

Vodacom Group Limited

Trading update for the quarter ended 31 December 2021
Results announcement

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

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(Vodacom)

News release

Vodacom Group Limited trading update for the quarter ended 31 December 2021

01 February 2022

Highlights

- Group revenue grew 6.4% (5.7%*) to R26.7 billion underpinned by strong service revenue growth.
- Group service revenue was up 5.3% (4.4%*), supported by sustained demand for connectivity and growth in new services such as financial services.
- South Africa service revenue grew 4.5% with excellent growth in Vodacom Business.
- International service revenue increased by 6.7% (3.5%*), supported by data and M-Pesa revenue growth.
- Financial services revenue increased 12.5% to R2.0 billion, with strong adoption of our South African super-app, VodaPay.

Rm	Quarter ended 31 December		YoY % change	
	2021	2020	Reported	Normalised*
Group service revenue	20 664	19 627	5.3	4.4
South Africa	14 950	14 306	4.5	4.5
International	5 913	5 543	6.7	3.5
Group revenue	26 745	25 134	6.4	5.7
South Africa	20 875	19 729	5.8	5.8
International	6 110	5 685	7.5	4.3

Shameel Joosub, Vodacom Group CEO commented:

The third quarter of our financial year coincided with a fourth wave of milder COVID-19 infections across most of the world but was largely shaped by economies beginning to recover from the impact of the pandemic. The Group remains committed to focusing on the economic recovery in markets where we operate through the execution of a purpose-led six-point plan. This plan includes expanding network coverage and resilience, accelerating support to governments, enhancing digital accessibility and digital adoption, supporting our customers as they adapt to new ways of working and promoting financial inclusion.

We expect that the two strategic acquisitions we announced in November last year – a majority interest in Vodafone Egypt and a strategic stake in the fibre assets of Community Investment Ventures Holdings (Pty) Limited (CIVH) - will be instrumental for this plan. It is particularly pleasing that our minority shareholders recently overwhelmingly voted in favour of the R41 billion Vodafone Egypt transaction as this presents significant diversification and growth opportunities for shareholders in a substantial and largely unbanked market and is expected to be transformational in our evolution from a telco to a techco. This approval represents an important milestone in our target to close the transaction by 31 March 2022. However, the transaction remains subject to regulatory approvals including from the National Telecom Regulatory Authority of Egypt (NTRA) and Egypt's Financial Regulatory Authority.

Notes:

Certain financial information presented in this results announcement constitutes *pro-forma* financial information in terms of the JSE Listings Requirements. The applicable criteria, on the basis of which this *pro-forma* financial information has been prepared, is set out in the supplementary information on pages 12 to 14.

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

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

All growth rates quoted are year-on-year and refer to the quarter ended 31 December 2021 compared to the quarter ended 31 December 2020.

Amounts marked with an * in this document represent normalised growth which presents performance on a comparable basis. This excludes merger acquisition and disposal activities where applicable and adjusting for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as base) to show a like-for-like comparison of results.

The CIVH fibre transaction in South Africa is also expected to accelerate Vodacom's purpose of connecting people for a better future by facilitating an ambitious fibre roll-out programme that will assist in narrowing the digital divide by enabling affordable access to connectivity in some of the most vulnerable parts of our society. Vodacom has submitted regulatory filings in respect of the transaction to the Competition Commission and ICASA, respectively, initiating a process to obtain regulatory approval.

The assignment of additional spectrum in South Africa will also be instrumental in extending coverage, improving quality of service and lowering the cost to communicate, all of which are expected to support economic growth. With the auction scheduled for March 2022, we are working with the government, ICASA and the other telecommunication operators in South Africa to unlock this economic tailwind and avoid further delays. The allocation of high demand spectrum remains a key strategic priority for the Group.

Revenue in the third quarter was up 6.4% driven by a sustained demand for connectivity and the growth of new services, which includes financial and digital services, IoT and fixed. Our service revenue growth of 4.4%* on a normalised basis was in line with the Group's medium-term target and supported by a resilient performance in South Africa on the back of sustained investment into technology and our network to further enhance customer experience.

Financial services remains a clear strategic priority for the Group and this business continues to gain momentum. This is evidenced by the 12.5% increase in financial services revenue to breach the R2 billion mark for the first time in a quarter. Our M-Pesa platform, including Safaricom, continues to scale at an impressive rate with transaction values up 16.1% to exceed R430 billion per month. In South Africa, the launch of our VodaPay super-app in October last year has exceeded our expectations by attracting 1.4 million downloads and 1.0 million registered users in its first three months. We see VodaPay as a precursor to M-Pesa's evolution and further strengthening our fintech position across our footprint.

In South Africa, we invested a further R2.3 billion in the network during the quarter and delivered great value to customers through a highly successful summer campaign that attracted over 400 million engagements, unlocking prizes and rewards for our expanded customer base. We service 45.7 million customers in South Africa, an increase of 3.3% in a year, which contributed to a 4.5% increase in service revenue.

Supported by our continued focus on financial inclusion and accelerated capital expenditure, service revenue for our International operations grew 6.7% to R5.9 billion, or 3.5%* on a normalised basis. The reported growth was underpinned by a 12.9% increase in M-Pesa revenue and a 21.2% rise in data revenue. Tanzania's financial performance and progress in driving financial inclusion was impacted by government levies imposed on mobile money and airtime recharges. A key focus for our International portfolio is digital inclusion, which will be supported by our growing 21.5 million data customer base and driving higher smartphone adoption. International customers on smartphones stands at 12 million.

Looking ahead, we are encouraged by the post COVID-19 recovery taking place in many of the markets in which we operate and look forward to making meaningful contributions to foster economic development.

Group review**New services support service revenue growth**

Group service revenue grew 4.4%* on a normalised basis, supported by a resilient performance in South Africa. Group service revenue growth was underpinned by new services, which include digital and financial, fixed and IoT. Financial services delivered 12.5% growth in the quarter, as we continue to scale user adoption, new products, and services. IoT was up 33.9%¹ on an adjusted basis, supported by our class-leading products in agriculture and smart infrastructure. In aggregate, these new services amounted to R3.7 billion in the quarter and contributed 17.7% of Group service revenue. We target a new service contribution to Group service revenue of 25% – 30% by FY2024.

On a year-to-date basis, capital expenditure represented 13.2% of Group revenue, within our targeted range of 13.0% – 14.5%. South Africa's year-to-date capital expenditure intensity was 13.1%, with the phasing of expenditure accelerated into the first half period to support increased demand and improved customer experience. Capital intensity for our International segment increased to 14.7% in the quarter, supporting data adoption and revenue growth in the period.

Leading African fintech operator

Financial services revenue Rm	Quarter ended 31 December		% change	
	2021	2020	Reported	Normalised* ¹
South Africa	692	619	11.8	11.8
International	1 319	1 168	12.9	9.3
Consolidated Group	2 011	1 787	12.5	10.1

Our financial services business is integral to our purpose-led business model, the largest component of our new services revenue and a clear strategic priority. Financial services revenue reached R2.0 billion in the quarter, with International contributing R1.3 billion and South Africa the balance. Adjusting for the impact of Tanzanian mobile money levies in the quarter, financial services revenue growth was 24.3%. Financial services revenue growth was supported by ongoing platform adoption and product expansion. Our M-Pesa platform, including Safaricom, processed US\$28.2 billion of transaction value per month in the third quarter, up 16.1%. In South Africa, financial services revenue growth was underpinned by our Airtime Advance product, where we advanced airtime amounting to 45.4% of total prepaid recharges to support customers with access to connectivity.

The outlook for our financial services business was further enhanced by the highly anticipated launch of our South African super-app, VodaPay, during October 2021. The app brings together world-class consumer and merchant capabilities and is supported by Alipay technology. The app reached 1.4 million downloads and 1.0 million registered users by 31 December 2021. The strong consumer adoption accelerated the merchant on-boarding pipeline, which is set to add further depth and breadth to the app's digital mall. We see VodaPay as a precursor to M-Pesa's evolution, supporting accelerated growth across our financial services' businesses and assisting us in connecting the next 100 million African customers so that no one is left behind.

Vodafone Egypt transaction approved by shareholders

On 10 November 2021, the Group announced that it had entered into a binding agreement to acquire a 55% shareholding in Vodafone Egypt Telecommunications SAE (Vodafone Egypt) from Vodafone Group Plc (Vodafone), for an equity consideration of US\$2.738 billion (R41.1 billion). The proposed acquisition presents a unique opportunity to advance Vodacom Group's strategic connectivity and financial services ambitions in Africa by acquiring a controlling interest in Vodafone Egypt, one of Africa's premier telecom operators. Vodafone Egypt is a clear market leader, strategically positioned to capture growth in a fast-growing Information and Communications Technology (ICT) market that will diversify and accelerate Vodacom Group's growth profile. Pleasingly, Vodafone Egypt sustained its strong growth trajectory in the quarter with revenue growth at 17.9%.

At a general meeting held on 18 January 2022, minority shareholders in the Group voted overwhelmingly in favour of the transaction. Of the over 600 million minority shareholder votes cast, 99.0% voted in favour of the Group's acquisition of the stake in Vodafone Egypt. This approval is an important milestone in our target to close the transaction by 31 March 2022. The closing of the

Note:

- Adjusted for a reclassification of IoT revenue from other service revenue to customer revenue in the prior year. There was no impact on overall service revenue as a result of this reclassification.

transaction remains conditional upon certain approvals including from the National Telecom Regulatory Authority of Egypt (NTRA) and Egypt's Financial Regulatory Authority as set out in the shareholder circular available at www.vodacom.com.

South Africa fibre deal submitted for regulatory review

On 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the acquisition of a 30% stake in CIVH fibre assets, with an option to increase the stake to 40%, Vodacom will gain exposure to highly attractive and fast-growing businesses including Vumatel and Dark Fibre Africa (DFA). Vodacom's capital injection and strategic support will further accelerate the growth trajectory of these fibre assets. Also, the contribution of Vodacom SA's wholesale FTTH, FTTB and Business-to-Business transmission access fibre network infrastructure will add further scale and enhance CIVH's fibre footprint.

Subsequent to the announcement, the Group submitted regulatory filings to the Competition Commission and ICASA, respectively. The submissions have initiated a consultation process to obtain regulatory approval. We expect that our investment into Vumatel and DFA will accelerate fibre reach in South Africa, fostering economic development and helping to bridge South Africa's digital divide.

Operating review**South Africa****Summary financial information for the quarter ended**

	31 December 2021	30 September 2021	31 December 2020	YoY % change Reported
Revenue (Rm)	20 875	19 737	19 729	5.8
Service revenue (Rm)	14 950	14 545	14 306	4.5
Capital expenditure (Rm)	(2 320)	(2 673)	(2 656)	(12.7)
Customers ('000)	45 772	45 428	44 312	3.3

Service revenue increased 4.5% (2Q: 3.2%¹) to R15.0 billion, driven by continued demand for connectivity, strong growth in financial services and increased engagement from a successful summer campaign. Underpinned by our loyalty programme, VodaBucks, our summer campaign supported engagement through an innovative programme that rewards customers for recharging, buying bundles or paying their bills. The campaign was integrated into our new super-app, VodaPay, with more than 400 million 'plays' helping customers unlock exciting prizes and additional rewards for achieving their personalised behavioural goals. Revenue growth of 5.8% was also supported by a sustained demand for devices.

Mobile contract customer revenue increased 7.6% to R5.6 billion. The growth was supported by contract customer net additions of over 81 000 in the quarter and ARPU growth of 3.1% to R302. Within the mobile contract segment, Vodacom Business continued to deliver strong growth in the quarter, supported by our work-from-home solutions. Consumer contract posted 2.3% growth supported by attractive packages offering customers larger data allocations to facilitate increased usage.

Our prepaid segment delivered a resilient performance underpinned by the summer campaign and net customer additions of 263 000. Mobile prepaid customer revenue was flat, despite economic headwinds and a strong prior year comparative period (3Q21: 9.4%). In the prior year period, prepaid ARPU reached R59 as customers increased usage during the more stringent lockdown restrictions. As these restrictions eased, prepaid ARPU normalised and in the current period was R57. Encouragingly, ARPU of R57 is above pre-COVID levels and increased 1.8% quarter-on-quarter.

Our data traffic growth rate accelerated to 25.9%, supported by work-from-home solutions and stimulated by the summer campaign. We added 0.5 million data customers in the quarter to reach 23.4 million data customers, representing 64.4% of our one-month customer base. Smart devices on our network were up by 11.3% to 25.9 million. The number of 4G devices on our network increased 14.7% to 17.3 million while the average usage per smart device increased 24.4% to 2.5GB per month.

Service revenue from financial services was up 11.8% to R692 million, with customers up 5.6% to 13.9 million. Revenue growth was underpinned by our Airtime Advance product, where we advanced R3.4 billion in airtime, amounting to 45.4% of total prepaid recharges. In the insurance space, the number of policies grew 14.8% to 2.4 million. In October 2021, in partnership with Alipay, we launched our much-anticipated super-app called VodaPay. We are very encouraged by the strong uptake of the app, reaching 1.4 million downloads and 1.0 million registered users by period end. The platform's service and merchants' offerings are provided through unique mini apps. By the end of the quarter we had 72 mini apps, with many more set to be on-boarded.

Vodacom Business service revenue increased by 14.0% to R4.5 billion, supported by our innovative work-from-home solutions and strong growth in wholesale revenue. IoT remains an important new service growth driver, with connections up 11.2% to 6.2 million, and adjusted revenue growth at 30.0%² to R0.3 billion.

Our connected fibre customers increased 51.0% to over 165 000³ homes and businesses, highlighting strong demand for the service. We have passed over 152 000 homes and businesses with our own fibre roll-out. On 10 November 2021, the Group announced a major step forward in scaling our fibre offering in South Africa. Through the acquisition of a 30% stake in CIVH fibre assets, 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.

We invested R2.3 billion in the quarter, with a focus on adding capacity to manage increased demand and improve the customer experience. For the financial year to date we have invested R7.9 billion and expect to invest around R10.5 billion in the financial year.

Notes:

1. Underlying growth adjusting for a R142 million loyalty provision in the second quarter of the prior financial year.
2. Adjusted for a reclassification of IoT revenue from other service revenue to customer revenue in the prior year. There was no impact on overall service revenue.
3. Including Bitstream, which refers to where we act as an internet service provider (ISP) to fibre wholesalers.

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Operating review (continued)

International

Summary financial information for the quarter ended

	31 December 2021	30 September 2021	31 December 2020	YoY % change	
				Reported	Normalised*
Revenue (Rm)	6 110	5 563	5 685	7.5	4.3
Service revenue (Rm)	5 913	5 412	5 543	6.7	3.5
Capital expenditure (Rm)	(895)	(872)	(699)	28.0	
Customers ('000)	42 122	42 493	39 415	6.9	

Service revenue for our International operations grew 6.7% to R5.9 billion, or 3.5%* on a normalised basis. Growth was supported by M-Pesa and data revenue, which were up 12.9% and 21.2%, respectively. M-Pesa growth reflects ongoing customer and service adoption, consistent with our focus on financial inclusion. The strong performance in data was underpinned by increased smartphone adoption and strong commercial execution. Service revenue growth was however impacted by government levies imposed on mobile money and airtime recharges in Tanzania. The levies diluted International service revenue by an estimated R250 million and growth by 4.4ppts.

Our customer base grew 6.9% to 42.1 million, reflecting strong commercial traction across the portfolio. While the economies across our International segment are recovering, constraints on consumer spending remain evident in the voice segment. Voice revenue growth was muted at 1.1% in the quarter.

Data services remain a key lever of growth and central to our commitment of connecting for a better future. Pleasingly, normalised data revenue growth remained strong at 17.6%* reflecting accelerated network investment and targeted campaigns. Data customer net additions were 126 000, with the data customer base reaching 21.5 million. Of these customers, only 12.0 million were on smartphones, highlighting the scope for data growth going forward. We continue to drive the adoption of affordable smartphone devices by leveraging partnerships with global tech firms and innovative financing options. Data traffic growth for the third quarter was strong at 34.9%.

M-Pesa revenue for International was up 12.9% to R1.3 billion, with normalised revenue growth at 9.3%*. The result was supported by customer growth and new service adoption, such as lending. M-Pesa customers increased 4.5% to 16.7 million, promoting financial inclusion. Lending products continue to scale across the portfolio, supported by M-Pesa Africa's strategic direction. In Tanzania, our lending product 'Songesha' grew 21.3%, with the equivalent of R0.9 billion in loans disbursed during the quarter. Monthly M-Pesa transaction values processed on our platform, including Safaricom, was US\$28.2 billion, up 16.1%. The strong growth fundamentals of M-Pesa were however impacted by the introduction of mobile money levies in Tanzania. Adjusting for this impact, M-Pesa revenue was up 31.0%.

Capital investment increased 28.0% to R895 million in the quarter as we focussed on expanding our 4G networks, while also investing in transmission to retain our leadership in all our markets.

Safaricom

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

Regulatory matters

ICASA – Invitation to Apply

On 10 December 2021, ICASA issued an Invitation to Apply (ITA) for High Demand Spectrum (HDS) in South Africa. The ITA sets out ICASA's licensing process for exclusive use HDS including spectrum lots and associated reserve prices and obligations, spectrum caps, floors, and the auction format. As a result of the licensing processes, South Africa's HDS bandwidth will increase from 529 MHz to 935 MHz. ICASA expects the HDS auction to commence on 8 March 2022, according to the ITA.

On 4 January 2022, ICASA received a court application filed by Telkom SA SOC Limited (Telkom), in respect of the ITA. The filing *inter alia* requested that the High Court in Pretoria interdict ICASA from taking any further steps in the award process including but not limited to the auctioning of the HDS spectrum on 8 March 2022, pending a full review of the ITA. Vodacom, Mobile Telephone Networks (Pty) Limited (MTN), Rain (Pty) Limited, the Minister of Communications & Digital Technologies and ICASA filed motions to oppose the interdict. On 18 January 2022, Telkom proposed in a letter to all parties that it would withdraw the interdict if parties agree to a new timeline for an expedited court review of the merits of the ITA. A court date for this review has not yet been set.

Vodacom remains ready and willing to work with ICASA to expedite the assignment of high demand spectrum as soon as possible. The award of new spectrum remains a critical part of reducing input costs and by extension, the cost of data. This has the potential to have a positive impact on South Africa's economy.

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Financial review

Revenue for the quarter ended 31 December 2021

Rm	South Africa	YoY % change	International	YoY % change	Corporate/ Eliminations	Group	YoY % change
Mobile contract revenue	5 564	7.6	421	18.9	(2)	5 983	8.3
Mobile prepaid revenue	6 538	(0.2)	4 887	8.0	–	11 425	3.2
Customer service revenue	12 102	3.3	5 308	8.8	(2)	17 408	4.9
Mobile interconnect	414	(3.9)	320	(8.3)	(116)	618	(6.2)
Fixed service revenue	954	2.5	253	(11.8)	(76)	1 131	0.2
Other service revenue	1 480	20.6	32	18.5	(5)	1 507	21.3
Service revenue	14 950	4.5	5 913	6.7	(199)	20 664	5.3
Equipment revenue	4 324	6.7	116	43.2	(1)	4 439	7.7
Non-service revenue	1 601	16.9	81	32.8	(40)	1 642	18.5
Revenue	20 875	5.8	6 110	7.5	(240)	26 745	6.4

Included in service revenue:

Financial services revenue	692	11.8	1 319	12.9	–	2 011	12.5
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Revenue for the quarter ended 31 December 2020

Rm	South Africa	International	Corporate/ Eliminations	Group
Mobile contract revenue	5 169	354	(1)	5 522
Mobile prepaid revenue	6 548	4 526	1	11 075
Customer service revenue	11 717	4 880	–	16 597
Mobile interconnect	431	349	(121)	659
Fixed service revenue	931	287	(89)	1 129
Other service revenue	1 227	27	(12)	1 242
Service revenue	14 306	5 543	(222)	19 627
Equipment revenue	4 054	81	(14)	4 121
Non-service revenue	1 369	61	(44)	1 386
Revenue	19 729	5 685	(280)	25 134

Included in service revenue:

Financial services revenue	619	1 168	–	1 787
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Supplementary information (continued)

Historical financial review

Revenue for the quarter ended

Rm	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020
South Africa	20 875	19 737	19 535	20 294	19 729	19 459	17 255
International	6 110	5 563	5 495	5 315	5 685	5 952	5 794
Corporate and eliminations	(240)	(223)	(251)	(285)	(280)	(297)	(319)
Group revenue	26 745	25 077	24 779	25 324	25 134	25 114	22 730

Revenue yoy % change for the quarter ended

	Reported			Normalised*
	31 December 2021	30 September 2021	30 June 2021	31 December 2021
%				
South Africa	5.8	1.4	13.2	5.8
International	7.5	(6.5)	(5.2)	4.3
Group revenue	6.4	(0.1)	9.0	5.7

Service revenue for the quarter ended

Rm	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020
South Africa	14 950	14 545	14 070	14 481	14 306	14 240	13 378
International	5 913	5 412	5 301	5 194	5 543	5 751	5 658
Corporate and eliminations	(199)	(207)	(206)	(243)	(222)	(237)	(275)
Group service revenue	20 664	19 750	19 165	19 432	19 627	19 754	18 761

Service revenue yoy % change for the quarter ended

	Reported			Normalised*
	31 December 2021	30 September 2021	30 June 2021	31 December 2021
%				
South Africa	4.5	2.1	5.2	4.5
International	6.7	(5.9)	(6.3)	3.5
Group service revenue	5.3	0.0	2.2	4.4

Financial services revenue

Rm	Quarter ended 31 December		% change	
	2021	2020	Reported	Normalised*
South Africa	692	619	11.8	11.8
International	1 319	1 168	12.9	9.3
Tanzania	536	636	(15.7)	(15.5)
DRC	332	205	62.0	63.7
Mozambique	413	294	40.5	22.5
Lesotho	38	33	15.2	15.2
Consolidated Group	2 011	1 787	12.5	10.1

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Supplementary information (continued)

Historical key indicators

South Africa for the quarter ended

	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	YoY % change
Customers¹ (thousand)	45 772	45 428	44 601	44 061	44 312	3.3
Prepaid	39 337	39 074	38 379	37 847	38 136	3.1
Contract	6 435	6 354	6 222	6 214	6 176	4.2
Data customers² (thousand)	23 383	22 840	21 145	21 703	22 483	4.0
Internet of Things connections³ (thousand)	6 183	5 751	5 658	5 625	5 559	11.2
Traffic⁴ (millions of minutes)	16 724	17 675	16 885	16 868	17 448	(4.1)
Outgoing	14 288	14 849	14 160	14 159	14 640	(2.4)
Incoming	2 436	2 826	2 725	2 709	2 808	(13.2)
MOU per month⁵	121	131	127	128	133	(9.0)
Prepaid	111	119	115	116	122	(9.0)
Contract	183	207	201	197	195	(6.2)
Total ARPU⁶ (rand per month)	91	90	88	92	92	(1.1)
Prepaid	57	56	55	57	59	(3.4)
Contract	302	299	292	306	293	3.1

Notes:

- 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.
- 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.
- 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.
- 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.
- 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.
- Total ARPU is calculated by dividing the sum of the customer and incoming revenue for the period by the average monthly active customers during the period. Prepaid and contract only include the revenue generated from Vodacom mobile customers.

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Supplementary information (continued)

Historical key indicators (continued)

International for the quarter ended

	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	YoY% change
Customers¹ (thousand)	42 122	42 493	40 324	39 751	39 415	6.9
Tanzania	15 365	15 237	14 771	14 861	15 171	1.3
DRC	15 873	16 780	15 536	15 180	14 818	7.1
Mozambique	8 973	8 675	8 260	7 979	7 744	15.9
Lesotho	1 911	1 801	1 757	1 731	1 682	13.6
Data customers² (thousand)	21 493	21 367	20 851	20 644	20 744	3.6
Tanzania	7 641	7 875	7 710	7 695	7 881	(3.0)
DRC	7 310	7 350	7 208	7 056	6 850	6.7
Mozambique	5 549	5 279	5 079	5 045	5 068	9.5
Lesotho	993	863	854	848	945	5.1
MOU per month³						
Tanzania	246	236	207	201	198	24.2
DRC	31	32	32	32	33	(6.1)
Mozambique	121	124	129	135	143	(15.4)
Lesotho	63	60	65	64	79	(20.3)
Total ARPU⁵ (rand per month)						
Tanzania	35	32	34	33	37	(5.4)
DRC	43	40	39	42	44	(2.3)
Mozambique	61	59	60	52	57	7.0
Lesotho	47	46	51	53	63	(25.4)
Total ARPU⁵ (local currency per month)						
Tanzania (TZS)	5 154	5 037	5 555	5 152	5 467	(5.7)
DRC (US\$)	2.8	2.7	2.8	2.8	2.8	–
Mozambique (MZN)	254	259	254	257	271	(6.3)

Notes:

- 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.
- 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.
- 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.
- M-Pesa customers are based on the number of unique customers who have generated revenue related to M-Pesa during the last month.
- 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.

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Supplementary information (continued)

Historical key indicators (continued)

Average quarter-to-date exchange rates

	31 December 2021	30 September 2021	31 December 2020	YoY % change	Quarterly % change
US\$/ZAR	15.42	14.63	15.61	(1.2)	5.4
ZAR/MZN	4.14	4.35	4.72	(12.3)	(4.8)
ZAR/TZS	149.49	158.50	148.80	0.5	(5.7)
EUR/ZAR	17.64	17.24	18.60	(5.2)	2.3
ZAR/KES	7.26	7.47	7.02	3.4	(2.8)

Financial services key indicators

Active customers¹ for the quarter ended

Thousand	31 December 2021	30 September 2021	31 December 2020	% change 20/21
South Africa	13 875	12 841	13 139	5.6
International M-Pesa	16 702	15 731	15 988	4.5
Tanzania	7 118	6 463	7 447	(4.4)
DRC	3 433	3 220	2 963	15.9
Mozambique	5 183	5 112	4 805	7.9
Lesotho	968	936	773	25.2
Consolidated Group	30 577	28 572	29 127	5.0

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

US\$m	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	% change 20/21
Total (100% basis) ²	28 156	26 845	25 027	24 507	24 260	16.1

Note:

- Financial services customers are based on the number of customers who have generated revenue to financial services during the last month.

Pro-forma financial information

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

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Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised values for the quarter ended 31 December 2021

Rm	Reported	Translation FX ¹	Normalised*
Revenue			
Group	26 745	–	26 745
International	6 110	–	6 110
Service revenue			
Group	20 664	–	20 664
International	5 913	–	5 913
Data revenue			
International	1 218	–	1 218
Financial services revenue			
Group	2 011	–	2 011
International (M-Pesa)	1 319	–	1 319

Reconciliation of normalised values for the quarter ended 31 December 2020

Rm	Reported	Translation FX ¹	Normalised*
Revenue			
Group	25 134	173	25 307
International	5 685	175	5 860
Service revenue			
Group	19 627	166	19 793
International	5 543	169	5 712
Data revenue			
International	1 011	25	1 036
Financial services revenue			
Group	1 795	31	1 826
International (M-Pesa)	1 168	39	1 207

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Supplementary information (continued)

Pro-forma financial information (continued)

Reconciliation of normalised growth for the quarter ended 31 December 2021

%	Reported % change ²	Translation FX ppts	Normalised* % change
Revenue			
Group	6.4	(0.7)	5.7
International	7.5	(3.2)	4.3
Service revenue			
Group	5.3	(0.9)	4.4
International	6.7	(3.2)	3.5
Data revenue			
International	21.3	(3.7)	17.6
Financial services revenue			
Group	12.5	(2.4)	10.1
International (M-Pesa)	12.9	(3.6)	9.3

Notes:

- The Group's presentation currency is the South African rand. Our International operations utilise a number of functional currencies, for example the United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed on page 13. Translation foreign exchange (FX) arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the average rate for the quarter ended 31 December 2021 (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the period) to 31 December 2020 numbers, thereby giving a user a view of the performance which excludes exchange variances.
The percentage change relates to the year-on-year percentage growth calculated as the percentage change between the quarter ended 31 December 2021 and quarter ended 31 December 2020 values.

Disclaimer

Additional financial and operational measures

This announcement contains certain financial (i.e. service revenue, enterprise service revenue) and operational (i.e. customers, ARPUs) measures. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses as they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary.

Trademarks

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 product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This announcement which sets out the quarterly results for Vodacom Group Limited for the quarter ended 31 December 2021 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations including the confirmation of the Group's targets; expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding adjusted EBITDA, capital additions, free cash flow, and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

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

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

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Corporate information

Vodacom Group Limited

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

Directors

SJ Macozoma (Chairman), MS Aziz Joosub (CEO), RK Morathi (CFO),
DH Brown, P Klotz¹, P Mahanyele-Dabengwa (Alternate NC Nqweni),
AM O'Leary², JWL Otty³, KL Shuenyane, S Sood⁴, CB Thomson, LS Wood⁵ (Alternate F Bianco⁵)

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

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Transfer Secretary

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Sponsor

UBS South Africa (Pty) Limited

ADR Depository Bank

Deutsche Bank Trust Company Americas

Company Secretary

SF Linford

Investor Relations

JP Davids

Media Relations

Byron Kennedy