Vodacom Group 1Q 2027 Investor call – 27 July 2026

SHAMEEL JOOSUB – GROUP CEO

Good afternoon and good morning to those joining the call in the US. I am joined by our Group CFO, Raisibe Morathi, as well as our head of investor relations, JP Davids.

Before we unpack the quarter's performance, I would like to touch on three important topics: the strategic significance of our recent M&A transactions, how we are thinking about capital allocation as the Group evolves, and some of the accounting implications from consolidating Safaricom.

Starting off with our strategic acquisitions.

In South Africa, we further strengthened our fixed strategy through an additional R0.8 billion investment in Maziv, supporting the completion of the Herotel transaction. This expands Maziv's fibre homes passed to nearly three million, with market share of homes connected reaching over 45%. We believe that with our investment into Maziv, it is well positioned to accelerate fibre connectivity and help bridge the digital divide in South Africa.

This quarter marked a defining moment for Vodacom with the completion of our acquisition of a controlling stake in Safaricom, increasing our shareholding from 35% to 55%, effective 30 June. This strategically significant milestone enhances the Group's scale, diversification and long-term growth prospects.

With Safaricom now consolidated, we enter a new phase of growth with a more diversified earnings streams and greater exposure to some of Africa's most lucrative opportunities in connectivity, digital services and financial inclusion.

A key driver of the Group's growth outlook is financial services. With Safaricom consolidated, the Group's annual fintech service revenue increases to around US$2.5 billion, contributing more than 22% of Group service revenue and reinforcing our position as Africa's leading fintech platform.

Reflecting this stronger growth opportunity, we have upgraded our medium-term EBITDA and operating free cash flow growth targets from double-digit to early-teens growth. We have also increased our Vision 2030 revenue ambition from R200 billion to more than R300 billion and raised our target for beyond-mobile services. With Safaricom in the mix, we expect beyond mobile services to contribute more than 32% of Group service revenue.

Now turning to capital allocation...

Following the Vodafone Egypt acquisition in FY2023, we adopted a dividend policy of paying out at least 75% of headline earnings. We have consistently met or exceeded this commitment over the past three years, reflecting the resilience of the business and the strength of our cash generation.

With the addition of Safaricom, the Group has a stronger growth profile and in-market investment opportunities than at any point in its history. At the same time, the transaction increases leverage towards our 1.5x net debt-to-EBITDA threshold, making deleveraging an important priority.

Against this backdrop of a higher growth trajectory, the Board has approved an updated dividend policy with a payout of at least 65% of headline earnings. The revised policy provides greater flexibility to invest in high-return opportunities, maintain a strong balance sheet and support sustainable dividend growth. Based on our current outlook, we expect the FY2027 dividend to increase compared to FY2026, while retaining the flexibility to distribute above the minimum payout level when appropriate.

We believe this balanced approach positions the Group to deliver stronger earnings growth, increased cash generation and sustainable long-term shareholder value.

Shifting from capital allocation to accounting for the M&A transactions...

The Safaricom transaction has several important accounting implications for the Group.

In line with IFRS 3, we are undertaking a purchase price allocation exercise to determine the fair value of the assets and liabilities acquired. Based on preliminary management estimates, we expect to recognise a fair value uplift of tangible assets and identified intangible assets of approximately R69 billion. These assets will have an associated deferred tax liability.

The fair value adjustments are expected to result in a depreciation and amortisation charge of around R2 billion per annum, after tax and minorities. This compares with a charge of approximately R0.5 billion that was previously recognised for our associate stake in Safaricom.

As part of the transaction, Vodacom also acquired rights to a portion of future Safaricom dividend distributions for an upfront consideration of approximately R5.1 billion. The associated income from this advance will be recognised through non-controlling interests rather than finance income on the income statement. The income is included in headline earnings.

Turning to the first quarter results, at a Group level:

Service revenue grew 6.3% in rands and was up 12.6% on a normalised basis, tracking favourably against our medium-term target of double-digit growth. Reported growth was impacted by the translation effects from the stronger rand.

The result was supported by another excellent period from Egypt, a stable performance in South Africa and continued strong momentum across our International business. I was particularly pleased with our performance in beyond mobile, and specifically financial services. Beyond mobile services reached 22.8% of Group service revenue, up from 21.4% last year. Our financial services business, which is the largest component of beyond mobile was up 17.8% in rands to R4.5 billion.

On a normalised basis, financial services growth accelerated to an impressive 27.0%. We remain Africa's leading financial services operator with 548 billion US dollars of transactions processed through our mobile money platforms over the last twelve months, including Safaricom.

Shifting focus to South Africa:
Service revenue grew 2.0% to R16.1 billion. The consumer contract segment grew 3.3%, Vodacom Business service revenue was also up 3.3%, while prepaid returned to growth, up 0.4%. I am particularly pleased with the recovery in our prepaid business. The result was supported by prepaid data growth of 9.4% to R3.9 billion. This reflects the positive customer response to our simplified propositions and enhanced value offerings.

As mentioned, our beyond mobile numbers were good across the Group. In South Africa, financial services was up 6.6%, fixed up 7.5% and some good project wins in IoT pushed up revenue by 17.5%.

Egypt delivered another excellent performance. Egypt's revenue was R11.1 billion, up 18.7% in rands. The reported growth rate was impacted by a weaker Egyptian pound, which was impacted by regional conflict. By the end of the quarter, the Egyptian pound had recovered to its February 2026 level. In local currency, revenue was up 36.3%, while service revenue was up 32.8%, contributing 29% to the Group. The growth was broad-based and was underpinned by our investment into the network and spectrum. Vodafone Cash delivered an outstanding quarter with service revenue of R967 inion, up 73.0% in local currency. The growth rate was supported by promotional activity and may moderate through the year. Financial services now contributes 10% of Egypt's service revenue, with customers up 30.9% to 15.7 million.

Switching to our International business, the positive momentum continues. Service revenue was R8.5 billion, up 4.1% in rands, making up 25% of the Group. Normalised service revenue growth was 14.0%, reflecting strong commercial momentum across the portfolio, with data and M-Pesa continuing to drive growth. Tanzania continued to deliver excellent growth of 21.7% in shillings, while Lesotho was up 16.7%. In DRC, we grew service revenue 11.3% in US dollars. Service revenue in Mozambique was up 5.5% in local currency.
M-Pesa revenue was R2.6 billion, up 23.5% in local currency.

Our fourth business segment is Safaricom. Safaricom was an associate for the quarter but provided an update on Ethiopia's trading last week. The business is scaling at a good pace, reflecting strong commercial momentum, adding 4.6 million customers year-on-year to reach 14.7 million customers. Safaricom Ethiopia remains on track to achieve EBITDA breakeven during FY2027.

That concludes my review. Raisibe and I are now ready to answer any questions you may have.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Thank you, Shameel. We're going to kick off with some questions on the dividend outlook, and related questions on leverage. Just starting with Maddy from HSBC, he notes that Safaricom, as an entity, is very profitable and also has low net debt. So, could the temporary spike in leverage been managed rather by growing EBITDA, and the high cash generation across the group, rather than changing the DPS ratio. That's question one.

Further on the dividend payout, he notes and asks: We have seen in the recent past that the DPS payout has been at the bottom end of guidance. Is that how we should think about it for the medium term. In answering that, maybe we'll bundle in Thando's question from UBS at the same time, which is really around leverage. And he's asking, with leverage at around one and a half times this year, how does it look next year when Safaricom is fully consolidated, and how quickly are you planning to deleverage, so that the payout ratio could again expand back towards 75%.

SHAMEEL JOOSUB – GROUP CEO

Okay. Yes, the higher earnings growth will come through, specifically as we start to consolidate Safaricom, and it will contribute positively, and that's why the upgrading of guidance, both at EBITDA and at operating free cashflow, and of course that will contribute to stronger earnings growth. Our modus operandi is to, firstly, with the additional leverage that we're taking on is to then de-lever, and of course once we've done that, there is then opportunities to either invest into further growth or to basically, look at how do we return more value to shareholders. But ultimately, what we're trying to do is, yes, we could have held onto it, but then we'd be sitting with a huge level of debt. You'll remember a couple of years ago when the interest rates were spiking, it was quite damaging to earnings growth for the Group. So, we are being prudent, and we want to make sure that we can de-lever down to an acceptable level, but we will compensate for that with exceptional growth in earnings.

RAISIBE MORATHI – GROUP CFO

So, I think maybe just to add, the Safaricom dividend payout at 80%, that is already quite high. So, we felt, because the debt is basically sitting here in Group, rather, we need to look at opportunities where we can be able to manage that debt here, and obviously paid off as soon as possible. It is well priced, I must add, so, however, it is non-tax deductible. So, only a third of that, we are changing to preference shares, but the balance of the debt we need to de-lever as quickly as possible. So, the leverage ratio will peak at 1.5 times, and we expect it to normalize back to the levels of anywhere between 1 times and 1.2 times, but that is only after about three, four years. So, for now, we'll just focus on making sure that we service that debt. Noting that the interest rate cycle is also turning, so we're also quite cautious about the cost of servicing that debt.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Thank you to both of you. And one additional call out from my side is, and just to make it clear for everyone, we have pointed towards the FY27 dividend growing on the FY26 dividend, despite the dividend payout change, you know, mathematically that does provide good prospects for headline earnings in the year, although we don't explicitly guide to that.

Shameel, maybe coming back to you on the guidance that we've now given, Rohit from Citi is asking, directionally, was the change in guidance solely the impact of consolidating Safaricom, and how should we think about Safaricom's growth profile going forward. Are there any other mechanics, for example, you know, the rest of the business organically growing a bit faster, that contributed to the guidance upgrade we announced today.

SHAMEEL JOOSUB – GROUP CEO
I think what you'll see is that of course, building on the 2030 strategy and the results that we delivered last year of more than 24% earnings growth, we will continue with that momentum. Egypt, of course, growing strongly, at over 32%, that's the first one. International markets growing at 14%, so, strong growth there. We did indicate that it will be double-digit growth. Egypt will be higher 20s, early 30s, I would say in terms of growth rates for the year, and then of course South Africa, we will be growing at inflation, is the guidance that we've given, but remember this year, the once off that we had last year, the Please Call Me, well, you'll have that in the base of your EBITDA growth, and therefore contributing down to earnings growth will be stronger in South Africa as well this year. And then Safaricom has guided towards high teens growth as well. All of that put together, then gives us this confidence that we can upgrade guidance to early teens.

JP DAVIDS – HEAD OF INVESTOR RELATIONS
We have some more specific questions on the PPA charge, and the impact of that. Perhaps these are for you, Raisibe. So, Maddy is asking us to confirm the approximate incremental increase in the PPA charge around one and a half billion rand, after tax and minorities, and then perhaps related to that, Siphelele at Matrix, asking whether that dividend per share guidance that we shared today, is calculated pre, or post, this new annualised PPA adjustment. So that's a couple of questions on PPA. Robert from Deutsche Bank would like a little bit more color on the R5.1 billion dividend advance that we're making, and his question is straightforward, he's asking if that will reduce dividend leakage going forward, and over what period that dividend leakage out of the Group would be reduced, if that is the case.

RAISIBE MORATHI – GROUP CFO
Thank you. So, the easy one first, in terms of the dividend, whether it is before, or after PPA, it is after PPA. So, we're guiding on dividend growing, after dropping the rate to 65%, and after taking care of PPA. Is the incremental PPA charge R1.5 billion, yes, that is correct, and the R500 million is what we had when we owned 35% of Safaricom, and now obviously recomputed with the new shareholding. Noting that we're giving you these numbers as the estimates, because we are still busy with the PPA exercise, so they will be confirmed later, but guidance is broadly within that ballpark.

The R5.1 billion dividend advance, that is actually net positive for us, because we basically advance the money today, and then we will get repayment through the dividend that would have been paid, until such time that we have recouped the full amount, plus a margin, and that is why we're talking about collecting roughly about R7 billion, R7.1 billion over a period of time. So, it is in a way very small incremental, so I wouldn't really worry too much about that in the context of this dividend story.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

I'm going to shift to some questions on South Africa, beginning with John Davies of Bloomberg Intelligence. He had a few on the regulatory environment in South Africa, asking firstly where we stand on MVNO regulation more broadly. Any updates we can give on the direction of travel with regard to spectrum in the country. He notes there was some noise a little while ago around the wireless open access network resurfacing. So is that actually a real prospect, or is that just noise, and then finally, if we could also provide a comment or two on the legal action we're taking with respect to the data bundle expiry rules.

SHAMEEL JOOSUB – GROUP CEO

Okay, so firstly on the MVNO regulations, not clear yet in terms of exactly how they're going to regulate it. Of course, we're asking, as the Telco industry, that there is MVNO regulations. Specifically, when it comes to things like the end user subscriber charter, to give you an example where the regulations doesn't cater for the MVNOs, so it needs to be taken into account, in how the regulator sees the industry. But at the moment, it's more commercial arrangements with each of the Telcos, that's okay, but then it needs to make sure that when you want to do things, like end user subscriber charges, then it applies to the networks and its resellers /MVNOs. So I think that's an important distinction there.

In terms of spectrum, there's nothing new at the moment. Of course, they are sitting on some residual spectrum. There's talk about, them running another auction at a point in time, but there's no clarity on dates as yet, in terms of when that will happen, and what the rules will be of that spectrum auction, should it come to pass. In terms of the whole wholesale access network, there is some rumblings, but to be honest, it still doesn't make any sense. Because the question then comes in, what the fundamentals of it is, how would you even begin to start that. What would you do with the current infrastructure, honestly, it's a non-starter, and I don't think it goes anywhere. It was rejected in Parliament a few years ago, and if it gets back there, it will be rejected again, because it hasn't evolved at all, the arguments are still exactly the same.

In terms of end user subscriber charter, both Vodacom and MTN, after many discussions with ICASA, in terms of trying to find the middle ground, to make sure that the bigger bundles, the MVNOs, all of these type of things were taken into account, and also some clarity on the rules, because it's not clear. It hasn't been forthcoming, so we were running out of time in terms of the need to implement, and in terms of time to challenge. So effectively, that's why we've decided to pursue the legal challenge, at the same time, we will continue to engage with ICASA and try and find a solution.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Shifting to the operational side of South Africa, starting with perhaps prepaid, Jono from Absa is asking for a little bit more color on the acceleration of prepaid data revenue growth that we saw in the first quarter. Nadim from Standard Bank, perhaps related to that, just asking around the traction of VodaPay. It seems to have been the focus area for recent promotions. Have we seen good traction on that, and how does that impact the prepaid ARPU, and our prepaid proposition. And then coming back to Maddy from HSBC, he's asking around the contract side. What was the key driver behind the sequential growth slowdown in contract, from around 4% in the fourth quarter, to around 1.7% this quarter.

SHAMEEL JOOSUB – GROUP CEO

Okay, so a couple of things. So firstly data revenue growth, I think a very strong set of numbers in growth in prepaid, specifically in the South African context. So what we saw was very strong growth in the data revenue growth, and so your data revenue growth was up. Firstly, the traffic growth was up a healthy 38.8% across the board, so that that was very good. The prepaid data revenue growth was up 9.4%, and that's on the back of the changed and simplified prepaid offerings that are gaining quite a bit of traction, and then of course you're starting to lap some of those price changes that we made last year, and then also voice becoming a smaller part of the mix, so voice was still down double digit, minus 14%, but is now contributes only 27.5% of prepaid revenue, and 11% of service revenue. So the number is becoming smaller, but the acceleration of data is basically the execution of our smartphone strategy, growing the number of smartphones, putting the investments in the network, where it can monetise quickly with our network monetising tools using AI, so that's also playing out quite well, but also changing and simplifying our offers last year due to competitive parts, but that is gaining some good traction, so that's worked quite nicely for us.

In terms of VodaPay, VodaPay continues to grow strongly, more than 10% of airtime now going through the app, but also all the other services, because remember, we don't have two apps anymore, we only have one app, which is the VodaPay app. So, all the Telco use cases are in there. We've seen very good growth in things like our spending gap on insurance. We've seen good growth in longer-term offerings that we're doing through the app, and of course we're using that as a clear mechanism to communicate with customers. We've seen growth in the number of customers moving from USSD to the app, but also good growth, year over year, something like up 50% in the GMV that we're utilising. Of course, the majority of that still remains all the Telco use cases, but it's growing much faster than when we had two separate apps.

On contract, the slowdown has come more from, if you look at consumer contract, consumer contract was up 3.3%, so strong growth on consumer contract, and then enterprise in total also growing at about the same rate. The issues really comes in more from some of the once offset we had last year in enterprise, that has kind of dragged down some of the rates, specifically on some of the university bundles and so on.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

I'm going to shift to Egypt now. We have a number of questions related to the same sort of themes on Egypt. Jonathan from Prescient, perhaps summarizes those with the following two questions. The first one being, can you provide an indication of the impact of the price increase in the quarter in Egypt, on data elasticity, and whether we can anticipate a further acceleration in service revenue growth for Egypt in the coming quarters. Part B of that question is a little bit more colour around Vodafone Cash in Egypt, and what the competitive outlook for that is, and perhaps just the state of play, when it comes to Vodafone Cash. As you're going through this answer, Thando has perhaps asked it in in a slightly different way, just asking, what the big drivers, or contributors were, between pricing in the quarter, perhaps the World Cup contribution, and the impact of new low entry plans that was announced by the Egyptian regulator.

SHAMEEL JOOSUB – GROUP CEO

So, all of that is in the numbers, and we still delivered a fantastic growth of 36.3% in revenue, and 32.8% in service revenue. So, where's the growth come from. So, firstly, the customer base continues to grow. So you had a 7.2% increase in customers. So your growth rate are now closing at 53.8 million customers, so that's been very strong. So, the first element of growth has come from customer growth. The second element of growth has come at the back of the traffic, the adding of extra spectrum onto the network, and that's helped us to accelerate data traffic growth to 36%. You remember last year it was in the 20s, or late 20s, and that's accelerated to 36%. So, the impact of the price ups has not affected the growth rates as such, and so that has played a part. Of course, from a data traffic perspective, you're looking at about, I would say about 3% uplift from the World Cup. Most of the uplift is actually coming from acceleration of the number of smartphones. You'll see that grew 11.8%, but also the monetisation of the spectrum that we've put into the network, and just being able to provide more capacity, faster speeds, and remember, in Egypt, the teams very savvy in terms of how we deploy, where we use our smart allocation tools, to put it into areas where we get the fastest growth. So looking at where the network is, where more capacity is required, and looking at multiple busy hours, as we call it, and then putting it in the next best part. So, there's almost a grading of where do we put the Capex first, and that discipline is driving the growth. We also have rolled it out, and are rolling it out, to all our markets as well. From a financial services perspective, 73% growth. Again, very strong growth in terms of the number of customers. So over 30% increase in the number of customers in financial services, 30.9%, it's now 15.7 million customers now using the service, and what's increased is the velocity of the number of transactions, and of course more customers coming on board, and then of course promotions to increase the number of use cases, and the frequency of using the service. So, increase in the active days, as I would call it, of use, and that's all contributed toward the 73% growth.

RAISIBE MORATHI – GROUP CFO

On FIFA, yes, FIFA had an impact in the quarter, but it's a really very short-term issue, and for that reason, the 33% growth in service revenue, we expect to be in the 30s, just ironing out that little magic that happened for a short period of time.

SHAMEEL JOOSUB – GROUP CEO

So the growth rate for the year will be early 30s, on the back of the price increase as well. You'll see ARPU grew 25%. So ARPU grew 25% on the back of the price increase, which was 9 to 15%, and then on the back of the data growth, which is 36%.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

There are one or two clarification questions on the price up. So, when was it? So it was on the 7th of May, so call that mid quarter. And then Preshendran at 36One just want to know if there were any one offs in the quarter for Egypt, and if not, why not upgrade the guidance for the year? I think Presh, there, what we're saying is there are no one offs, other than the strong performance in data traffic related to the World Cup, and also a bit more promotional activity in Vodafone Cash, and I think you picked up from Shameel that there is scope for continued good growth for the rest of the year.

I'm going to come back to South Africa, we have a few more operational questions in South Africa. Sticking with Preshendran, maybe I'll take one or two of these and then hand the rest over to you, Shameel. So, he's noted the number of smart devices we have on 4G and 5G, now at 28.4 million. How many Smartphones do you have in total? That number is around 35 million Presh. We have already dealt with the, I guess, the voice revenue decline in the quarter being down 14%. So, if we shift to Thando's question, it's slightly broader one on the current competitive outlook for consumer spending in South Africa and looks mostly directed at prepaid. Are we seeing things get better, or perhaps stable, or even worse, and what that means for ARPU. So, I guess some color on the current competitive environment and consumer spending, and related to that, Viwe from RMB picking up the superior monetisation that you have in a market like Egypt relative to a market like South Africa. South Africa's traffic growth, not quite keeping up with the data revenue growth. Is there a roadmap to help close that monetization gap over time.

SHAMEEL JOOSUB – GROUP CEO

I think, so firstly, from a competitive dynamics perspective, I think it's more, let's say BAU. There isn't any huge aggressive offerings at the moment but remember some of the moves were made late last year, in terms of the repricing and so on, and so now you're starting to see that elasticity coming through in terms of the offerings, and that's helping to contribute to a better performance in prepaid. And then of course a big focus for us is making sure that we're driving active usage and so on, or active days growth, and we've done a few things that I think are also helping in terms of loyalty, spending, ad campaigns, and so on. That I think is also helping us to improve the overall performance of the prepaid base. So that's on the competitive space in terms of monetisation. Remember, Egypt, Tanzania, Ethiopia have regulated pricing or price floors, as we call it, and that does help to contribute more positively, and I think, but with the repricing in South Africa, you should start to see a little bit more stability, or a bit more stability. That's if competition stays where it is in terms of monetisation, but to get the full impact, of course, like you would get in Egypt, you do need to have that regulatory intervention.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Jono from ABSA, probably a question for you, Raisibe. He wants to talk around, or for us to provide a little bit of colour around the Capex phasing for this year. So, noting that Q1 was below our guidance range of 13.5%, to 14.5%, will the Capex ramp up in Q2 with free cash flow seasonality looking different or similar in FY27 to previous years, referring there to that first half, second half split, in terms of where we generate most of the free cash flow.

RAISIBE MORATHI – GROUP CFO

Ja, so the phasing is sometimes the exchange rate, sometimes the logistics. It looks like we have seen some noise in logistics as a result of the war. So, we expect our Capex to still be within the guidance that we have provided, noting that is at 13.5% to 14.5%, more closer to 14%. So, some markets like Tanzania, they had some small delays, on the logistic side, but we are on track, and you will see Q2 will be quite different.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Yes, and we would expect again first half free cash flow to be lower than the second half, just the seasonality of the business. But what we are working toward is to trying to reduce the extent of that difference between the first half and the second half.

There's a question from Matthew from Laurium Capital, around Vodafone Egypt, and whether we would, or could, increase our stake in that business, similar to what we've just managed to do with Safaricom. So that's one strategic question for you, Shameel, and then I got two to follow that. The other one is from Nadim. He had a question on the broader Vision 2030 outlook, and excluding Safaricom, where do we see the key leverage points for the Group for higher revenue. So, I guess Vodacom Legacy, where we getting comfort for this higher revenue outlook from. And then finally we just have a broader question on Starlink, just around, asking around whether, what would need to happen, or change, for that to become available in South Africa, noting that we already have the Africa wide strategic partnership with Starlink.

SHAMEEL JOOSUB – GROUP CEO

Okay, so in Egypt, there is no indication that Telecom Egypt has any intention of reducing its stake, we do have a right to first refusal, so, you know, should they want to sell, I'm sure they'll approach us, but we don't see any indication, and I'm sure they're very happy with the dividends, and the performance of the company as we are, so being a very good investment for both of us.

In terms of the 2030 strategy, remember, it was premised on customer growth, so that's the first part, and we are overachieving in that context, 237 million customers, so we are growing our customer base quite nicely on the one side, and then secondly, it was premised on the guidance that we've given, which was the double-digit growth in EBITDA, and service revenue, and cash, and that's now been upgraded because of Safaricom. But you know, we still see Egypt being growing in the 20s in the foreseeable future, we see in the International markets continuing to grow double-digit, we see the South African business being able to grow at inflation plus over the next couple of years, so, you know, all of that continues to grow strongly, and then of course the diversification into fibre, we see strong growth coming in Maziv, financial services continues to grow strongly, IoT is growing strongly.

So, the diversification from a product perspective, you'll see, 27.0% growth in Fintech in the quarter. So, you know, the strategy is working, and that's delivering the growth. And of course, if you look into the detailed targets, you know, you'll see it's premised on growing the number of smartphones, it's premised on growing the number of financial services customers and use cases, and so on. So, a lot of success in that context, but also growing things like fibre. We'll be putting more fibre through joint ventures in Tanzania, in Kenya, of course, we already have a market leading position in terms of market leader in fibre. So, you know, I think very strong in that context as well.

Then on Starlink, Starlink simply put, doesn't want to comply with the BEE local regulations, and therefore cannot be licensed. I think once they comply with that, then it will be available in South Africa, or will become available in South Africa. Alternatively, they need to work through the Telcos, and use the Telco licenses, which you would have noticed Amazon Leo announcing that they will launch services with the Herotel.

JP DAVIDS – HEAD OF INVESTOR RELATIONS
Great. Then we have a couple more. Nadim has a quite specific question on IFRS 3 business combinations, asking around the useful life of M-Pesa, for and under that PPA? Nadim, I think the guidance at this point is aspects like M-Pesa, and your intangible assets, will be written off over an extended time frame, but that'll be balanced off against write-ups to things like the plant, property, and equipment (PPE). So it's a bit of a melting pot when it comes to the useful life of these various different assets, unfortunately, we're not quite in a position today to give specifics on that, but hopefully, the broader management estimate we provided today, gives you a sense of the direction of travel there. Then Shameel, back to you, Jono from ABSA, on the South African prepaid pricing outlook. Can you touch on the competition in data bundle offers now. Vodacom appears competitively priced, relative to peers. Have you seen any responses to your recent price actions, or product adjustments.

SHAMEEL JOOSUB – GROUP CEO
Yes, so our price adjustments are not recent, of course. We adjusted five, six months ago, so no, we haven't seen any aggressive responses. And remember, it was MTN that moved first, and then of course we moved to make sure that we were competitive. So, no big changes in terms of response. Telkom, held their pricing, so, you know, I think the pricing more or less is stable, and I think we're all dealing with the changes that we made last year. It's the way I would put it, and being able to digest that.

JP DAVIDS – HEAD OF INVESTOR RELATIONS
Perfect. A follow up for you, Raisibe, from Myuran at MIBFA. He wanted to come back to the comments earlier you made around the net debt profile of the group, or at least leverage profile, going from around one and half times, towards 1, 1.2 times over the next couple of years. He's asking, on that basis, it's not evident that nominal debt will reduce too much. Is that the message we're trying to get across. He would have thought you'd be able to achieve that just by growing EBITDA, rather than paying down debt. So, can we maybe provide a little bit of color on what we, the outlook, and the thinking is around nominal debt outlook for the Group.

RAISIBE MORATHI – GROUP CFO
So, it's a combination of both. So clearly with the growth outlook that we have, EBITDA will contribute towards that. But in terms of the nominal debt, we do pay off expensive debt as and when the opportunities arise. I mean, as an example, we did pay off some of the debt that was raised for funding Ethiopia, and we refinanced the Egypt debt. So, we will continue that journey. So as best as possible, we want to get to the, potentially the most optimised levels of cost of debt. So, for the acquisition-related debt, where we cannot use preference shares, we will seek to repay as soon as possible. So, as you know, we've been in the market for quite some time with the prefs. So, we did preference shares for the Egypt transaction, for the fibre transaction in SA, we are currently finalising of this current debt, R9 billion will be done as preference shares, so I'm sure there are bankers online here. So, we are looking for prefs, I'm sure they are ready and available to support us, but you can appreciate that the quantum of, you know, funding that we are raising, it is probably better to pace

ourselves than to go into the market all in one go. So, when the opportunities arise, we will either put prefs, or if we're sitting with cash, then we'll obviously pay off the debt.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Following up on that question, Raisibe, Maddy from HSBC asking if there were, or is not ways to structure the deal, the Safaricom deal, in perhaps a different way, which might lead to better earnings outcomes for the Group. I think you have referenced preference shares already, but maybe just some of the considerations we go through as we, you know, set up these structures and implement these deals.

RAISIBE MORATHI – GROUP CFO

So, I mean, we work through variety of options, and I think also very well advised. We took all the inputs and advice that we would take, and we believe that we have taken the most possibly optimal structures that one can take, and fairly fortunate in that we also could raise money between the Vodafone Luxembourg component, where we could also park some of this as a bridge, until we are able to engage with the banks, and also note that at the time that we closed this transaction, we were in the final stage of closing out the fibre transaction. So sensibly, we needed to make sure that we approach the banks in a manner that does not create confusion with a lot on the go. Now, outside of the M&A related activity, we are working with banks on a variety of other things, you know, handset finance, and so on. So, I think it was important for us to really be able to stratify our asks, and work through all of that. So, I do believe that the structures that we got to are probably the best that could be done at that point in time.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Shameel, coming back to you, a question from Viwe at RMB. He picked up on that 40% data traffic growth in South Africa, and around that, asking, is that level of traffic growth sustainable at these type of investment levels that we're currently running at, or is there a scenario where, if you keep running at these levels, you start to see network deterioration.

SHAMEEL JOOSUB – GROUP CEO

No, we're quite comfortable in terms of the capacity that we've created, and the investment the way we're putting it in, and also making sure that we do it in the most optimal way possible. So some of it, of course, is driven by fixed wireless growth, where we've increased our market share quite considerably, given where we were a few years ago, where we didn't have the spectrum, and the ability to deal with it, so that's the one part, but also giving more value to customers. We're quite happy that we can, within the Capex envelope, be able to focus on that. And just remember, in the South Africa numbers now, the fibre investments are now Maziv, and not in the South African numbers anymore.

JP DAVIDS – HEAD OF INVESTOR RELATIONS

Okay, great. We are done with the Q&A. Shameel I will hand back to you just for some final words.

SHAMEEL JOOSUB – GROUP CEO
Thank you. The consolidation of Safaricom marks an important milestone in Vodacom's evolution. We now have a stronger, more diversified portfolio, with meaningful growth opportunities across South Africa, Safaricom, Egypt, and our international business. With the key portfolio shaping transactions now largely complete, our focus shifts to execution, unlocking the full potential of these assets, and delivering on our Vision 2030 ambitions. Objective remains clear, to grow earnings, grow cash flow, and grow dividends, while building a larger, more diversified, and faster-growing Vodacom. Thank you for joining us today. If you have any further questions, please reach out to the Vodacom Investor Relations team. Enjoy the rest of your day.

Thank you.