

Condensed consolidated income statement

for the year ended 31 March

Rm	FY2022	FY2021
Revenue	102 736	98 302
Direct expenses	(38 624)	(36 269)
Staff expenses	(7 266)	(6 990)
Publicity expenses	(1 886)	(1 718)
Net credit losses on financial assets	(704)	(1 078)
Other opex	(14 419)	(12 973)
Depreciation and amortisation	(14 657)	(15 117)
Impairment losses	–	(6)
Net profit from associates and joint ventures	3 056	3 501
Operating profit	28 236	27 652
Net loss on disposal of subsidiaries	–	(70)
Finance income	554	767
Finance costs	(4 229)	(4 190)
Net profit/(loss) on remeasurement and disposal of financial instruments	2	(378)
Profit before tax	24 563	23 781
Taxation	(6 829)	(6 710)
Net profit	17 734	17 071
Attributable to:		
Equity shareholders	17 163	16 581
Non-controlling interests	571	490
	17 734	17 071

Cents	FY2022	FY2021
Basic EPS	1 013	978
Diluted EPS	984	956

Total Group expenses increased by 6.6% (8.2%*) to R62.9 billion. In South Africa, expenses increased by 6.8% to R49.1 billion, reflecting the impact of constraints on certain opex in FY2021 due to lockdown restrictions and the acceleration of technology-related costs in FY2022 to support network resilience. International expenses increased by 2.8% (+10.0%*) to R14.4 billion, impacted by a one-off R612 million lease contract separation that increased opex but reduced ROU depreciation and interest.

Net profit from associates and joint ventures declined by 12.7% (+17.5%*) to R3.1 billion, negatively impacted by start-up costs related to Ethiopia and foreign exchange translation headwinds.

Net finance charges decreased by 3.4% to R3.7 billion as we recorded a net loss on the remeasurement and disposal of financial instruments in the prior year.

The tax expense of R6.8 billion was 1.8% higher than the prior year due to higher taxable profits. The effective tax rate was 27.8%, slightly lower than the prior year due to a reduction in deferred tax in South Africa. The change in South African deferred tax was as a result of the corporate tax rate reducing from 28% to 27%, effective 1 April 2022.

Condensed consolidated statement of other comprehensive income

for the year ended 31 March

Rm	2022	2021
Net profit	17 734	17 071
Other comprehensive income		
Foreign currency translation differences, net of tax ¹	(3 368)	(16 361)
Foreign currency translation differences recognised through profit or loss on disposal of foreign operations ¹	–	15
Mark-to-market of financial assets held at fair value through other comprehensive income, net of tax ^{1,2}	271	286
Mark-to-market gains recognised through profit or loss on disposal of financial assets held at fair value through other comprehensive income, net of tax ^{1,2}	(271)	(234)
Total comprehensive income	14 366	777
Attributable to:		
Equity shareholders	14 167	1 642
Non-controlling interests	199	(865)
	14 366	777

Notes:

- Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations or financial assets held at fair value through other comprehensive income.
- Mark-to-market gains on financial assets held at fair value through other comprehensive income that have previously been reported net of amounts recognised through profit or loss on disposal, have now been disaggregated and disclosed on a gross basis. The reclassification had no impact on any reported totals, HEPS or on any amounts presented in the statement of financial position.

Condensed consolidated statement of financial position

as at 31 March

Rm	2022	2021 Restated ¹
Assets		
Non-current assets	127 448	125 670
PPE	59 273	56 480
Intangible assets	14 054	13 186
Financial assets	783	605
Investment in associates and joint ventures	47 429	50 173
Trade and other receivables	2 763	2 536
Finance receivables	2 374	2 275
Tax receivable	647	356
Deferred tax ²	125	59
Current assets	50 519	46 309
Financial assets ³	612	558
Mobile financial deposits ³	6 386	5 891
Inventory	1 787	1 198
Trade and other receivables	21 230	20 129
Finance receivables	2 554	2 431
Tax receivable	234	351
Bank and cash balances	17 716	15 751
Total assets	177 967	171 979
Equity and liabilities		
Fully paid share capital	57 073	57 073
Treasury shares	(17 019)	(16 861)
Retained earnings	39 885	36 884
Other reserves	(502)	2 274
Equity attributable to owners of the parent	79 437	79 370
Non-controlling interests	6 029	6 320
Total equity	85 466	85 690
Non-current liabilities	34 834	44 219
Borrowings	29 347	39 741
Trade and other payables	541	210
Provisions	1 581	833
Deferred tax ³	3 365	3 435
Current liabilities	57 667	42 070
Borrowings	22 061	9 634
Trade and other payables ^{1,2}	26 632	24 315
Mobile financial payables ²	6 386	5 891
Provisions	341	390
Tax payable ¹	1 178	1 281
Dividends payable	11	17
Bank overdrafts	1 058	542
Total equity and liabilities	177 967	171 979

PPE increased by 4.9% to R59.3 billion and intangible assets grew by 6.6% to R14.0 billion. The combined increase is due to net additions of R18.3 billion and depreciation and amortisation of R14.7 billion.

Our proportionate investment into the mobile licence in Ethiopia and our attributable share of Safaricom profits were offset by dividends received and foreign currency translation difference movements related to Safaricom.

The movement largely relates to foreign currency translation differences on our associate holding in Safaricom.

Our net debt to EBITDA ratio remained stable year on year, while net debt increased modestly to R35.2 billion. The net debt movement is largely explained by the payment of our proportionate share of the mobile licence in Ethiopia. This amounted to US\$52.7 million (R779 million). Total borrowings increased by R2.0 billion to R51.4 billion.

Current borrowings increased due to upcoming maturities of debt with Vodafone Luxembourg. We do not foresee any refinancing risk related to these borrowings.

Notes:

- The trade and other payables and tax payable line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax payable and no longer under trade and other payables.
- The Group's South Africa deferred tax assets and liabilities have been adjusted by applying the newly enacted 27% South African corporate tax rate (FY2021: 28%), which become effective for the financial year ending 31 March 2023. The Group's deferred tax expense for the financial year ended 31 March 2022 is net of the credit as a result of the tax rate change.
- Restricted cash balances related to deposits received from M-Pesa customers that were previously reported in financial assets are now separately reported as mobile money deposits. Amounts owing to M-Pesa customers that were previously reported in trade and other payables are now separately reported as mobile money payables.

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Equity attributable to owners of the parent	Non- controlling interests	Total equity
31 March 2020	91 656	8 414	100 070
Total comprehensive income	1 642	(865)	777
Net profit	16 581	490	17 071
Other comprehensive income	(14 939)	(1 355)	(16 294)
Dividends	(13 991)	(1 318)	(15 309)
Repurchase and sale of shares	(485)	–	(485)
Share-based payment	557	–	557
Share-based payment vesting	–	–	–
Share-based payment expense	557	–	557
Changes in subsidiary holdings	(9)	89	80
31 March 2021	79 370	6 320	85 690
Total comprehensive income	14 167	199	14 366
Net profit	17 163	571	17 734
Other comprehensive income	(2 996)	(372)	(3 368)
Dividends	(14 162)	(502)	(14 664)
Repurchase and sale of shares	(433)	–	(433)
Share-based payment	495	–	495
Share-based payment vesting	–	–	–
Share-based payment expense	495	–	495
Changes in subsidiary holdings	–	12	12
31 March 2022	79 437	6 029	85 466

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	2022	2021 Restated ¹
Cash flows from operating activities		
Cash generated from operations ¹	41 152	41 097
Tax paid ¹	(7 124)	(7 736)
Net cash flows from operating activities	34 028	33 361
Cash flows from investing activities		
Additions to PPE and intangible assets	(13 843)	(13 443)
Proceeds from disposal of PPE and intangible assets	61	69
Acquisition of associate	(874)	–
Loan to joint venture	(234)	–
Disposal of subsidiaries (net of cash and cash equivalents disposed)	–	15
Dividends received from associate	2 911	3 576
Finance income received	545	723
Other investing activities ²	(530)	63
Net cash flows utilised in investing activities	(11 964)	(8 997)
Cash flows from financing activities		
Borrowings incurred	8 570	180
Borrowings repaid	(9 717)	(4 052)
Finance costs paid	(4 312)	(3 945)
Dividends paid – equity shareholders	(14 170)	(13 944)
Dividends paid – non-controlling interests	(502)	(1 318)
Repurchase of shares	(517)	(563)
Proceeds on sale of shares	84	78
Changes in subsidiary holdings	–	(24)
Net cash flows utilised in financing activities	(20 564)	(23 588)
Net increase in cash and cash equivalents	1 500	776
Cash and cash equivalents at the beginning of the year	15 209	16 191
Effect of foreign exchange rate changes	(51)	(1 758)
Cash and cash equivalents at the end of the year	16 658	15 209

Notes:

- The cash generated from operations and tax paid line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax paid and no longer under cash generated from operations.
- Consist mainly of a net increase in restricted cash deposits from M-Pesa customers of R500 million (FY2021: R1 201 million increase in restricted cash deposits; R1 262 million decrease in investment in treasury bills in Tanzania).