

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)

Vodacom Group Limited trading update for the quarter ended 30 June 2021 (short form announcement)

Highlights

- Group revenue of R24.8 billion was up 9.0%, as strong normalised growth of 14.2%* was partially offset by the rand's recovery.
- The rand appreciated by 20% against a basket of our international currencies, impacting reported growth.
- Normalised Group service revenue growth was 7.8% as International growth accelerated.
- South Africa service revenue was up 5.2% to R14.1 billion, reflecting sustained demand for connectivity services and strong growth in new services.
- Strong M-Pesa revenue supported normalised growth of 13.5%* for our International markets, while on a reported basis, service revenue of R5.3 billion declined by 6.3% as a result of currency translation.
- Group financial services revenue, excluding Safaricom, contributed 9.8% of consolidated services revenue and grew 33.9%* on a normalised basis.

Rm	Quarter ended 30 June		YoY % change	
	2021	2020	Reported	Normalised*
Group service revenue	19 165	18 761	2.2	7.8
South Africa	14 070	13 378	5.2	5.2
International	5 301	5 658	(6.3)	13.5
Group revenue	24 779	22 730	9.0	14.2
South Africa	19 535	17 255	13.2	13.2
International	5 495	5 794	(5.2)	15.2

Included in Group service revenue

Group financial services revenue ¹	1 877	1 599	17.4	33.9
---	-------	-------	------	------

Shameel Joosub, Vodacom Group CEO commented:

The first quarter of the financial year was characterised by two significant milestones that support the Group's geographic and revenue diversification. In May 2021, a consortium led by Safaricom PLC was awarded a mobile telecommunications licence by the Government of Ethiopia, following a fiercely contested international bidding process. Vodacom is honoured to be part of this powerful consortium that will provide world-class services to Africa's second most populous country. Separately, in June 2021, we announced that more than 70 merchants had joined our VodaPay ecosystem ahead of the highly anticipated launch of our South African super-app in the coming months. VodaPay is expected to support greater digital and financial inclusion, which is core to our purpose-led strategy.

Notes:

Certain financial information presented in this results announcement constitutes *pro-forma* financial information in terms of the JSE Listings Requirements. The applicable criteria, on the basis of which this *pro-forma* financial information has been prepared, is set out in the supplementary information on pages 13 to 14.

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

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

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

¹ The combination of South Africa financial services and International M-Pesa revenue.

It is testament to the depth and strength of the Group's leadership team that we were able to achieve these milestones and a strong financial performance while remaining resolutely focussed on dealing with the devastating impacts of the COVID-19 pandemic across our markets. In particular, we have assisted governments and communities across the continent through strategic partnerships and the deployment of technological solutions to enable more Africans to be vaccinated. In April 2021, we partnered with the African Union Development Agency (AUDA-NEPAD) to accelerate the COVID-19 vaccine roll-out through mVacciNation, our technology platform that manages vaccination appointments and stock readiness. In South Africa, the National Department of Health is leveraging our mVacciNation platform to manage the deployment of vaccines. In addition, Vodacom and Vodafone made an R87 million financial pledge during the quarter to provide logistics support and cold chain technology to deliver COVID-19 vaccines to underprivileged and rural communities in the DRC, Lesotho, Mozambique, South Africa, Tanzania and Ghana.

Delivering on our purpose and Social Contract is not limited to alleviating the effects of the pandemic. During the quarter, Vodacom and the Vodafone Foundation launched a fund to support communities in the DRC impacted by the volcanic eruption of Mount Nyiragongo, in addition to providing free voice calls and person-to-person (P2P) M-Pesa transactions. In South Africa - through the Vodacom Foundation's Disaster Relief Fund - we provided support to communities in Cape Town impacted by fires in April and to people affected by the recent unfortunate social unrest in KwaZulu-Natal. We also implemented a co-ordinated response to maintain service and prioritised the safety of customers, staff, suppliers and franchise store employees in areas impacted by the unrest. The financial impact of damage to our infrastructure related to the unrest was not material.

Since the beginning of the quarter, South Africans have benefitted from a further 14% price reduction in the 1GB 30-day data bundle - marking a cumulative 43% cut since April 2020 - and our significant investment into infrastructure and technology of

R2.9 billion to support network capacity and resilience. A combination of greater value and an enhanced customer experience supported sustained demand for connectivity as customers continued to work, entertain and educate from home, and contributed to service revenue growth of 5.2% in South Africa. Vodacom Business revenue was up 14.1%, reflecting this connectivity demand and the integration of new digital service offerings, such as Internet of Things (IoT). Financial services in South Africa remained a strong performer, delivering revenue growth of 19.1%.

Our international portfolio delivered normalised service revenue growth of 13.5%*, marking a meaningful recovery from the prior financial year. The performance was supported by M-Pesa revenue growth, up 43.2%* on a normalised basis, which benefited from the increased customer base, higher platform usage and the re-instatement of P2P M-Pesa transaction fees. We zero-rated P2P

M-Pesa transaction fees for the majority of the FY21 to support our customers and facilitate economic activity. The reported service revenue decline of 6.3% for our International markets reflects the impact of currency translation. In the quarter, the rand posted a sharp recovery, appreciating by 20% against a basket of our international currencies, negatively impacting the reported result.

Looking forward, while we expect disposable income to remain under pressure, our 'System of Advantage' will deliver diversified, differentiated offerings to our customers, further strengthening and growing our relationships with them. Also, we eagerly anticipate the outcome of the legal processes underway pertaining to the auction of high demand spectrum in South Africa and hope that the impasse will be quickly resolved in the best interests of consumers.

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 announcement that has been published on SENS

https://senspdf.jse.co.za/documents/2021/jse/lsse/VOD/1Q22_SENS.pdf and is also available on our website www.vodacom.com.

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

Sponsor: UBS South Africa (Pty) Limited

22 July 2021