

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 or the Group)

Vodacom Group Limited trading update for the quarter ended 30 June 2023 (short form announcement)

21 July 2023

Highlights

- Group revenue increased 36.9% (5.3%*) to R35.7 billion, positively impacted by the acquisition of Vodafone Egypt and rand depreciation against our basket of international currencies.
- Group service revenue was up 43.8%, or 9.8% excluding Vodafone Egypt (4.3%*).
- South Africa service revenue grew 3.9%, underpinned by the contract segment, fixed and financial services.
- International service revenue increased 23.8% (4.9%*), driven by data revenue growth and a weaker rand.
- Vodafone Egypt grew service revenue 27.6% in local currency, as financial services revenue more than doubled.
- Group service revenue growth including Vodafone Egypt on a pro forma basis was 9.0%, at the higher-end of our medium-term target.
- Financial services revenue increased 46.2% (14.2%*) to R3.0 billion, with US\$1 billion per day transacted on our mobile money platforms.

Rm	Quarter ended 30 June		
	2023	2022	% change
Group service revenue	28 976	20 154	43.8
Egypt	(6 844)	^	
Group service revenue excluding Egypt	22 132	20 154	9.8
Foreign exchange rate movements	–	1 062	
Group service revenue normalised*	22 132	21 216	4.3
Egypt pro forma and constant currency	6 844	5 362	
Group service revenue on target comparable basis¹	28 976	26 578	9.0

Rm	Quarter ended 30 June		YoY % change	
	2023	2022	Reported	Normalised*
Group service revenue	28 976	20 154	43.8	4.3
South Africa	15 064	14 496	3.9	
Egypt	6 844	^	^	
International	7 250	5 854	23.8	4.9
Group revenue	35 667	26 056	36.9	5.3
South Africa	21 406	20 268	5.6	
Egypt	7 075	^	^	
International	7 440	6 038	23.2	4.2

Notes:

Certain financial information presented in this trading update 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 in the full trading update. 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 quarter ended 30 June 2023 compared to the quarter ended 30 June 2022, unless stated otherwise.

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

1. Provided for information purposes. Vodacom Group's medium-term targets include Vodafone Egypt on a pro forma and constant currency basis, as if it was owned from 1 April 2022. The pro-forma financial information has not been audited or reviewed or otherwise reported on by external auditors. The quarterly information has not been audited or reviewed by Vodacom's external auditors. All growth rates quoted are year-on-year and refer to the quarter ended 30 June 2023 compared to the quarter ended 30 June 2022.

Shameel Joosub, Vodacom Group CEO commented:

A number of encouraging trends were evident in the Vodacom Group's first quarter performance, despite the ongoing uncertainty impacting global markets and economies. These include strong service revenue growth in local currency by Vodafone Egypt, Vodacom South Africa's encouraging data and fixed performance, strong financial services growth and the expansion of M-Pesa's ecosystem into new service offerings, including merchants.

While the higher cost of living and elevated inflation remains a major factor in most of the markets where we operate, Vodacom continues to deliver on its purpose-led promise of connecting people to a better future, including seeking ways to provide even greater value to customers. For instance, our substantial investments to enhance the network experience for customers across our markets has resulted in a number of accolades. This includes Vodacom South Africa being declared the country's 'Most Reliable Network' and 'Best In Test' ahead of competitors by independent benchmarking organisation 'umlaut', which is part of Accenture. Earlier this year, 'umlaut' ranked Vodafone Egypt, Vodacom Mozambique and Safaricom as 'Best In Test', while customers across our markets have rated Vodacom highest in Network Net Promoter Scores.

Vodacom's purpose-led model is centred around creating a digital society, ensuring inclusion for all and operating with the planet in mind. The breadth of our purpose-led initiatives were detailed in our recently published integrated reporting suite. Among these many initiatives, this quarter we have chosen to showcase the accelerated societal impact of Vodacom Mozambique's largest purpose-led initiative, Faz Crescer, which promotes digital inclusion in the country. Since its launch in 2018, we have successfully established 66 computer labs in public secondary schools across all provinces of the country. This translates to the provision of 1 300 computers and over 45 000GB of free internet, benefiting more than 215 000 students and teachers so far.

Vodacom has responded to South Africa's power crisis with increased investment in power resilience and meaningful engagement with stakeholders. We welcome the government's block exemptions for energy users and suppliers, which enables more efficient procurement and use of backup energy solutions. We were also encouraged by Eskom's recent publication of a 'Virtual Wheeling Platform' paper that builds on our pioneering project with the energy utility to drive private sector investment into new energy generation. We are confident that our virtual wheeling agreement with Eskom will be signed off in the near term and that this will have a positive impact on the country's power grid and renewable energy mix.

Group revenue increased 36.9% to R35.7 billion, largely boosted by Vodafone Egypt where revenue generated by financial services more than doubled and successful Ramadan and summer campaigns contributed to a 43.2% increase in data traffic. In South Africa, our R4.0 billion investment over four years to mitigate the impacts of loadshedding continues to pay dividends. We now invest more than R11.0 billion a year into our South Africa infrastructure alone, which has resulted in industry leading network availability during elevated levels of power outages and ultimately contributed to the 3.9% increase in service revenue in our largest market.

Revenue from new services - financial and digital services, fixed and IoT - accounts for almost one-fifth of the Group's total revenue, is well on track to reach our target contribution of 25-30% over the medium-term. Financial services remains a clear strategic priority for the Group and produced a 46.2% increase in revenue to surpass the R3.0 billion mark in a quarter for the first time. This was supported by a strong performance in South Africa and M-Pesa, which remains Africa's largest mobile money platform by transaction value, and its new services in particular such as loans and merchant services. Combined with financial services in Vodafone Egypt and Safaricom, our mobile money platforms processed US\$360.6 billion over the last twelve months, up 5.8%. In South Africa, growth was underpinned by our insurance business with policies up 10.2%. Our super-app, VodaPay, reached 6.7 million downloads and launched free deposits and added 'send money' and cash-out services in the quarter.

Supported by our continued focus on financial inclusion and accelerated capital expenditure, revenue in our International operations grew 23.2% to R7.4 billion, underpinned by currency gains and strong growth in M-Pesa and data revenue. A key focus for our International portfolio is digital inclusion through smartphone adoption and data usage, supported by our 23 million data customers. Smartphone penetration across our International operations reached 33.2% in the quarter, highlighting the opportunity for innovative handset financing options to accelerate adoption.

From a mergers and acquisitions perspective, we await regulatory approval for our proposed acquisition of a joint venture stake of up to 40% in MAZIV, which will accelerate fibre reach in South Africa, fostering economic development and helping bridge South Africa's digital divide. Our recently launched Ethiopian business, Safaricom Ethiopia, has made good progress since its commercial launch in October 2022, already reaching 2.7 million customers and is set to launch M-Pesa services in the second quarter.

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

Longer term, we will relentlessly pursue our purpose of connecting people for a better future. I firmly believe that the continued execution of our strategy has the potential to create immense economic value in the markets where we operate, helping to address inequality. By providing access to a smartphone, financial services, healthcare and education to every person across our markets we will fulfil our purpose.

This short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decision should be based on the full trading update that has been published on SENS

<https://senspdf.jse.co.za/documents/2023/jse/isse/VOD/1Q24SENS.pdf> and is also available on our website www.vodacom.com.

The full trading update is also available at our registered office and our sponsor's office for inspection, at no charge, during office hours. Copies of the full trading update may be requested by contacting Investor Relations on telephone: +27 (0) 11 653 5000 or email: vodacomir@vodacom.co.za.

Sponsor: Nedbank Corporate and Investment Banking, a division of Nedbank Limited