating new business cases for remittances and wealth management. Our digital services, fixed and IoT businesses were also solid performers while wholesale revenue pressures and a strong prior year saw Vodacom Business' service revenue decline marginally by 1.7%.

Our International operations in DRC, Lesotho, Mozambique and Tanzania produced good growth, underpinned by a 31.1% increase in M-Pesa revenue and a 33.2% rise in data revenue. As expected, start-up costs associated with Safaricom Ethiopia has curbed Safaricom's contribution to Group operating profit to R2.8 billion, 9.8% lower than last year. Pleasingly, Safaricom Ethiopia was recently awarded a mobile financial services licence, representing another important milestone in our ambition to transform lives in the country.

Financial services is the key contributor to our new services. This is evidenced by the 29.2% increase in Group financial services revenue to reach R9.9 billion, as we continue to scale our product suite for consumers and merchants. Our International merchant sign-ups increased three-fold in the year, helping us expand our addressable commission pool beyond peer-to-peer payments and withdrawals into both online and offline commerce. We remain Africa's largest mobile money platform by transaction value with M-Pesa now processing an impressive US$364.8 billion in the year.

Our proposed purchase of a joint venture stake in South African fibre company MAZIV is expected to assist in narrowing the digital divide by enabling affordable access to connectivity in some of the most vulnerable parts of the country through an ambitious fibre roll-out programme. The joint venture will house the material fibre network assets of Vodacom South Africa and CIVH and having received ICASA approval in October last year, subject to conditions, the transaction remains subject to the Competition Commission's ongoing approval process.

Of the many purpose-led initiatives that we led over the past year, I am particularly proud of our 'Code Like A Girl' programme and m-mama programmes. 'Code Like A Girl' tackles low representation of girls in Science, Technology, Engineering and Mathematics (STEM) education and to get more girls into careers that require coding skills, or to help them get a start as STEM entrepreneurs. Introduced in 2017, we have ramped up efforts this year – particularly in South Africa, Mozambique and Lesotho – and is an investment that contributes to building a more digital, inclusive, sustainable future on the continent.

M-mama is a mobile healthcare service that provides emergency transport for pregnant and post-partum women in Tanzania, which has one of the world's highest maternal mortality rates. M-mama is expected to save the lives of around 17 000 mothers and babies over the next five years, emphasizing what the right partnerships and digital solutions can achieve. Beyond Tanzania, we are working with the Vodafone Foundation and USAID to expand m-mama to more markets in Africa, having already launched it in DRC and Lesotho.

Looking ahead, the operating environment that we face requires an unwavering focus to deliver our strategy, to meet our business objectives and to serve our customers. We continue to ensure that we have the right measures in place – including our commercial initiatives and cost efficiency programmes – to help mitigate the impacts from the global macroeconomic risks.

Shameel Joosub

Highlights

Group revenue of
R119.2 billion
was up 16.0% (4.9%*), positively impacted by the acquisition of Vodafone Egypt and rand depreciation against our basket of International currencies.^

Group service revenue growth of
17.2%
or 7.2% (3.5%*) excluding Vodafone Egypt, supported by data and financial services revenue.

Financial services revenue increased 29.2% (14.3%*) to
R9.9 billion,
contributing 10.5% to Group service revenue.

Group EBITDA growth of
13.2%
or 6.0% (3.6%*) excluding Vodafone Egypt, reflecting a clear improvement in second-half profitability.

Serving a combined
185.8 million
customers across the Group, including Safaricom on a 100% basis.

Financial services customers, including Safaricom on a 100% basis,
70.6 million,
transacting US$1 billion per day.

Free cash flow up
18.3%.

Full year dividend of
670 cps
and declared a final dividend of 330 cps, consistent with our new policy.

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 47 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 2023 compared to the year ended 31 March 2022, unless stated otherwise.

^ Vodafone Egypt Telecommunications SAE (Vodafone Egypt) was consolidated from 8 December 2022 representing the effective date of the transaction.

Growth rates for Safaricom 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.

Group statutory performance measures

Rm	Year ended 31 March 2023	Year ended 31 March 2022	% change Reported	% change Normalised*
Revenue	**119 170**	102 736	**16.0**	**4.9**
Service revenue	**93 650**	79 936	**17.2**	**3.5**
Net profit from associates and joint ventures	**2 607**	3 056	**(14.7)**	**11.4**
Operating profit	**29 252**	28 236	**3.6**	**(0.9)**
Net profit	**18 111**	17 734	**2.1**	
Earnings per share (cents)	**948**	1 013	**(6.4)**	
Headline earnings per share (cents)	**948**	1 013	**(6.4)**	
Total dividend per share (cents)	**670**	850	**(21.2)**	

Group additional performance measures

Rm	Year ended 31 March 2023	Year ended 31 March 2022	% change Reported	% change Normalised*
EBITDA	**45 144**	39 888	**13.2**	**3.6**
EBITDA margin (%)[1]	**37.9**	38.8	**(0.9ppt)**	
Capital expenditure[2]	**16 490**	14 642	**12.6**	
Capital intensity (%)[2]	**13.8**	14.3	**(0.5ppt)**	
Operating free cash flow[3]	**25 111**	22 693	**10.7**	
Free cash flow[3]	**18 524**	15 660	**18.3**	
Financial services revenue[4]	**9 856**	7 626	**29.2**	**14.3**

Notes:

1. EBITDA margin is EBITDA as a percentage of revenue.
2. Detail relating to capital expenditure is on page 17. 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 53.
4. The combination of South Africa financial services revenue, Egypt financial services revenue and International M-Pesa revenue.

Strategic overview

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 digital and financial inclusion. We stepped up efforts to drive gender empowerment, financial inclusion, access to education while also mindful of the impact we have on our planet. In the financial year, the global energy outlook was put into sharp focus with the war in Ukraine while South Africa faced heightened power-availability challenges. This operating context re-affirmed our focus on the planet as we initiated the implementation of ISO 50001 (energy management systems), rolled out more than 200 solar powered base stations across Tanzania and DRC in the year and acted in a partnership role at the COP27 UN Climate Change Conference hosted in Egypt in November 2022. At COP27, Vodafone Egypt signed a Memorandum of Understanding (MoU) with the New and Renewable Energy Development Authority to support our strategy of using 100% renewable energy.

As a technology company, our digital solutions and capabilities play a critical role in helping society. In February 2023, we were delighted to receive the Gartner 2023 Power of the Profession Supply Chain award for 'Social impact of the year'. This was in recognition of our logistics execution of around 3 000 cold chain units supplied to more than 500 vaccination sites across Vodacom Group. Vodacom leveraged its internal supply chain expertise to coordinate and track the successful delivery of equipment, with the rapid establishment of a dedicated cold chain logistics control tower solution to oversee operations.

Egypt acquisition enhances our system of advantage and growth outlook

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. Our strategy, which was stress tested during the COVID-19 pandemic and the ongoing war in Ukraine, required a sharpened focus on our data-led personalised pricing and accelerated cost containment initiatives.

The Vodafone Egypt acquisition, which completed in December 2022, presents a unique opportunity to advance our strategic connectivity and financial services ambitions through one of Africa's premier telecom operators. Vodafone Egypt is a clear market leader, as we showcased to investors in March 2023 (see **www.vodacom.com**), and is strategically positioned to capture growth in a fast-growing Information and Communications Technology market. The integration of Vodafone Egypt into the Group supports an upgrade to our medium-term targets as follows:

- From mid-single digit Group service revenue growth to mid-to-high single digit growth;
- From mid-to-high-single digit Group EBITDA growth to high-single digit growth; and
- Unchanged Group capital expenditure of 13.0% – 14.5% 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, including Vodafone Egypt[1] but excluding spectrum purchases, exceptional items and the acquisition of a joint-control stake in MAZIV.

Note:

1. Vodafone Egypt included in FY23 on a *pro forma* basis at an exchange rate of ZAR/EGP: 1.7; based on service revenue of EGP39.1 billion, EBITDA of EGP17.7 billion and capital expenditure of EGP6.0 billion.

Organic growth driven by investment in connectivity, scaling new services

Group service revenue grew 17.2% to R93.7 billion, positively impacted by the acquisition of Vodafone Egypt and rand depreciation against our basket of International currencies. Excluding Vodafone Egypt, service revenue growth of 7.2% (3.5%*) was underpinned by mobile prepaid revenue in South Africa, data revenue across our International markets and Group growth in new services. Financial services, the largest component of our new services, delivered growth of 29.2% as we continue to scale user adoption and new products and services. In aggregate, our new services, which include digital and financial, fixed and IoT amounted to R18.1 billion and contributed 19.3% of Group service revenue, up from 17.9% in the prior year.

Looking ahead, and with the inclusion of Vodafone Egypt in the outlook, we continue to target a new service revenue contribution of 25% to 30% of Group service revenue over the medium-term. This target reflects that Vodafone Egypt generated 14.2% of service revenue from new services during the period of consolidation (8 December 2022 – 31 March 2023), and has excellent growth prospects across digital and financial, fixed and IoT over the medium-term.

In the fourth quarter, Group service revenue grew 37.2%, impacted by the inclusion of Vodafone Egypt. Group service revenue excluding Vodafone Egypt was 6.9% (2.6%*) in the quarter. The result was supported by our investment into the core connectivity business, which yielded excellent prepaid data revenue growth across International and South Africa. Offsetting this growth was a tough comparative for Vodacom Business and operating challenges in Mozambique associated with cyclone Freddy.

Group EBITDA increased 13.2% to R45.1 billion, or 6.0% excluding Vodafone Egypt, which contributed R2.9 billion since acquisition. On a normalised basis Group EBITDA grew 3.6%*, supported by a clear improvement to 8.1% in the second half of the financial year. In South Africa, higher network and energy costs were managed through accelerated cost initiatives including supply-chain management renegotiations and an incremental focus on discretionary spend and payroll costs.

Headline earnings per share (HEPS) declined 6.4% to 948 cents per share. The decline was largely attributable to a higher number of shares in issue, start-up losses in Ethiopia (40 cents per share) and higher net finance charges (24 cents per share). Separately, the Board declared a final dividend per share (DPS) of 330 cps which reflects our updated and simplified dividend policy of at least 75% of headline earnings. This implied a total DPS of 670 cps.

We generated operating free cash flow of R25.1 billion, up 10.7%, having invested R16.5 billion into capital expenditure (excluding costs of acquiring spectrum), a further R5.0 billion applied to lease payments and R0.9 billion released from working capital. Capital expenditure increased 12.6%, or 4.3% excluding Vodafone Egypt, as we accelerated investment into network performance. Excluding Vodafone Egypt, operating free cash flow was broadly flat year-on-year. The Group also invested in securing incremental spectrum in Mozambique, South Africa and Tanzania during the year. Pleasingly, our investment in network and spectrum has secured us network net promoter score (NPS) leadership across all our markets.

Leading African fintech operator

Financial services revenue

	Year ended 31 March		% change	
Rm	2023	2022	Reported	Normalised*
South Africa	**2 954**	2 665	**10.8**	**10.8**
Egypt	**398**	^	**^**	**^**
International	**6 504**	4 961	**31.1**	**15.9**
Consolidated Group	**9 856**	7 626	**29.2**	**14.3**
Safaricom (100% basis)[1]	**16 449**	14 452	**13.8**	**8.8**

Financial services revenue reached R9.9 billion, up 29.2% (14.3%*). In South Africa, growth was fuelled by our insurance business, which posted revenue growth of 13.3% and sustained Airtime Advance revenue growth. Normalised M-Pesa revenue grew 20.9%* in the fourth quarter, as Tanzania lapped mobile money levies imposed in July 2021 and our new financial services continued to scale. New financial services such as loans and merchant services contributed half of M-Pesa revenue growth in the financial year.

Our financial services strategy is supported by a dual-sided ecosystem across consumers and merchants, bringing these segments together through exceptional and personalised experiences relating to entertainment, e-commerce, payments, savings, investments, lending and insurance services. As key drivers of this strategy, our two super-apps – VodaPay and M-Pesa – integrate our own products and services with the best offerings from our partners. In South Africa, our super-app, VodaPay, was integral to our summer campaign and reached 5.7 million downloads.

Alongside the super-app roll-out, our active merchant base continued to scale meaningfully in South Africa and across our International markets. Our merchant base across International was up three-fold to 196 000. This growth helps expand our addressable commission pool beyond peer-to-peer payments and withdrawals into both online and offline commerce.

Our M-Pesa platform, including Safaricom, processed US$364.8 billion of transaction value over the last twelve months, up 13.0%, representing clear leadership in the African fintech space.

Regulatory progress on strategic M&A

On 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the announced acquisition of an initial 30% stake in MAZIV, a joint venture that will house fibre assets of Vodacom South Africa and CIVH, we 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 has an option to increase its stake to 40% and with our capital injection and strategic support we will further accelerate the growth of fibre in South Africa to foster economic development and help bridge South Africa's digital divide. The joint venture acquisition remains subject to Competition Commission approval, having received approval from ICASA, subject to licence conditions such as open-access in October 2022.

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.

Ethiopia awarded mobile money licence

Safaricom is a strategic asset of the Group. In support of Safaricom's long-term growth outlook, we participated as a minority investor in a Safaricom-led consortium that obtained a mobile telecom licence in Ethiopia. Pleasingly, in October 2022, Safaricom Ethiopia commercially launched mobile operations in the country. Further, it was announced on 11 May 2023 that Safaricom Ethiopia was awarded a mobile financial services licence. These important milestones accelerate our ambition to transform lives in the country as we seek to connect every Ethiopian to the global digital economy and having reached 2.1 million active customers in only six months, Safaricom Ethiopia's network roll-out continued apace. In the fourth quarter, Safaricom Ethiopia had expanded its network coverage to 26 cities, with integrated sites reaching almost 1 300.

Capital structure supported by a simplified dividend policy

On 13 December 2022 the Group announced that we had completed the acquisition of a 55% shareholding in Vodafone Egypt from Vodafone Group Plc (Vodafone). The offer consideration was settled through the issuance of 241 976 243 new Group shares and €577 million (equating to R10.7 billion) of cash. This new debt and investments in spectrum increased Group net debt by 37.3% to R48.3 billion. Our reported net debt to EBITDA ratio remained unchanged from the first half of the year at 1.1 times as strong free cash flow generation offset the funding of the Vodafone Egypt transaction. On a *pro forma* basis, with Vodafone Egypt included for the full year, our leverage ratio reduces from 1.1 times to 0.8 times[1].

Looking forward, and as reflected in our updated medium-term targets, the recent Vodafone Egypt transaction has provided us with an opportunity to accelerate the growth profile. Mindful that this transaction and our South Africa fibre transaction are expected to utilise debt capacity, the Board set out a simplified dividend policy to retain headroom to invest into growth areas. The simplified policy of paying at least 75% of headline earnings was announced with the two transactions in November 2021 and implemented from our interim dividend announced in November 2022. The policy was also applied to the final dividend of this financial year. Notwithstanding the change in dividend policy, the Group will still have one of the highest dividend pay-out policies on the JSE. Additionally, the policy provides scope for Vodacom Group to invest within its 13.0% to 14.5% capital intensity target, de-lever and accommodate the upstreaming and dividend pay-out profiles of Safaricom and Vodafone Egypt.

Note:

1. Based on Vodafone Egypt EBITDA of R12.5 billion (EGP16.0 billion) for FY23.

Operational review

South Africa

Summary financial information

	Year ended 31 March		% change
Rm	2023	2022	Reported
Service revenue	**60 038**	58 526	**2.6**
EBITDA	**32 569**	31 747	**2.6**
Operating profit	**20 881**	21 133	**(1.2)**
Capital expenditure	**11 171**	11 149	**0.2**

South Africa service revenue grew 2.6% to R60.0 billion, supported by network investment into resilience and capacity coupled with our big data-led customer value management powered personalised offers. New services such as financial and digital services, fixed and IoT were up 9.7% and contributed R9.2 billion, or 15.3% of South Africa's service revenue. In the fourth quarter, service revenue growth was 1.3%, supported by ongoing resilience in prepaid. The growth rate was lower than the third quarter as mobile contract revenue declined as a result of a tough comparative in Vodacom Business associated with some lower margin project revenue in the prior year. Revenue reached R84.7 billion, up 4.8%, and was driven by strong equipment sales as our 36-month contracts provided customers the opportunity to upgrade handsets affordably.

Mobile contract customer revenue increased by 2.8% to R22.6 billion, supported by improved growth in our consumer segment. The consumer segment performance benefited from contract price increases of between 3% – 5% implemented in the first quarter of the financial year. Mobile contract ARPU of R297 was down 1.3% with the price increases offset by repricing pressure associated with the government contract for mobile services (RT15) within Vodacom Business. We added 193 000 contract customers in the financial year reaching a base of 6.7 million, up 3.0%.

Prepaid mobile customer revenue increased 3.1% to R25.9 billion and accelerated to 4.1% in the fourth quarter. This resilient performance was supported by market share gains and set against a backdrop of a depressed macro-environment and inflationary pressures on the consumer wallet. We utilised our world-class customer value management capabilities to drive higher customer engagement and increase active days on the network resulting in prepaid ARPU growth of 3.6% to R58. Subscriber growth for the year was impacted by a clean-up of 1.5 million customers in the third quarter.

Data traffic increased 36.6% in the year and accelerated to 45.4% in the fourth quarter. We added 2.0 million data customers to reach 25.5 million, up 8.7%. Smart devices were up by 11.1% to 29.3 million, while 4G and 5G devices increased by 18.6% to 21.2 million. The average usage per smart device increased by 29.1% to 3.0 GB per month. Prepaid data revenue increased by 12.9% to R11.4 billion for the year, with growth accelerating to 17.4% in the fourth quarter. This improvement reflected our network availability and the success of our data-led propositions focused on the providing affordable offers to the most price-sensitive, lower-income customers.

Fixed service revenue was up 7.2%, excluding wholesale transit. The result was supported by good customer adoption of fibre with homes and businesses connected reaching 164 348[1], while our own fibre passed 165 000 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 an up to 40% joint venture stake in MAZIV, 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.

Service revenue generated from financial services was up 10.8% to R3.0 billion. Revenue growth was underpinned by our insurance and Airtime Advance products. Insurance revenue increased by 13.3%, supported by growth in policies which were up 6.8% to 2.6 million. We advanced R12.8 billion in airtime during the year, representing 44.7% of total prepaid recharges. Our super-app, VodaPay continues to gain traction with 5.7 million downloads and 3.3 million registered users. We have over 100 mini-apps registered on the platform and are consistently adding more merchants as we scale the apps and grow transaction volumes. In the coming year we also plan to scale lending, insurance and payment products, including cash-in and cash-out, while creating new business cases for remittances and wealth management.

Vodacom Business service revenue declined by 1.7% to R17.4 billion, impacted by a decline in wholesale revenue as we lapped a strong prior year comparative as well as the repricing pressures associated with the RT15 government contract. Excluding wholesale revenue, Vodacom Business service revenue was up 0.4%. Cloud, hosting and security (CHS) supported growth in the year, with revenue for this segment up 18.9%. IoT also remains an important new service growth driver for Vodacom Business with connections up 13.6% to 7.5 million, and a new deal with Eskom signed in the fourth quarter.

EBITDA grew by 2.6% for the year and growth accelerated to 5.8% in the second half of the year. The improvement was supported by accelerated cost initiatives to mitigate the impact of higher energy costs and inflationary pressures. These cost initiatives included supply-chain management renegotiations and an incremental focus on discretionary spend and payroll costs. The EBITDA margin moderated by 0.9ppts to 38.4% for the full year, impacted by strong growth in low margin equipment revenue and higher network and energy costs. The EBITDA margin in the second half of the financial year was 38.6%, up 0.4 ppts. Operating profit declined 1.2% as a result of higher depreciation and amortisation. In the second half, operating profit increased 2.5%, supported by the improvement of EBITDA.

We invested R11.2 billion in our network, broadly flat year-on-year, to support network resilience, add network capacity 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. Service revenue growth for FY24 is expected to clearly improve from the fourth quarter trend, supportive of our Group medium-term targets.

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.

Vodafone Egypt
Summary financial information

Rm	Period ended 31 March^ 2023
Service revenue	**7 976**
EBITDA	**2 859**
Operating profit	**1 710**
Capital expenditure	**1 225**

EGPm	*Pro forma* information[1] Year ended 31 March 2023	2022	% change Reported
Service revenue	**39 073**	32 107	**21.7**
EBITDA	**16 020**	14 647	**9.4**
Operating profit	**9 493**	9 045	**5.0**
Capital expenditure	**5 953**	5 185	**14.8**

Vodafone Egypt contributed service revenue of R8.0 billion for the period of consolidation from 8 December 2022 to 31 March 2023. In the fourth quarter, service revenue was up 25.8% in local currency, supported by strong growth in data revenue and enhanced customer engagement. Growth was also supported by Vodafone Cash and fixed line services.

Vodafone Egypt ended the financial year with 45.5 million customers. ARPU growth of 19.3% reflected strong commercial traction in the quarter supported by our 'The Network is Now Doubled' campaign and good traction with our Flex pricing package and its associated entertainment proposition. The network campaign highlighted the significant investment into the network and spectrum over the last two years.

Data metrics were strong supported by network investment. Data traffic was up 44.0% in the quarter support by data customer growth of 11.4% to 26.3 million. Smartphones on the network were up by 37.5% to 30.9 million.

Growing financial services is a key priority for the Group and Vodafone Egypt. Financial services revenue for Vodafone Egypt was R398 million for the period of consolidation, accounting for 5.0% of service revenue. On a full year *pro forma* basis Vodafone Egypt generated financial services revenue of EGP1.6 billion (R1.2 billion), up 123.1%, accounting for 4.0% of service revenue. Service revenue growth was supported by new use cases, wider distribution and customer growth of 54.5% to 5.4 million.

Vodafone Egypt contributed R2.9 billion to EBITDA for the period of consolidation. The reported EBITDA margin of 34.6% was impacted by foreign exchange losses on working capital balances as the Egyptian pound depreciated against major currencies. On a normalised basis, the EBITDA margin for the period of consolidation was 42.1%*. On a full year *pro forma* basis, Vodafone Egypt generated EBITDA of EGP16.0 billion (R12.5 billion), representing an EBITDA margin of 39.7%. Excluding foreign exchange losses the full year *pro forma* EBITDA margin was 43.7%.

Capital investment for the period of consolidation was R1.2 billion. On a full year *pro forma* basis, Vodafone Egypt's capital investment was EGP6.0 billion (R4.6 billion), representing a capital intensity ratio of 14.8%, as we continued to deploy 2 600 MHz spectrum and roll out new sites.

Note:

1. For information purposes only.

International business

Summary financial information

	Year ended 31 March		% change	
Rm	2023	2022	Reported	Normalised*
Service revenue	**26 395**	22 213	**18.8**	**5.3**
EBITDA	**10 145**	8 504	**19.3**	**6.6**
Operating profit	**4 541**	4 352	**4.3**	**(1.6)**
Capital expenditure	**4 067**	3 486	**16.7**	

Service revenue for our International business increased 18.8% to R26.4 billion, supported by strong growth in data, a recovery in M-Pesa and foreign exchange translation tailwinds. Normalised growth of 5.3%* was underpinned by our purpose-led focus on digital and financial inclusion with local currency data revenue growth of 18.2% and M-Pesa revenue growth of 15.9%*. The M-Pesa growth was supported by ongoing customer, service adoption and new products. In the fourth quarter, normalised service growth of 5.4%* (3Q: 4.5%*) accelerated despite a humanitarian crisis in Mozambique associated with cyclone Freddy. In response to the cyclone, Vodacom Mozambique free-rated services, donated food and essential items and used the scale of M-Pesa to drive donations.

We added 8.5 million customers in the financial year, up 20.4% to 50.2 million, supported by price transformation and strong commercial execution. In the fourth quarter we added 2.1 million customers driven by CVM initiatives. While the economies across our International business are recovering, constraints on consumer spending remain evident in the voice segment with voice revenue declining 6.1% in local currency.

Data services remain a key driver of growth and our commitment to connect for a better future. Data revenue was R6.1 billion, up 33.2% on a reported basis, and contributed 23.1% of International service revenue. We added 1.3 million data customers to end the financial year at 22.5 million customers. Data traffic growth of 33.1% was supported by 16.3% smartphone user growth to reach penetration of 32.9%. 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 31.1% (15.9%*) to R6.5 billion, contributing 24.6% of service revenue. Growth was supported by a strong performance in the DRC, with Tanzania's performance recovering as levies on mobile money were reduced during the year. The underlying momentum of M-Pesa reflects our ongoing product enhancements in both the consumer and merchant segments, supported by M-Pesa Africa. In the consumer segment we launched new insurance, term-loan and group-savings products, scaled international money transfer and enhanced our M-Pesa app during the year. In Tanzania, loans granted via our lending product 'Songesha' more than doubled to R8.2 billion in the year. To grow and diversify the M-Pesa ecosystem, we also accelerated our merchant strategy more than doubling the number of active merchants to 196 000.

International EBITDA was R10.1 billion and grew 19.3% (6.6%*) reflecting foreign exchange translation tailwinds and cost containment initiatives. In the second half of the year, normalised EBITDA growth recovered into the double digits as we lapped the impact of a prior year lease contract separation and despite new regulatory fees in the DRC. Operating profit growth of 4.3% was impacted by higher year-on-year deprecation associated with a prior year one-off lease contract separation. The lease contract separation increased operating expenses and reduced right-of-use depreciation and interest in the prior year.

Capital expenditure increased by 16.7% to R4.1 billion as a result of foreign exchange translation and as we accelerated investment into 4G coverage and performance. From a coverage perspective we added 1 222 4G sites in the year, increasing our 4G site count by 27.0%. We also continued to invest in our transmission networks to enhance our network lead in all our markets. Looking ahead we will leverage the spectrum assets we secured during the year in Tanzania and Mozambique to extend coverage and enhance customer experience.

Safaricom

Summary financial information (100% basis)[1]

	Year ended 31 March		% change
Rm	**2023**	**2022**	**Reported**
Service revenue	**41 503**	37 715	**10.0**
EBITDA	**19 635**	19 989	**(1.8)**
Capital expenditure	**13 477**	6 655	**102.5**

	Year ended 31 March		% change
KShs m	**2023**	**2022**	**Reported**
Service revenue	**295 692**	281 107	**5.2**
EBITDA	**139 862**	149 062	**(6.2)**
Capital expenditure	**96 132**	49 779	**93.1**

Safaricom delivered good results given the challenging macroeconomic backdrop and the reduction to mobile termination rates in Kenya. Service revenue increased 5.2% supported by excellent growth in the fixed business and an improved performance of M-Pesa revenue in the second-half. Safaricom also accelerated its digital financial inclusion agenda and focused on increasing customer service and satisfaction as part of its 'Tuinuane' campaign. Safaricom showcased its strategy at a February 2023 investor day, with more details available at **www.safaricom.co.ke**.

M-Pesa revenue grew 8.8% in the year, with fourth quarter growth accelerating into double-digits supported by strong platform growth and return to charging for bank-to-wallet and wallet-to-bank transactions from January 2023. Total M-Pesa transaction values grew 21.4% to KShs 35.9 trillion while the volume of transactions grew 33.5% to 21.0 billion in the year. This equates to a transaction value of US$296.6 billion processed in the year. Safaricom, together with M-Pesa Africa, continued to leverage on technological innovation to enhance access to financial services for consumers and enterprise customers.

Voice revenue in Kenya declined 2.8% impacted by the soft macroeconomic backdrop. Kenya mobile data revenue grew 10.6%, accelerating from the prior year growth rate as price transformation supported strong usage growth. Fixed service and wholesale transit revenue grew 20.1% to KShs 13.5 billion supported by 21.4% growth in enterprise revenue to KShs 8.6 billion and 17.9% growth in consumer revenue to KShs 4.9 billion. FTTH customers grew 17.9% to 195 741. The mobile data and fixed growth was supported by capital expenditure in Kenya of KShs 40.4 billion, equating to an 13.1% capital intensity ratio. Including the greenfield mobile roll-out in Ethiopia, capital expenditure for Safaricom was KShs 96.1 billion.

EBITDA for the Kenyan operations was up 4.0%, with margins broadly flat year-on-year at 51.9%. The cost base pressures associated with foreign exchange weakness and higher energy costs were offset by cost control initiatives. Safaricom's overall EBITDA, including Ethiopia, declined 6.2% reflecting the start-up losses associated with the Ethiopian roll-out. While the net profit of the Kenyan operations grew 3.0%, Safaricom's overall net profit attributable to equity shareholders declined by 10.6% as a result of start-up financing and operating costs for Ethiopia.

In October 2022, and as a result of the significant investment into the country, Safaricom Ethiopia commercially launched mobile operations. Safaricom Ethiopia's 2G, 3G and 4G mobile services are currently available in 22 cities, covering 24% of the population and serving 2.1 million customers. Further, it was confirmed in May 2023 that Safaricom Ethiopia was awarded a mobile financial services licence. These milestones align with our ambition to transform lives in the country as we seek to connect every Ethiopian to the global digital economy.

On a rand reported basis, Safaricom contributed R2.8 billion to the Group's operating profit, declining 9.8%. 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 9.3%*.

Growth rates are in local currency and year-on-year, unless otherwise stated. Safaricom results announcements are available here: **www.safaricom.co.ke/investor-relations-landing/reports/financial-report/financial-results**.

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. Growth rates are in local currency unless otherwise stated.

Regulatory matters

ICASA – Assignment of High Demand Spectrum (HDS)

An auction for high demand spectrum was concluded on 17 March 2022 and Vodacom secured 110 MHz of High Demand Spectrum (HDS) including 2 x 10 MHz in the 700 MHz spectrum band, 80 MHz in the 2 600 MHz spectrum band, and 10 MHz in the 3 500 MHz spectrum band, for an amount of R5.4 billion. The spectrum licence was effective on 1 July 2022 and Vodacom paid R3.2 billion in the first half of the financial year for this spectrum. The balance of the spectrum amount will become payable once the remainder of the spectrum becomes available for use.

ICASA – Approval of transaction with CIVH

On 10 November 2021, the Group announced an investment into a joint venture recently incorporated as MAZIV (Proprietary) Limited (MAZIV) that will house the material fibre network assets of Vodacom South Africa and CIVH. The operating companies of MAZIV include Dark Fibre Africa (Proprietary) Limited (DFA) and Vumatel (Proprietary) Limited. During October 2022, ICASA approved the transaction subject to the incorporation of conditions relating to the provision of open-access network services, along with limitations on ownership and control, into DFA's licences. The Competition Commission approval process is ongoing.

Tanzania Communications Regulatory Authority (TCRA) – Assignment of HDS

The TCRA held an auction for high demand spectrum on 11 October 2022. Vodacom Tanzania participated in the auction and secured winning bids for one block of 2 x 10 MHz in the 700 MHz band, two blocks each comprising 1 x 35 MHz in the 2 300 MHz band and one block of 1 x 20 MHz in the 2 600 MHz band. The total purchase price was US$63.2 million, of which half was settled in the financial year, and secured Vodacom Tanzania an attractive spectrum portfolio to support its network expansion plans and unlock further growth potential.

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 potential. Following the conclusion of the Vodafone Egypt transaction in December 2022, we updated and upgraded our medium-term targets as follows:

- From mid-single digit Group service revenue growth to mid-to-high single digit growth;
- From mid-to-high-single digit Group EBITDA growth to high-single digit growth; and
- Unchanged Group capital expenditure of 13.0% – 14.5% 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, including Vodafone Egypt but excluding spectrum purchases, exceptional items and the acquisition of a joint-control stake in MAZIV.

Financial review

Summary financial information

	Year ended 31 March		% change	
Rm	2023	2022	Reported	Normalised*
Revenue	**119 170**	102 736	**16.0**	**4.9**
Service revenue	**93 650**	79 936	**17.2**	**3.5**
EBITDA	**45 144**	39 888	**13.2**	**3.6**
Net profit from associates and joint ventures	**2 607**	3 056	**(14.7)**	**11.4**
Operating profit	**29 252**	28 236	**3.6**	**(0.9)**
Net profit	**18 111**	17 734	**2.1**	
Capital expenditure	**16 490**	14 642	**12.6**	
Operating free cash flow[1]	**25 111**	22 693	**10.7**	
Free cash flow[1]	**18 524**	15 660	**18.3**	
Net debt	**48 310**	35 181	**37.3**	
Earnings per share (cents)	**948**	1 013	**(6.4)**	
Headline earnings per share (cents)	**948**	1 013	**(6.4)**	
Contribution margin[2] (%)	**61.4**	62.4	**(1.0ppt)**	
EBITDA margin (%)	**37.9**	38.8	**(0.9ppts)**	
Operating profit margin (%)	**24.5**	27.5	**(3.0ppts)**	
Effective tax rate (%)	**27.6**	27.8	**(0.2ppts)**	
Net profit margin (%)	**15.2**	17.3	**(2.1ppts)**	
Capital intensity (%)	**13.8**	14.3	**(0.5ppts)**	
Net debt/EBITDA (times)	**1.1**	0.9	**0.2ppts**	

Service revenue

	Year ended 31 March		% change	
Rm	2023	2022	Reported	Normalised*
South Africa	**60 038**	58 526	**2.6**	**2.6**
Egypt	**7 976**	^	**^**	**^**
International	**26 395**	22 213	**18.8**	**5.3**
Corporate and eliminations	**(759)**	(803)		
Group service revenue	**93 650**	79 936	**17.2**	**3.5**
Safaricom[3]	**41 503**	37 715	**10.0**	**5.2**

Group service revenue increased 17.2% to R93.7 billion, boosted by the inclusion of Vodafone Egypt from December 2022 and foreign currency tailwinds in our International markets. Excluding Vodafone Egypt, service revenue was up 7.2%, while on a normalised basis service revenue increased 3.5%* supported by a resilient performance in South Africa and International M-Pesa and data revenue. Financial services delivered service revenue of R9.9 billion, up 14.3%* on a normalised basis and contributed 10.5% of consolidated service revenue. Our new services which include digital, financial, fixed and IoT amounted to R18.1 billion in aggregate and contributed 19.3% of Group service revenue.

Notes:

1. A reconciliation of operating free cash flow and free cash flow is on page 53.
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.

In South Africa, service revenue increased 2.6% to R60.0 billion, supported by a resilient prepaid performance and growth in new services. Financial services revenue amounted to R3.0 billion, up 10.8%. New services in aggregate, which include financial and digital services, fixed and IoT were up 9.7% and contributed R9.2 billion, or 15.3% of South Africa's service revenue.

Our International business reported service revenue growth of 18.8% to R26.4 billion, and excluding the impact of foreign currency translation, service revenue grew 5.3%*. The normalised growth was supported by M-Pesa and data revenue. M-Pesa and data revenue comprised 25.1% and 23.1% of International service revenue, respectively. Safaricom service revenue, which we do not consolidate, grew 5.2%*.

Total expenses[1]

	Year ended 31 March		% change	
Rm	**2023**	**2022**	**Reported**	**Normalised***
South Africa	**52 195**	49 087	**6.3**	**6.2**
Egypt	**5 405**	^	**^**	**^**
International	**17 228**	14 427	**19.4**	**5.2**
Corporate and eliminations	**(271)**	(615)		
Group total expenses	**74 557**	62 899	**18.5**	**6.5**

Group total expenses increased 18.5% to R74.6 billion. Excluding Vodafone Egypt, Group total expenses increased 9.9% (6.5%*). In South Africa, expenses increased 6.3% to R52.2 billion. The rate of growth in South Africa reflects higher equipment costs of sales associated with the higher equipment revenue. Pleasingly, total expense growth in South African moderated to 4.1% in the second half of the financial year, reflecting accelerated cost initiatives. International expenses increased 19.4% (5.2%*) to R17.2 billion, as incremental cost initiatives were implemented to manage costs below the rates of inflation.

EBITDA

	Year ended 31 March		% change	
Rm	**2023**	**2022**	**Reported**	**Normalised***
South Africa	**32 569**	31 747	**2.6**	**2.8**
Egypt	**2 859**	^	**^**	**^**
International	**10 145**	8 504	**19.3**	**6.6**
Corporate and eliminations	**(429)**	(363)		
Group EBITDA	**45 144**	39 888	**13.2**	**3.6**
Safaricom[2]	**19 635**	19 989	**(1.8)**	**(6.2)**

Group EBITDA increased 13.2% to R45.1 billion at a margin of 37.9%. Excluding Vodafone Egypt, Group EBITDA was up 6.0% (3.6%*). South Africa EBITDA grew 2.6% to R32.6 billion, reflecting a clear improvement in the second half of the financial year. South Africa EBITDA margins increased 0.4 ppts to 38.6% in the second half, having contracted 2.1 ppts in the first half. EBITDA in our International operations increased 19.3% to R10.1 billion, positively impacted by foreign exchange translation tailwinds.

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.

Operating profit

	Year ended 31 March		% change	
Rm	**2023**	**2022**	**Reported**	**Normalised***
South Africa	**20 881**	21 133	**(1.2)**	**(0.9)**
Egypt	**1 710**	^	**^**	**^**
International	**4 541**	4 352	**4.3**	**(1.6)**
Safaricom	**2 815**	3 122	**(9.8)**	**9.3**
Corporate and eliminations	**(695)**	(371)		
Group operating profit	**29 252**	28 236	**3.6**	**(0.9)**

Group operating profit increased 3.6% to R29.3 billion, supported by EBITDA growth but impacted by the start-up losses in Ethiopia. On a normalised basis, and adjusting for Ethiopia start-up losses, operating profit fell 0.9%*. In South Africa, operating profit declined 1.2% to R20.9 billion as the depreciation and amortisation outpaced EBITDA growth. Higher depreciation and amortisation in South Africa was associated with our investment into energy resilience and new spectrum. International operating profit increased 4.3% (declined 1.6%*) to R4.5 billion supported by focused cost containment.

On a rand reported basis, Safaricom contributed R2.8 billion to the Group's operating profit, declining 9.8% year-on-year. The decline was attributable to foreign exchange rate movements and Ethiopia start-up losses and on a normalised basis grew 9.3%*.

Net finance charges

	Year ended 31 March		% change
Rm	**2023**	**2022**	**22/23**
Finance income	**857**	554	**54.7**
Finance costs	**(5 569)**	(4 229)	**31.7**
Net finance costs	**(4 712)**	(3 675)	**28.2**
Net gain on remeasurement and disposal of financial instruments	**464**	2	**>200**
Net finance charges	**(4 248)**	(3 673)	**15.7**

Net finance charges increased 15.7% to R4.2 billion, as a result of higher net debt and higher average cost of debt associated a sharp increase in South Africa Reserve Bank interest rates. The average cost of debt (including leases) increased from 7.7% to 8.6% during the year. Excluding leases, the average cost of debt increased from 6.3% to 7.7%. The increase in net finance costs was partially offset by a gain on net remeasurement and disposal of financial instruments, largely a function of foreign exchange movements.

Taxation

The tax expense of R6.9 billion was 1.0% higher than the prior year due to higher taxable profits. The effective tax rate was 27.6%, slightly lower than the prior year due to the recognition of a deferred tax asset in Tanzania.

Earnings

	Year ended 31 March		% change
	2023	2022	22/23
Earnings per share (EPS) (cents)	**948**	1 013	**(6.4)**
Headline earnings per share (HEPS) (cents)	**948**	1 013	**(6.4)**
Weighted average number of ordinary shares outstanding for the purpose of calculating EPS and HEPS (million)	**1 769**	1 694	**4.4**

EPS and HEPS both decreased 6.4%. EPS and HEPS were impacted by a higher share count associated with the equity funding component of the Vodafone Egypt transaction, start-up losses in Ethiopia and higher finance costs.

Owned capital expenditure[1]

	Year ended 31 March		% change
Rm	2023	2022	22/23
South Africa	**11 171**	11 149	**0.2**
Egypt	**1 225**	^	**^**
International	**4 067**	3 486	**16.7**
Corporate and eliminations	**27**	7	
Group capital expenditure	**16 490**	14 642	**12.6**
Group capital intensity (%)	**13.8**	14.3	**(0.5ppts)**
Safaricom	**13 477**	6 655	**102.5**
Safaricom capital intensity (%)	**30.9**	16.6	**14.3ppts**

The Group's capital expenditure was R16.5 billion, representing 13.8% of revenue. Excluding Vodafone Egypt, Group capital expenditure was up 4.3%. In South Africa, capital expenditure was directed at improving capacity and resilience of the network and increasing 5G roll-out. We have 98.5% (FY22: 97.9%) 4G population coverage and have extended our 5G sites to more than 1 500. Across our International markets, 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 (ROU) assets. Right-of-use (ROU) asset additions were R4 033 million (FY22: R3 318 million) for the Group, of which R3 255 million (FY22: R2 658 million) for South Africa and R599 million (FY22: R660 million) in International.

Statement of financial position

Property, plant and equipment increased R15.0 billion to R74.2 billion and intangible assets increased R13.6 billion to R27.6 billion. The consolidation of Vodafone Egypt accounted for R12.1 billion of the increase in property, plant and equipment and R10.9 billion of the increase in intangibles, respectively.

	Year ended 31 March		
Rm	**2023**	**2022**	**Movement**
Bank and cash balances	**22 054**	17 716	**4 338**
Bank overdrafts	**(1 323)**	(1 058)	**(265)**
Current borrowings	**(8 327)**	(22 061)	**13 734**
Non-current borrowings	**(60 687)**	(29 347)	**(31 340)**
Other financial instruments	**(27)**	(430)	**403**
Net debt[1]	**(48 310)**	(35 180)	**(13 130)**
Net debt/EBITDA (times)	**1.1**	0.9	

Higher net debt of R48.3 billion reflects the R10.7 billion debt funding component for the Vodafone Egypt transaction and spectrum costs. Current borrowings decreased as a result of successful refinancing. Our reported net debt to EBITDA ratio increased to 1.1 times, as a result of the timing of the Vodafone Egypt transaction. On a *pro forma* basis, with Vodafone Egypt consolidated for the full financial year, net debt to EBITDA was 0.8 times.

Cash flows[2]

Free cash flow

	Year ended 31 March		% change
Rm	**2023**	**2022**	**22/23**
EBITDA	**45 144**	39 888	**13.2**
Working capital	**868**	955	**(9.1)**
Capital expenditure[3]	**(16 490)**	(14 642)	**(12.6)**
Disposal of property, plant and equipment	**89**	61	**45.9**
Lease liability payments	**(4 952)**	(4 172)	**(18.7)**
Other	**452**	603	**(25.0)**
Operating free cash flow	**25 111**	22 693	**10.7**
Tax paid	**(7 361)**	(7 124)	**(3.3)**
Finance income received	**871**	545	**59.8**
Finance costs paid	**(3 918)**	(2 863)	**(36.8)**
Net dividends received from associates and paid to non-controlling shareholders	**3 821**	2 409	**58.6**
Free cash flow	**18 524**	15 660	**18.3**

Operating free cash flow increased 10.7%, with EBITDA growth partially offset by capital expenditure and lease liability payments. Free cash flow increased 18.3% as a result of higher operating free cash flow and the timing of Safaricom's interim dividend. We received Safaricom's interim dividend for FY22 in April 2022 and the interim dividend for the financial year 2023 in March 2023. The interim dividend received in March amounted to R1.0 billion.

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 53.
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 28 – payable from income reserves

Notice is hereby given that a gross final dividend number 28 of 330 cents per ordinary share in respect of the financial year ended 31 March 2023 has been declared payable on Monday 26 June 2023 to shareholders recorded in the register at the close of business on Friday 23 June 2023. The number of ordinary shares in issue at the date of this declaration is 2 077 841 204. 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 264 cents per ordinary share

Last day to trade shares cum dividend	Tuesday 20 June 2023
Shares commence trading ex-dividend	Wednesday 21 June 2023
Record date	Friday 23 June 2023
Payment date	Monday 26 June 2023

Share certificates may not be dematerialised or rematerialised between Wednesday 21 June 2023 and Friday 23 June 2023, both days inclusive.

On Monday 26 June 2023, 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 26 June 2023.

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

Dividend policy

The acquisition of Vodafone Egypt and a proposed initial 30% stake into a South African fibre joint venture, MAZIV, provides a compelling opportunity to accelerate our system of advantage and the Group's growth profile. Accordingly, from the interim period of this financial year, the dividend policy was set at least 75% of Vodacom Group headline earnings. The policy and announced 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 13.0% to 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
12 May 2023

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 21 to 38, contained in the accompanying preliminary report, which comprises the condensed consolidated statement of financial position as at 31 March 2023, 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 2023 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)
12 May 2023

Condensed consolidated income statement

for the year ended 31 March

Rm	Note	2023[1] Reviewed	2022 Audited
Revenue	3	**119 170**	102 736
Direct expenses		**(45 942)**	(38 624)
Staff expenses		**(7 746)**	(7 266)
Publicity expenses		**(1 936)**	(1 886)
Net credit losses on financial assets		**(864)**	(704)
Other operating expenses		**(18 069)**	(14 419)
Depreciation and amortisation		**(17 968)**	(14 657)
Net profit from associates and joint ventures		**2 607**	3 056
Operating profit		**29 252**	28 236
Net gain on disposal of subsidiaries		**4**	–
Finance income		**857**	554
Finance costs		**(5 569)**	(4 229)
Net gain on remeasurement and disposal of financial instruments		**464**	2
Profit before tax		**25 008**	24 563
Taxation		**(6 897)**	(6 829)
Net profit		**18 111**	17 734
Attributable to:			
Equity shareholders		**16 767**	17 163
Non-controlling interests		**1 344**	571
		18 111	17 734

Note:

1. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022. Acquisition-related costs of R260 million were recognised in other operating expenses. Refer to Note 10.

Cents	Notes	2023 Reviewed	2022 Audited
Basic earnings per share	4	**948**	1 013
Diluted earnings per share	4	**921**	984

Condensed consolidated statement of comprehensive income

for the year ended 31 March

Rm	2023 Reviewed[1]	2022 Audited
Net profit	**18 111**	17 734
Other comprehensive income		
Foreign currency translation differences, net of tax[2,3]	**2 985**	(3 025)
Share of foreign currency translation differences, net of tax, of associates and joint ventures accounted for using the equity method[2,3]	**565**	(343)
Mark-to-market of financial assets held at fair value through other comprehensive income, net of tax[2]	**216**	271
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[2]	**(276)**	(271)
Total comprehensive income	**21 601**	14 366
Attributable to:		
Equity shareholders	**21 207**	14 167
Non-controlling interests	**394**	199
	21 601	14 366

Notes:

1. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022. Refer to Note 10.
2. 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.
3. Share of foreign currency translation differences, net of tax, of associates and joint ventures accounted for using the equity method line item previously reported as part of Foreign currency translation differences, net of tax line item are now being reported separately. 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	Notes	2023[1] Reviewed	2022 Audited
Assets			
Non-current assets		**162 527**	127 448
Property, plant and equipment		**74 241**	59 273
Intangible assets	12.2, 12.5	**27 643**	14 054
Financial assets		**800**	783
Investment in associates and joint ventures		**52 573**	47 429
Trade and other receivables		**3 700**	2 763
Finance receivables		**2 348**	2 374
Tax receivable		**674**	647
Deferred tax		**548**	125
Current assets		**65 788**	50 519
Financial assets		**958**	612
Mobile financial deposits		**9 832**	6 386
Inventory		**2 156**	1 787
Trade and other receivables		**27 992**	21 230
Finance receivables		**2 508**	2 554
Tax receivable		**288**	234
Bank and cash balances		**22 054**	17 716
Total assets		**228 315**	177 967
Equity and liabilities			
Fully paid share capital	10	**89 918**	57 073
Treasury shares		**(17 055)**	(17 019)
Retained earnings		**43 524**	39 885
Other reserves	10	**(30 441)**	(502)
Equity attributable to owners of the parent		**85 946**	79 437
Non-controlling interests	10	**11 481**	6 029
Total equity		**97 427**	85 466
Non-current liabilities		**66 502**	34 834
Borrowings	8	**60 687**	29 347
Trade and other payables		**552**	541
Provisions		**1 406**	1 581
Deferred tax		**3 857**	3 365
Current liabilities		**64 386**	57 667
Borrowings	8	**8 327**	22 061
Trade and other payables		**41 392**	26 632
Mobile financial payables		**9 832**	6 386
Provisions		**830**	341
Tax payable		**2 665**	1 178
Dividends payable		**17**	11
Bank overdraft		**1 323**	1 058
Total equity and liabilities		**228 315**	177 967

Note:
1. Vodafone Egypt has been consolidated from the acquisition date of 8 December 2022. Refer to Note 10.

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Note	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 March 2022 – Audited		**79 437**	**6 029**	**85 466**
Adoption of IAS 29 by associate entity	12.3	**1 953**	**212**	**2 165**
1 April 2022		**81 390**	**6 241**	**87 631**
Total comprehensive income		**21 207**	**394**	**21 601**
Dividends		**(13 127)**	**(569)**	**(13 696)**
Shares issued on acquisition of subsidiary[1]	10	**32 845**	**–**	**32 845**
Acquisition of subsidiary under common control	10	**(36 137)**	**5 105**	**(31 032)**
Repurchase and sale of shares		**(377)**	**–**	**(377)**
Share-based payments		**438**	**–**	**438**
Proceeds on subsidiary share issue[2]		**–**	**242**	**242**
Changes in subsidiary holdings[3]		**(293)**	**68**	**(225)**
31 March 2023 – Reviewed		**85 946**	**11 481**	**97 427**
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 – Audited		79 437	6 029	85 466

Notes:

1. Net of share issue costs of R3 million.
2. Non-controlling interests' share of proportionate additional share capital contributions into 10T Holdings (Pty) Limited.
3. Changes in subsidiary holdings includes the acquisition of an additional 14% equity interest in each of IoT.nxt B.V and 10T Holdings (Pty) Limited, increasing the Group's effective shareholding in each of the subsidiary entities to 65%, as well as the unwinding of the broad based black economic empowerment (BBBEE) deal for Storage Technology Services (Pty) Limited trading as Nexio (Stortech), a subsidiary of the Group. The unwinding of the BBBEE deal led to the Group's effective interest in Stortech reducing from 95% to 51%. Also included is the buy-out of certain minority shareholders subsequent to the acquisition of Vodafone Egypt. Refer to Note 10.

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	Notes	2023 Reviewed	2022 Audited
Cash flows from operating activities			
Cash generated from operations	9	**48 312**	41 152
Tax paid		**(7 361)**	(7 124)
Net cash flows from operating activities		**40 951**	34 028
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		**(20 175)**	(13 843)
Proceeds from disposal of property, plant and equipment and intangible assets		**89**	61
Acquisition of subsidiary (net of cash and cash equivalents acquired)	10	**(9 221)**	–
Acquisition of associate	12.3	**(321)**	(874)
Loan to joint venture		**(116)**	(234)
Dividends received from associate		**4 390**	2 911
Finance income received		**871**	545
Net movement in mobile financial deposits[1]		**(2 353)**	(500)
Other investing activities[1]		**132**	(30)
Net cash flows utilised in investing activities		**(26 704)**	(11 964)
Cash flows from financing activities			
Borrowings incurred		**19 662**	8 570
Borrowings repaid		**(11 935)**	(9 717)
Finance costs paid		**(5 341)**	(4 312)
Dividends paid – equity shareholders		**(13 136)**	(14 170)
Dividends paid – non-controlling interests		**(569)**	(502)
Repurchase of shares		**(510)**	(517)
Proceeds on sale of shares		**133**	84
Proceeds on subsidiary share issue[2]		**242**	–
Changes in subsidiary holdings[3]		**(273)**	–
Net cash flows utilised in financing activities		**(11 727)**	(20 564)
Net increase in cash and cash equivalents		**2 520**	1 500
Cash and cash equivalents at the beginning of the year		**16 658**	15 209
Effect of foreign exchange rate changes		**1 553**	(51)
Cash and cash equivalents at the end of the year		**20 731**	16 658

Notes:
1. Net movements in restricted cash deposits from M-Pesa customers previously reported as part of other investing activities are now being reported separately. The reclassification had no impact on any reported totals, headline earnings per share or on any amounts presented in the statement of financial position.
2. Non-controlling interests' share of proportionate additional share capital contributions into 10T Holdings (Pty) Limited.
3. Cash consideration of R258 million for the acquisition of an additional 14% equity interest in two subsidiary entities, being IoT.nxt B.V and 10T Holdings (Pty) Limited, increasing the Group's effective shareholding in each of the subsidiary entities to 65%, and cash consideration paid for the buy out of certain minorities subsequent to the acquisition of Vodafone Egypt of R15 million. Refer to Note 10.

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 34: Interim Financial Reporting (IAS 34) 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. 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 20.

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 2022, 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.

Full details on changes in accounting policies will be disclosed in the Group's consolidated financial statements for the year ended 31 March 2023, which will be available online.

Rm	2023 Reviewed	2022 Audited
3 Segment analysis		
External customer segment revenue	**119 170**	102 736
South Africa	**84 322**	80 429
Egypt	**8 252**	*
International	**26 539**	22 296
Corporate and eliminations	**57**	11
Safaricom[1]	**43 607**	39 985
Inter-segment revenue	**–**	–
South Africa	**393**	399
Egypt	**–**	*
International	**626**	592
Corporate and eliminations	**(1 019)**	(991)

Notes:
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.

* Vodafone Egypt was acquired during the current financial year (Refer to Note 10). Due to the significance of this investment, and the information available for review by the chief operating decision maker, Vodafone Egypt is presented as a separate segment. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022.

Revenue is further disaggregated into product type below.

Rm	South Africa	Egypt*	International	Corporate and elimination	Total	Safaricom[1]
31 March 2023 – reviewed						
Mobile contract revenue	22 596	1 304	2 174	(10)	26 064	5 763
Mobile prepaid revenue	25 944	4 889	21 635	–	52 468	31 237
Customer service revenue	48 540	6 193	23 809	(10)	78 532	37 000
Mobile interconnect	1 676	871	1 207	(410)	3 344	1 133
Fixed service revenue	4 101	498	1 220	(297)	5 522	1 890
Other service revenue	5 721	414	159	(42)	6 252	1 480
Service revenue[2]	60 038	7 976	26 395	(759)	93 650	41 503
Equipment revenue	17 695	53	430	(11)	18 167	1 586
Non-service revenue	6 430	223	326	(192)	6 787	518
Revenue from contracts with customers	84 163	8 252	27 151	(962)	118 604	**
Interest income recognised as revenue	485	–	14	–	499	**
Other revenue[3]	67	–	–	–	67	**
Revenue	84 715	8 252	27 165	(962)	119 170	43 607

Notes:
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 954 million for South Africa, R6 504 million for International, R398 million for Egypt and R16 449 million for Safaricom.
3. Other revenue largely represents lease revenues recognised under IFRS 16 "Leases".

* The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022 (Refer to Note 10). Due to the significance of this investment, and the information available for review by the chief operating decision maker, Vodafone Egypt is presented as a separate segment.

** Not reviewed by the chief operating decision maker.

3 Segment analysis continued

Rm	South Africa	Egypt	International	Corporate and elimination	Total	Safaricom[1]
31 March 2022 – audited						
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

Notes:
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".

* Vodafone Egypt was acquired during the current financial year (Refer to Note 10). Due to the significance of this investment, and the information available for review by the chief operating decision maker, Vodafone Egypt is presented as a separate segment.

** Not reviewed by the chief operating decision maker.

Rm	2023 Reviewed	2022 Audited
EBITDA	**45 144**	39 888
South Africa	**32 569**	31 747
Egypt	**2 859**	*
International	**10 145**	8 504
Corporate and eliminations	**(429)**	(363)
Safaricom[1]	**19 635**	19 989
Operating profit	**29 252**	28 236
South Africa	**20 881**	21 133
Egypt	**1 710**	*
International	**4 541**	4 352
Corporate and eliminations[2]	**2 120**	2 751
Safaricom[1]	**9 727**	12 408

Notes:
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.

* Vodafone Egypt was acquired during the current financial year (Refer to Note 10). Due to the significance of this investment, and the information available for review by the chief operating decision maker, Vodafone Egypt is presented as a separate segment. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022.

3 Segment analysis continued

Rm	2023 Reviewed	2022 Audited
Reconciliation of segment results		
EBITDA[1]	**45 144**	39 888
Depreciation and amortisation	**(17 968)**	(14 657)
Net (loss)/profit on disposal of property, plant and equipment and intangible assets	**(35)**	1
Net profit from associates and joint ventures	**2 607**	3 056
Vodafone Egypt acquisition costs	**(260)**	–
Other	**(236)**	(52)
Operating profit[2]	**29 252**	28 236
Total assets	**228 315**	177 967
South Africa	**97 172**	90 789
Egypt	**26 150**	*
International	**53 613**	42 253
Corporate and eliminations	**51 380**	44 925
Safaricom[3]	**91 644**	69 651
Total liabilities	**(130 888)**	(92 501)
South Africa	**(75 064)**	(68 934)
Egypt	**(15 582)**	*
International	**(32 297)**	(26 477)
Corporate and eliminations	**(7 945)**	2 910
Safaricom[3]	**(39 445)**	(29 237)

Notes:
1. EBITDA is operating profit excluding depreciation, amortisation and gains/losses on disposal of owned assets and excluding share of results of equity accounted associates and joint ventures, impairment losses, restructuring costs arising from discrete restructuring plans, other income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.
2. For a reconciliation of operating profit to net profit for the year, refer to the condensed consolidated income statement on page 21.
3. 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.

* Vodafone Egypt was acquired during the current financial year (Refer to Note 10). Due to the significance of this investment, and the information available for review by the chief operating decision maker, Vodafone Egypt is presented as a separate segment. Vodafone Egypt has been consolidated from the acquisition date of 8 December 2022.

	Cents	2023 Reviewed	2022 Audited
4	**Per share calculations**		
4.1	**Earnings and dividends per share**		
	Basic earnings per share	**948**	1 013
	Diluted earnings per share	**921**	984
	Headline earnings per share	**948**	1 013
	Diluted headline earnings per share	**922**	984
	Dividends per share	**770**	830

	Million	2023 Reviewed	2022 Audited
4.2	**Weighted average number of ordinary shares outstanding for the purpose of calculating**		
	Basic and headline earnings per share[1]	**1 769**	1 694
	Diluted earnings and diluted headline earnings per share[1]	**1 820**	1 744
4.3	**Ordinary shares for the purpose of calculating dividends per share:**		
	410 cents per share declared on 17 May 2021		1 836
	420 cents per share declared on 12 November 2021		1 836
	430 cents per share declared on 13 May 2022	**1 836**	
	340 cents per share declared on 11 November 2022	**1 836**	

Vodacom Group Limited acquired 3 366 930 (31 March 2022: 3 277 032) shares in the market during the year at an average price of R142.96 (31 March 2022: R131.63) 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 223 670 (31 March 2022: 738 455) shares at an average price of R129.84 (31 March 2022: R134.90). 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 R14 136 million (31 March 2022: R15 238 million) of which R69 million (31 March 2022: R74 million) was offset against the forfeitable share plan reserve, R7million (31 March 2022: R11 million) expensed as staff expenses and R119 million (31 March 2022: R128 million) paid to Wheatfields Investments 276 (Pty) Limited, a wholly-owned subsidiary holding treasury shares on behalf of the Group. An amount of R881 million (31 March 2022: R950 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 R89 million (31 March 2022: R105 million) was paid out as a trickle dividend to participants. R22 million (31 March 2022: R20 million) was paid to The Innovator Trust. The Group declared a final dividend in respect of the year ended 31 March 2023 after the reporting period (Refer to Note 13).

Note:
1. Includes a weighted average number of 122 million shares issued effective 8 December 2022 as part consideration for the acquisition of Vodafone Egypt (Refer to Note 10).

Rm	2023 Reviewed	2022 Audited
4 Per share calculations continued		
4.4 Headline earnings reconciliation		
Earnings attributable to equity shareholders for basic and diluted earnings per share	**16 767**	17 163
Adjusted for:		
Net loss/(profit) on disposal of property, plant and equipment and intangible assets[1]	**33**	(4)
Profit on disposal of subsidiaries	**(4)**	–
	16 796	17 159
Tax impact of adjustments	**(9)**	1
Non-controlling interests' share in adjustments	**(14)**	2
Headline earnings for headline- and diluted headline earnings per share[2]	**16 773**	17 162

Notes:

1. Includes attributable share of net profit on disposal of property, plant and equipment and intangible assets of associates and joint ventures of R2 million (31 March 2022: R3 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	2023 Reviewed	2022 Audited
5.1	**Balances with related parties**		
	Borrowings (including accrued finance cost)	**36 985**	25 928
	Dividend receivable from associate included in trade and other receivables	**–**	1 301
5.2	**Transactions with related parties**		
	Dividends declared	**(8 552)**	(9 218)
	Dividends from associate	**3 032**	3 350
	Finance costs	**(2 358)**	(1 574)

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 financial statements for the year ended 31 March 2023, which will be available online.

Following the untimely passing of DH Brown, independent non-executive director, on 19 June 2022, KL Shuenyane assumed the role of lead independent director. CB Thomson assumed the role of chairman of the Audit, Risk and Compliance Committee and became a member of the Remuneration Committee.

NC Nqweni, having been appointed by the board as an alternate director in April 2020, was appointed a director of the board with effect from 19 July 2022. AM O'Leary resigned from the Board on 16 September 2022. AI Dimitrova was appointed to the Board on 17 September 2022.

SF Linford retired from her role as company secretary on 31 July 2022. KE Robinson was appointed as company secretary on 1 August 2022.

	Rm	2023 Reviewed	2022 Audited
6	**Capital commitments**		
	Capital expenditure contracted for but not yet incurred	**8 362**	10 093

Included in capital commitments is a commitment of R2 186 million (31 March 2022: R5 382 million) relating to the spectrum acquisition. R3 196 million of this commitment was settled in the current year. Refer to Note 12.2.

	Rm	2023 Reviewed	2022 Audited
7	**Capital expenditure incurred**		
	Capital expenditure additions including software[1]	**16 490**	14 642

Note:
1. Excludes acquisition of spectrum.

8 Borrowings

8.1 Vodafone Investments Luxembourg s.a.r.l. (Vodafone Luxembourg)

Borrowings incurred	2023 Reviewed Rm	Interest rate	Repayment date
01/06/2022	3 200	3 m Jibar + 1.34%	01/06/2027
28/11/2022	4 265	3 m Jibar + 1.34%	28/11/2027
12/12/2022	235	3 m Jibar + 1.34%	12/12/2027
12/12/2022	1 300	9.52%	12/12/2027
12/12/2022	2 000	3 m Jibar + 1.40%	12/12/2028

Loan modification

R3 200 million of a R9 000 million loan facility was converted from a floating rate of 3 month Jibar + 1.34% to a fixed rate of 9.36% on 5 September 2022. The loan has a repayment date of 30 March 2027.

Refinancing

The table below shows borrowings from Vodafone Luxembourg that were refinanced at or close to maturity:

2022 Audited Rm	Original Interest rate	Re-financing date	2023 Reviewed Rm	Current Interest rate	Repayment date
3 000	3 m Jibar + 1.50%	24/05/2022	3 000	3 m Jibar + 1.34%	24/05/2027
1 500	3 m Jibar + 1.04%	24/05/2022	1 500	3 m Jibar + 1.34%	07/06/2027
6 000	7.91%	28/11/2022	6 000	9.00%	28/11/2025
4 000	3 m Jibar + 1.15%	28/11/2022	4 000	3 m Jibar + 1.34%	28/11/2028
5 500	7.55%	11/04/2023	5 500	3 m Jibar + 1.43%	11/04/2029

8.2 Other

Two loans from Standard Bank of Congo with original loan facility amounts of US$25 million and US$75 million, bearing interest at 6 months Libor + 3.6% and 6 months Libor + 1.9% respectively, were repaid on 5 August 2022. These loans were replaced with two new facilities of US$35 million and US$65 million, bearing interest at the secured overnight financing rate (SoFR) + 3.75% and SoFR + 2.15% respectively. Vodacom Group Limited has issued a guarantee for the US$65 million loan in support of Vodacom Congo. Both facilities were fully drawn down at 31 March 2023 and are repayable on 5 August 2025. The Group is in the process of reforming the interest rate settings on other Libor linked instruments.

A R947 million loan from Standard Bank of South Africa bearing interest at 3 month Jibar +1% which was repayable on 31 May 2022, was replaced with a 5 year term loan, with a repayment date of 31 May 2027, bearing interest at 3 month Jibar + 1.34%. The loan balance was R1 101 million as at 31 March 2023.

A sustainability linked loan from Standard Bank of South Africa with a balance of R2 000 million bearing interest at a fixed rate of 7.62% which was due in January 2023 was replaced with a new sustainability linked loan of R2 000 million with a repayment date of 30 January 2024, bearing interest at 3 month Jibar + 1.13%. The sustainability linked criteria has remained unchanged.

Two new loans of R1 000 million each were entered into with ABSA Bank Limited and FirstRand Bank Limited respectively on 30 November 2022, bearing interest at 3 month Jibar + 1.42% and 1.43% respectively. Both loans are repayable on 30 November 2028.

Included in borrowings repaid and borrowings incurred in the statement of cash flows are cash outflows and cash inflows of R5 862 million and R4 458 million respectively relating to cash movements on committed borrowing facilities of Vodafone Egypt. Also included in borrowings repaid is repayments on lease liabilities of R3 404 million (31 March 2022: R2 722 million) which are classified as borrowings under IFRS 16.

	Rm	2023 Reviewed	2022 Audited
9	**Cash flows from operating activities**		
	Profit before tax	**25 008**	24 563
	Adjusted for:		
	Net profit on disposal of subsidiaries	**(4)**	–
	Finance income	**(857)**	(554)
	Finance costs	**5 569**	4 229
	Net gain on remeasurement and disposal of financial instruments	**(464)**	(2)
	Operating profit	**29 252**	28 236
	Adjusted for:		
	Depreciation and amortisation	**17 968**	14 657
	Net loss/(profit) on disposal of property, plant and equipment and intangible assets	**35**	(1)
	Net credit losses on financial assets	**864**	704
	Share-based payment	**481**	575
	Net profit from associates and joint ventures	**(2 607)**	(3 056)
	Cash flows from operations before working capital changes	**45 993**	41 115
	Increase in inventory	**(106)**	(594)
	Increase in trade and other receivables	**(4 777)**	(1 486)
	Increase in mobile financial payables, trade and other payables and provisions	**7 202**	2 117
	Cash generated from operations	**48 312**	41 152

10 Acquisition of Vodafone Egypt Telecommunications S.A.E. (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). During December 2022 the Group concluded all outstanding regulatory and procedural approvals, and settled the full purchase consideration by issuing 241 976 243 shares in Vodacom Group Limited at a value of R32 848 million to Vodafone together with a R10 720 million cash consideration, of which R361 million was settled subsequent to 31 March 2023 after finalising the closing accounts. Share issue costs amounted to R3 million.

The acquisition of Vodafone Egypt is a business combination under common control. Acquisitions of subsidiaries under common control are accounted for using the pooling of interest method. The pooling of interest method is applied prospectively (no restatement of periods prior to the business combination under common control) with a corresponding reset of historical equity reserves. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred by the Group to the sellers and equity instruments issued by the Group in exchange for control over the acquiree. The results of Vodafone Egypt have been consolidated from the acquisition date of 8 December 2022. Acquisition-related costs of R260 million were recognised in other operating expenses in profit or loss.

The assets and liabilities of Vodafone Egypt are reflected at their acquisition date carrying amounts recognised within Vodafone's consolidated financial statements, thus no adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the acquisition. The difference between the consideration transferred and the acquired net assets, including pre-existing goodwill of the parent and non-controlling interest, is reflected within equity.

Subsequent to acquiring Vodafone Egypt, the Group acquired an additional stake of 0.02%, equivalent to 49,493 shares in Vodafone Egypt from minority shareholders for a cash consideration of R15 million resulting in a total shareholding in Vodafone Egypt of 55.02%.

10 Acquisition of Vodafone Egypt Telecommunications S.A.E. (Vodafone Egypt) continued

Rm	2023 Reviewed
Acquisition of Vodafone Egypt	
Property, plant and equipment	12 077
Intangible assets	9 722
Non-current trade and other receivables	485
Inventory	260
Current trade and other receivables	4 601
Bank and cash balances	1 138
Non-current borrowings	(378)
Non-current trade and other payables	(41)
Provisions	(819)
Deferred tax	(759)
Current trade and other payables	(9 901)
Current borrowings	(3 862)
Tax payable	(1 178)
Net asset value acquired	11 345
Non-controlling interest	(5 105)
Pre-existing goodwill from parent	1 191
Common control reserve	36 137
Purchase consideration	43 568
Shares issued	32 848
Cash consideration	10 720
Total cash consideration	10 720
Cash consideration payable	(361)
Cash and cash equivalents acquired	(1 138)
Acquisition of subsidiary (net of cash and cash equivalents acquired)	9 221

11 Contingent liabilities

11.1 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.

11.2 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 2023.

12 Other matters

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

Mr Makate rejected the CEO's determination of reasonable compensation payable to him in accordance with the 2016 Constitutional Court order and brought an application to the Gauteng Division of the High Court of South Africa (the High Court) to have the CEO's determination reviewed and set aside. The High Court set aside the determination and ordered that the compensation amount be reassessed.

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 (SCA). The Group's appeal against the judgement and order of the High Court was heard on 9 May 2023 in the SCA. The judgement and decision of the SCA on the matter will be delivered in due course.

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

On 17 March 2022, the Group secured spectrum for an amount of R5 382 million. The spectrum licence was effective from 1 July 2022 and the Group paid R3 196 million in the current year for this spectrum. The balance of the spectrum amount will become payable once the remainder of the spectrum becomes available for use, which is contingent on the country's analogue to digital migration.

12 Other matters continued

12.3 Commercial launch in Ethiopia

During the prior year, the Group participated as a minority investor in a consortium, controlled by Safaricom, which was awarded a unified telecommunications service licence in the Federal Democratic Republic of Ethiopia. In October 2022, Safaricom Telecommunications Ethiopia PLC (Safaricom Ethiopia) commercially launched mobile operations in the country. Further, Safaricom Ethiopia will be awarded a mobile financial services licence. The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective interest of 6.19% in the consortium. In addition, the Group has indirect exposure through Safaricom's 55.7% effective interest in the consortium. Investment into Safaricom Ethiopia is ongoing.

The economic environment in Ethiopia deteriorated in 2021 and inflation increased rapidly. The Ethiopian national statistics office reported a 3-year cumulative rate of inflation of 107% , as of August 2022. Therefore, Ethiopia is hyperinflationary as from 31 December 2022 and thereafter. The financial impact of IAS 29, Financial Reporting in Hyperinflationary Economies (IAS 29) resulted in an increase in Investment in associates and joint ventures of R2.3 billion for the reporting period ending 31 March 2023, of which R2.1 billion related to the opening balance adjustment in equity due to the adoption of IAS 29 by the Group's associate entity.

12.4 MAZIV (Pty) Limited (MAZIV)

On 10 November 2021, the Group announced an investment into a joint venture, MAZIV, 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 (DFA) and Vumatel (Pty) Limited. The transaction is subject to the fulfilment of certain conditions precedent, including obtaining the necessary substantive regulatory approvals from the South African competition authorities and ICASA. During October 2022, ICASA approved the transaction subject to the incorporation of conditions relating to the provision of open-access network services, along with limitations on ownership and control, into DFA's licences. The Competition Commission approval process is ongoing. The investment will be equity accounted as a joint venture.

12.5 Tanzania Communications Regulatory Authority (TCRA) – Assignment of HDS

The TCRA held an auction for high demand spectrum on 11 October 2022. Vodacom Tanzania PLC participated in the auction and secured winning bids for the one block of 2 x 10 MHz in the 700 MHz band, the two blocks each comprising 1 x 35 MHz in the 2 300 MHz band and one block of 1 x 20 MHz in the 2 600 MHz band. The total purchase price was US$63.2 million.

The spectrum allocation is payable in instalments: 50% on spectrum assignment, 25% in April 2023, and 25% in October 2023.

13 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:

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

A final dividend of R6 857 million (330 cents per ordinary share) for the year ended 31 March 2023, was declared on 12 May 2023, payable on 26 June 2023 to shareholders recorded in the register at the close of business on 23 June 2023. The net dividend after taking into account dividend withholding tax for those shareholders not exempt from dividend withholding tax is 264.00000 cents per share. This is in line with the Group's revised dividend policy to pay dividends of at least 75% of the Group's headline earnings.

14 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, licence and spectrum fees payable 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 and licence and spectrum fees payable), with a carrying amount of R53 902 million (31 March 2022: R38 752 million) amounts to R53 977 million (31 March 2022: R38 881 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 9.16% and 9.84% (31 March 2022: 6.02% and 7.21%) for rand-denominated borrowings.

14.1 Fair value hierarchy

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

Rm	2023 Reviewed	2022 Audited
Level one[1]		
Financial assets at fair value through profit or loss		
Unit trust investments	**403**	378
Level two[2]		
Financial assets at fair value through other comprehensive income		
Finance receivables[3]	**4 856**	4 928
Financial assets and liabilities at fair value through profit or loss		
Derivative financial assets[4]	**69**	259
Derivative financial liabilities[4]	**(96)**	(689)
	5 232	4 876

Notes:

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 2023

Rm	South Africa	% 22/23	Egypt	International	% 22/23	Corporate/ Eliminations	Group	% 22/23	Safaricom[1]	% 22/23
Mobile contract revenue	22 596	2.8	1 304	2 174	34.6	(10)	26 064	10.5	5 763	23.3
Mobile prepaid revenue	25 944	3.1	4 889	21 635	18.3	–	52 468	20.7	31 237	8.1
Customer service revenue	48 540	2.9	6 193	23 809	19.6	(10)	78 532	17.1	37 000	10.2
Mobile interconnect	1 676	(1.6)	871	1 207	2.7	(410)	3 344	37.2	1 133	(14.2)
Fixed service revenue	4 101	6.6	498	1 220	20.7	(297)	5 522	21.8	1 890	25.3
Other service revenue	5 721	(1.7)	414	159	34.7	(42)	6 252	5.8	1 480	12.6
Service revenue	60 038	2.6	7 976	26 395	18.8	(759)	93 650	17.2	41 503	10.0
Equipment revenue	17 796	11.7	53	444	15.6	(11)	18 282	12.1	1 586	(17.6)
Non-service revenue	6 881	8.0	223	326	12.0	(192)	7 238	11.5	518	50.1
Revenue	84 715	4.8	8 252	27 165	18.7	(962)	119 170	16.0	43 607	9.1
Direct expenses	(35 807)	7.6	(3 017)	(7 889)	28.1	771	(45 942)	18.9		
Staff expenses	(4 572)	(1.9)	(329)	(2 127)	14.0	(718)	(7 746)	6.6		
Publicity expenses	(1 192)	(9.4)	(104)	(620)	9.7	(20)	(1 936)	2.7		
Net credit losses on financial instruments	(779)	13.6	(78)	(7)	(61.1)	–	(864)	22.7		
Other operating expenses	(9 845)	7.7	(1 877)	(6 585)	13.1	238	(18 069)	25.3		
Depreciation and amortisation	(11 639)	9.7	(1 137)	(5 188)	28.3	(4)	(17 968)	22.6		
Net profit/(loss) from associates and joint ventures	–		–	(208)	>200	2 815	2 607	(14.7)		
Operating profit	20 881	(1.2)	1 710	4 541	4.3	2 120	29 252	3.6	11 964	(17.9)
EBITDA	32 569	2.6	2 859	10 145	19.3	(429)	45 144	13.2	19 635	(1.8)
EBITDA margin (%)	38.4		34.6	37.3			37.9		45.0	
Included in service revenue:										
Financial services revenue	2 954	10.8	398	6 504	31.1	–	9 856	29.2	16 449	13.8

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 2022

Rm	South Africa	International	Corporate/ Eliminations	Group	Safaricom[1]
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	**58 526**	**22 213**	**(803)**	**79 936**	**37 715**
Equipment revenue	15 929	384	(7)	16 306	1 925
Non-service revenue	6 373	291	(170)	6 494	345
Revenue	**80 828**	**22 888**	**(980)**	**102 736**	**39 985**
Direct expenses	(33 283)	(6 159)	814	(38 624)	
Staff expenses	(4 662)	(1 865)	(739)	(7 266)	
Publicity expenses	(1 315)	(565)	(6)	(1 886)	
Net credit losses on financial instruments	(686)	(18)	–	(704)	
Other operating expenses	(9 141)	(5 820)	542	(14 419)	
Depreciation and amortisation	(10 608)	(4 043)	(6)	(14 657)	
Net profit/(loss) from associates and joint ventures	–	(66)	3 122	3 056	
Operating profit	**21 133**	**4 352**	**2 751**	**28 236**	**14 575**
EBITDA	31 747	8 504	(363)	39 888	19 989
EBITDA margin (%)	39.3	37.2	37.0	38.8	50.0
Included in service revenue:					
Financial services revenue	2 665	4 961	–	7 626	14 452

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 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	% change 22/23
Customers[1] (thousand)	**44 230**	44 668	45 512	45 086	**45 459**	**(2.7)**
Prepaid	**37 552**	37 937	38 913	38 549	**38 974**	**(3.6)**
Contract	**6 678**	6 731	6 599	6 537	**6 485**	**3.0**
Data customers[2] (thousand)	**25 519**	25 493	23 774	22 971	**23 475**	**8.7**
Internet of Things connections[3] (thousand)	**7 490**	7 137	7 084	6 736	**6 596**	**13.6**
Traffic[4] (millions of minutes)	**15 958**	17 008	17 360	16 505	**16 609**	**(3.9)**
Outgoing	**13 128**	14 112	14 424	13 674	**13 760**	**(4.6)**
Incoming	**2 830**	2 896	2 936	2 831	**2 849**	**(0.7)**
MOU per month[5]	**120**	127	127	121	**121**	**(0.8)**
Prepaid	**112**	120	119	112	**111**	**0.9**
Contract	**166**	169	178	179	**183**	**(9.3)**
Total ARPU[6] (rand per month)	**94**	97	93	89	**91**	**3.3**
Prepaid	**58**	61	58	55	**54**	**7.4**
Contract	**295**	299	301	294	**312**	**(5.4)**

South Africa key telecom indicators for the year ended

	31 March		% change
	2023	2022	22/23
Traffic[4] (millions of minutes)	**66 831**	67 894	**(1.6)**
Outgoing	**55 338**	57 057	**(3.0)**
Incoming	**11 493**	10 837	**6.1**
MOU per month[5]	**124**	125	**(0.8)**
Prepaid	**116**	114	**1.8**
Contract	**173**	193	**(10.4)**
Total ARPU[6] (rand per month)	**93**	90	**3.3**
Prepaid	**58**	56	**3.6**
Contract	**297**	301	**(1.3)**

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.

Egypt key telecom indicators for the quarter ended

	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	% change 22/23
Closing customers[1] (thousand)	**45 493**	45 083	44 583	43 792	**42 816**	**6.3**
ARPU[2] (local currency per month)	**68**	67	65	61	**57**	**19.3**
Prepaid ARPU	**61**	60	58	55	**50**	**22.0**
Contract ARPU	**124**	122	120	109	**107**	**15.9**

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. ARPU is calculated by dividing the average total service revenue by the average monthly customers during the period.

International key telecom indicators for the quarter ended

	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	% change 22/23
Customers[1] (thousand)	**50 228**	48 147	43 886	42 662	**41 716**	20.4
Tanzania	**16 735**	16 292	16 008	15 595	**15 368**	8.9
DRC	**21 040**	19 184	16 109	16 019	**15 512**	35.6
Mozambique	**10 742**	10 904	10 016	9 184	**8 954**	20.0
Lesotho	**1 711**	1 767	1 753	1 864	**1 882**	(9.1)
Data customers[2] (thousand)	**22 485**	21 803	21 141	19 822	**21 175**	6.2
Tanzania	**8 748**	8 445	7 971	7 460	**7 603**	15.1
DRC	**7 209**	6 495	6 713	6 150	**7 326**	(1.6)
Mozambique	**5 696**	5 942	5 626	5 333	**5 372**	6.0
Lesotho	**832**	921	831	879	**874**	(4.8)
MOU per month[3]						
Tanzania	**265**	286	288	260	**237**	11.8
DRC	**24**	29	32	33	**31**	(22.6)
Mozambique	**93**	102	111	109	**109**	(14.7)
Lesotho	**56**	74	65	58	**60**	(6.7)
Total ARPU[4] (rand per month)						
Tanzania	**40**	42	40	34	**32**	25.0
DRC	**43**	50	54	48	**44**	(2.3)
Mozambique	**47**	54	57	55	**55**	(14.5)
Lesotho	**52**	54	49	48	**51**	2.0
Total ARPU[4] (local currency per month)						
Tanzania (TZS)	**5 238**	5 558	5 466	5 044	**4 797**	9.2
DRC (US$)	**2**	3	3	3	**3**	(33.3)
Mozambique (MZN)	**168**	196	215	223	**230**	(27.0)

International key telecom indicators for the year ended

	31 March		% change
	2023	**2022**	**22/23**
MOU per month[3]			
Tanzania	**275**	232	**18.5**
DRC	**29**	32	**(9.4)**
Mozambique	**103**	120	**(14.2)**
Lesotho	**63**	62	**1.6**
Total ARPU[4] (rand per month)			
Tanzania	**39**	33	**18.2**
DRC	**48**	42	**14.3**
Mozambique	**53**	59	**(10.2)**
Lesotho	**51**	52	**(1.9)**
Total ARPU[4] (local currency per month)			
Tanzania (TZS)	**5 328**	5 132	**3.8**
DRC (US$)	**2.8**	2.8	**–**
Mozambique (MZN)	**199**	249	**(20.1)**

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.

Safaricom key telecom indicators for the year ended

	31 March		% change
	2023	**2022**	**22/23**
Closing customers[1] (thousand)	**45 892**	42 440	**8.1**
Data customers[2] (thousand)	**26 984**	25 220	**7.0**
ARPU[3] (local currency per month)	**572**	562	**1.8**

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 Mar 2023	30 Sep 2022	31 Mar 2022	% change 22/23
South Africa	**13 896**	13 670	**13 541**	**2.6**
Egypt	**5 398**	^	**^**	**^**
International M-Pesa	**19 229**	18 291	**16 523**	**16.4**
Tanzania	**8 197**	7 726	**6 833**	**20.0**
DRC	**4 147**	3 781	**3 452**	**20.1**
Mozambique	**5 808**	5 790	**5 246**	**10.7**
Lesotho	**1 077**	994	**992**	**8.6**
Consolidated Group	**38 523**	31 961	**30 064**	**28.1**
Safaricom M-Pesa	**32 105**	31 168	**30 527**	**5.2**
Total (100% basis)	**70 628**	63 129	**60 591**	**16.6**

M-Pesa value of transactions for the last twelve month period ended

US$m	31 Mar 2023	30 Sep 2022	31 Mar 2022	% change 22/23
International	**68 263**	61 654	**56 178**	**21.5**
Safaricom	**296 576**	293 646	**266 593**	**11.2**
Total (100% basis)	**364 839**	355 300	**322 771**	**13.0**

Merchants & agents

	Year ended March		% change
Thousand	**2023**	**2022**	**22/23**
Merchants			
International	**196**	57	**>200**
Safaricom	**607**	493	**23.1**
Agents			
International	**291**	248	**17.3**
Safaricom	**262**	262	**–**

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
	2023	**2022**	**22/23**
Revenue (local currency)			
Tanzania (TZSm)	**1 073 018**	971 025	**10.5**
DRC (US$000)	**619 163**	561 268	**10.3**
Mozambique (MZNm)	**26 368**	27 992	**(5.8)**
Lesotho (LSLm)	**1 204**	1 244	**(3.2)**
EBITDA (local currency)			
Tanzania (TZSm)	**329 398**	300 135	**9.7**
DRC (US$000)	**238 808**	189 420	**26.1**
Mozambique (MZNm)	**11 774**	13 587	**(13.3)**
Lesotho (LSLm)	**421**	454	**(7.3)**

Historical financial review

Revenue for the quarter ended

Rm	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
South Africa	**21 612**	21 915	20 920	20 268	**20 680**	20 875	19 737
Egypt	**6 376**	1 876	^	^	**^**	^	^
International	**7 017**	7 126	6 984	6 038	**5 720**	6 110	5 563
Corporate and eliminations	**(253)**	(212)	(247)	(250)	**(265)**	(240)	(223)
Group revenue	**34 752**	30 705	27 657	26 056	**26 135**	26 745	25 077

Revenue YoY % change for the quarter ended

	Reported				Normalised*
%	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2023
South Africa	**4.5**	5.0	6.0	3.8	**4.5**
International	**22.7**	16.6	25.5	9.9	**6.3**
Group revenue	**33.0**	14.8	10.3	5.2	**5.0**

Service revenue for the quarter ended

Rm	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
South Africa	**15 160**	15 393	14 989	14 496	**14 961**	14 950	14 545
Egypt	**6 155**	1 821	^	^	**^**	^	^
International	**6 788**	6 975	6 778	5 854	**5 586**	5 913	5 412
Corporate and eliminations	**(180)**	(191)	(192)	(196)	**(189)**	(199)	(207)
Group service revenue	**27 923**	23 998	21 575	20 154	**20 358**	20 664	19 750

Service revenue YoY % change for the quarter ended

	Reported				Normalised*
%	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2023
South Africa	**1.3**	3.0	3.1	3.0	**1.3**
International	**21.5**	18.0	25.2	10.4	**5.4**
Group service revenue	**37.2**	16.1	9.2	5.2	**2.6**

Financial services revenue

	Year ended 31 March		% change	
Rm	2023	2022	Reported	Normalised*
South Africa	**2 954**	2 665	10.8	**10.8**
Egypt	**398**	^	^	**^**
International	**6 504**	4 961	31.1	**15.9**
Tanzania	**2 610**	2 109	23.8	**9.3**
DRC	**1 801**	1 188	51.6	**32.3**
Mozambique	**1 926**	1 519	26.8	**12.4**
Lesotho	**167**	145	15.2	**15.2**
Consolidated Group	**9 856**	7 626	29.2	**14.3**
Safaricom[1]	**16 449**	14 452	13.8	**8.8**

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
	2023	**2022**	**22/23**	**2023**	**2022**	**22/23**
US$/ZAR	**17.00**	14.85	**14.5**	**17.74**	14.61	**21.4**
ZAR/MZN	**3.77**	4.24	**(11.1)**	**3.60**	4.37	**(17.6)**
ZAR/TZS	**137.63**	156.04	**(11.8)**	**131.89**	158.77	**(16.9)**
EUR/ZAR	**17.69**	17.25	**2.6**	**19.28**	16.26	**18.6**
ZAR/EGP	**1.33**	1.07	**24.3**	**1.74**	1.25	**39.2**
ZAR/KES	**7.13**	7.46	**(4.4)**	**7.47**	7.87	**(5.1)**

	Average QTD				Closing QTD			
	31 Mar 2023	**31 Dec 2022**	**30 Sep 2022**	**30 Jun 2022**	**31 Mar 2023**	**31 Dec 2022**	**30 Sep 2022**	**30 Jun 2022**
US$/ZAR	**17.76**	17.61	17.04	15.59	**17.74**	17.01	17.97	16.38
ZAR/MZN	**3.60**	3.63	3.75	4.10	**3.60**	3.77	3.56	3.90
ZAR/TZS	**131.77**	132.51	136.93	149.32	**131.89**	137.17	129.75	142.35
EUR/ZAR	**19.05**	17.97	17.16	16.60	**19.28**	18.16	17.61	17.13
ZAR/EGP	**1.69**	1.32	1.12	1.19	**1.74**	1.45	1.09	1.15
ZAR/KES	**7.12**	6.93	7.01	7.47	**7.47**	7.25	6.72	7.20

Pro forma financial information

The presentation of the *pro forma* financial information and related reconciliations as detailed below on pages 48 to 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.
- '*Pro forma*' results have been presented for the Group as if the effective date of the Vodafone Egypt acquisition was 1 April 2021, thus showing the segment's financial information on a full year basis.

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 2023 as presented in Table A, Table E 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 2023

Rm	Reported results[1]	Foreign exchange: Trading FX[2]	Foreign exchange: Translation FX[3]	Mergers, Acquisitions & Disposals[4]	Normalised*
Revenue					
Group	**119 170**	–	–	(8 252)	**110 918**
International	**27 165**	–	–	–	**27 165**
South Africa	**84 715**	–	–	–	**84 715**
Egypt	**8 252**	–	–	–	**8 252**
Service revenue					
Group	**93 650**	–	–	(7 976)	**85 674**
International	**26 395**	–	–	–	**26 395**
South Africa	**60 038**	–	–	–	**60 038**
Egypt	**7 976**	–	–	–	**7 976**
Financial services revenue					
Group	**9 856**	–	–	(398)	**9 458**
International (M-Pesa)	**6 504**	–	–	–	**6 504**
Tanzania	**2 610**	–	–	–	**2 610**
DRC	**1 801**	–	–	–	**1 801**
Mozambique	**1 926**	–	–	–	**1 926**
Egypt	**398**	–	–	–	**398**
Total expenses					
Group	**74 557**	(709)	–	(4 785)	**69 063**
International	**17 228**	(42)	–	–	**17 186**
South Africa	**52 195**	(42)	–	–	**52 153**
Egypt	**5 404**	(618)	–	–	**4 786**
EBITDA					
Group	**45 144**	709	–	(3 477)	**42 376**
International	**10 145**	42	–	–	**10 187**
South Africa	**32 569**	42	–	–	**32 611**
Egypt	**2 859**	618	–	–	**3 477**
Net profit from associates and joint ventures					
Group	**2 607**	177	–	1 316	**4 100**
Safaricom	**2 814**	125	–	1 114	**4 053**
Operating profit					
Group	**29 252**	886	–	(1 012)	**29 126**
International	**4 541**	93	–	202	**4 836**
South Africa	**20 881**	42	–	–	**20 923**
Egypt	**1 710**	618	–	–	**2 328**

TABLE B: 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**	–	2 957	–	**105 693**
International	**22 888**	–	2 954	–	**25 842**
South Africa	**80 828**	–	3	–	**80 831**
Service revenue					
Group	**79 936**	–	2 863	–	**82 799**
International	**22 213**	–	2 860	–	**25 073**
South Africa	**58 526**	–	2	–	**58 528**
Financial services revenue					
Group	**7 626**	–	649	–	**8 275**
International (M-Pesa)	**4 961**	–	649	–	**5 610**
Tanzania	**2 109**	–	280	–	**2 389**
DRC	**1 188**	–	173	–	**1 361**
Mozambique	**1 519**	–	195	–	**1 714**
Total expenses					
Group	**62 899**	–	1 945	–	**64 844**
International	**14 427**	(27)	1 940	–	**16 340**
South Africa	**49 087**	25	5	–	**49 117**
EBITDA					
Group	**39 888**	–	1 021	–	**40 909**
International	**8 504**	27	1 023	–	**9 554**
South Africa	**31 747**	(25)	(2)	–	**31 720**
Net profit from associates and joint ventures					
Group	**3 056**	29	141	456	**3 682**
Safaricom	**3 122**	26	144	416	**3 708**
Operating profit					
Group	**28 236**	29	672	456	**29 393**
International	**4 352**	30	531	–	**4 913**
South Africa	**21 133**	(25)	(3)	–	**21 105**

TABLE C: Reconciliation of normalised growth for the year ended 31 March 2023

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	**16.0**	–	(3.0)	(8.1)	**4.9**
International	**18.7**	–	(13.6)	–	**5.1**
South Africa	**4.8**	–	–	–	**4.8**
Service revenue					
Group	**17.2**	–	(3.6)	(10.1)	**3.5**
International	**18.8**	–	(13.5)	–	**5.3**
South Africa	**2.6**	–	–	–	**2.6**
Financial services revenue					
Group	**29.2**	–	(9.2)	(5.7)	**14.3**
International (M-Pesa)	**31.1**	–	(15.2)	–	**15.9**
Tanzania	**23.8**	–	(14.5)	–	**9.3**
DRC	**51.6**	–	(19.3)	–	**32.3**
Mozambique	**26.8**	–	(14.4)	–	**12.4**
Total expenses					
Group	**18.5**	(1.2)	(3.1)	(7.7)	**6.5**
International	**19.4**	(0.2)	(14.0)	–	**5.2**
South Africa	**6.3**	(0.1)	–	–	**6.2**
EBITDA					
Group	**13.2**	1.8	(2.6)	(8.8)	**3.6**
International	**19.3**	0.2	(12.9)	–	**6.6**
South Africa	**2.6**	0.2	–	–	**2.8**
Net profit from associates and joint ventures					
Group	**(14.7)**	4.5	(4.3)	25.9	**11.4**
Safaricom	**(9.9)**	2.9	(4.2)	20.5	**9.3**
Operating profit					
Group	**3.6**	3.0	(2.4)	(5.1)	**(0.9)**
International	**4.3**	1.4	(11.8)	4.5	**(1.6)**
South Africa	**(1.2)**	0.3	–	–	**(0.9)**

TABLE D: Reconciliation of normalised growth for the quarter ended

31 March 2023 Rm	Reported results[1]	Translation FX[3]	Mergers, acquisitions & disposals[4]	Normalised*
Revenue				
Group	**34 752**	–	(6 376)	**28 376**
International	**7 016**	–	–	**7 016**
Egypt	**6 376**	–	–	**6 376**
Service revenue				
Group	**27 924**	–	(6 155)	**21 769**
International	**6 791**	–	–	**6 791**
Egypt	**6 155**	–	–	**6 155**
Financial services revenue				
International	**1 733**	–	–	**1 733**

31 March 2022 Rm	Reported[1]	Translation FX[3]	Mergers, acquisitions & disposals[4]	Normalised*
Revenue				
Group	**26 135**	880	–	**27 015**
International	**5 720**	878	–	**6 598**
Service revenue				
Group	**20 358**	859	–	**21 217**
International	**5 586**	856	–	**6 442**
Financial services revenue				
International	**1 238**	195	–	**1 433**

31 March 2023 %	% change[6]	Translation FX[3] ppts	Mergers, acquisitions & disposals[4]	Normalised* % change
Revenue				
Group	**33.0**	(3.5)	(24.5)	**5.0**
International	**22.7**	(16.4)	–	**6.3**
Service revenue				
Group	**37.2**	(4.2)	(30.4)	**2.6**
International	**21.6**	(16.2)	–	**5.4**
Financial services revenue				
International	**40.0**	(19.1)	–	**20.9**

TABLE E: Reconciliation of Vodafone Egypt full year numbers

31 March 2023 EGPm	Reported results[1]	Trading FX[2]	Mergers, acquisitions & disposals[4]	*Pro forma**	*Pro forma** % change
Revenue	**13 463**	–	26 891	**40 354**	**21.4**
Service revenue	**13 011**	–	26 062	**39 073**	**21.7**
Financial services revenue	**650**	–	956	**1 606**	**123.1**
EBITDA	**4 644**	–	11 376	**16 020**	**9.4**
EBITDA (excl foreign exchange losses)	**4 644**	1 632	11 376	**17 652**	**19.4**
Operating profit	**2 781**	–	6 712	**9 493**	**5.0**
Capex	**1 995**	–	3 958	**5 953**	**14.8**

31 March 2022 EGPm	Reported results[1]	Trading FX[2]	Mergers, acquisitions & disposals[4]	*Pro forma**
Revenue	–	–	33 252	**33 252**
Service revenue	–	–	32 107	**32 107**
Financial services revenue	–	–	720	**720**
EBITDA	–	–	14 647	**14 647**
EBITDA (excl foreign exchange losses)	–	135	14 647	**14 782**
Operating profit	–	–	9 045	**9 045**
Capex	–	–	5 185	**5 185**

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 2023.
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, Mozambican metical, and Egyptian pound. 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 2022, these exchange variances are eliminated by applying the average rate for the year ended 31 March 2023 (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 2022 numbers, thereby giving a user a view of the performance, which excludes exchange variances. The effective translation rates for *pro forma* financial information are similar to those used for IFRS purposes. The prevailing exchange rates for the current and comparative periods are disclosed on page 47.
4. For tables A, B, C and D mergers, acquisitions and disposals adjust for the start-up operating and finance costs associated with the Group's direct and indirect exposure in Safaricom Telecommunications Ethiopia PLC (Safaricom Ethiopia) and separately, the impact of consolidating Vodafone Egypt Telecommunications SAE (Vodafone Egypt) from 8 December 2022. The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective interest of 6.2% in Safaricom Ethiopia. In addition, the Group has indirect exposure through Safaricom's 55.7% effective interest in the consortium. For table E, Vodafone Egypt results, which have been obtained from the management accounts, have been presented as if the effective date of the Vodafone Egypt acquisition was 1 April 2021, thus showing the segment's financial information on a full year basis.
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 2023 and year-to-date 31 March 2022 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 2023 and the quarter-to-date, 31 March 2022 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 F: Reconciliation of operating free cash flow and free cash flow

	Year ended 31 March	
Rm	**2023**	**2022**
Cash generated from operations[1]	**48 500**	41 152
Cash capital expenditure[1]	**(16 301)**	(13 782)
Lease liability payments[2]	**(4 952)**	(4 170)
Movement in amounts due to M-Pesa account holders[3]	**(2 135)**	(505)
Operating free cash flow	**25 111**	22 693
Tax paid[1]	**(7 361)**	(7 124)
Finance income received[4]	**871**	545
Finance costs paid[4]	**(3 918)**	(2 863)
Net dividends received from associates and paid non-controlling shareholders	**3 821**	2 409
Free cash flow	**18 524**	15 660

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 2023.
2. Lease liability payments includes interest on lease liabilities of R1 547 million (FY22: R1 449 million).
3. 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.
4. This represents the finance costs paid of R5 465 million (FY22: R4 312 million), as extracted from the preliminary condensed consolidated statement of cash flows for the year ended 31 March 2023, net of interest on lease liabilities of R1 547 million (FY22: R1 449 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 2023 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 2023. The financial measures have been extracted from the management accounts upon which the preliminary condensed consolidated financial statements for the year ended 31 March 2023 are based. Refer to page 17 for details relating to capital expenditure and the supplementary information on pages 39 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 2023 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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