YEBOYETHU
Now more than ever, it's your Vodacom

YEBOYETHU
Now more than ever, it's your Vodacom

# Annual Report
for the year ended 31 March 2023

'23

# Contents





# Key highlights for the 2023 financial year

YeboYethu shareholders own

**5.51%**

**in Vodacom Group,**

through YeboYethu Investment Company, worth

**R14 billion**

**Dividends received by YeboYethu shareholders**

**161 cents per share**

Interim dividend 70 cents per share (paid 19 December 2022)

Final dividend 91 cents per share (paid 10 July 2023)

**Net asset value per share**

**R73.38**

**The YeboYethu AGM will be held on**

**14 August 2023 at 10:00**

PG For more information on the AGM please refer to the notice on **page 44**.

# Chairman's report

**Dear Shareholder**

For the past three years we have held our AGMs as virtual meetings, given the threat posed by COVID-19 and the South African Government regulations on social distancing and public gatherings.

I am particularly pleased that for 2023 we are able to reinstate our AGM as an in-person event. One of the lessons from our virtual AGM experience is that the electronic format allows for a much wider range of participation at the meeting, especially for our shareholders who do not live in Gauteng. Accordingly, we will offer virtual access to the AGM, with full voice integration, allowing shareholders who cannot attend in person to view the proceedings, to speak and ask questions in real time, and to cast their votes on the proposed shareholder resolutions.

The Board is confident that this hybrid approach of a physical meeting together with electronic access will provide the widest possible opportunity for shareholders to participate effectively in the AGM and to engage with you and respond to your questions, as your attendance and participation at the AGM are important to us.

**"I have the pleasure of inviting you to attend the fifteenth annual general meeting (AGM) of the Company, which will be held in person and by electronic participation at Vodacom World on Monday 14 August 2023 at 10:00."**

**Thabo Mokgatlha**
Chairman of the Board

## YeboYethu annual results for the year ended 31 March 2023

This report is our primary communication with our stakeholders and we are pleased to present it as a reflection of our performance during the financial year ended 31 March 2023 (FY2023):

- Dividends received from Vodacom Group Limited (Vodacom Group) of R881.3 million (FY2022: R949.9 million);
- Capital repayment of borrowings of R257.0 million (FY2022: R374.1 million);
- Finance costs incurred of R573.0 million (FY2022: R451.9 million);
- Decrease in the Vodacom Group share price from R160.00 to R122.04, resulting in a loss on remeasurement on financial instrument of R4 344.6 million;
- Decrease in net asset value (NAV) per share to R73.38 from R133.99 as a consequence of the decreased value of the investment and reduction in borrowings; and
- Basic loss per share of 5 884 cents (FY2022: Basic earnings per share 6 728 cents).

## Vodacom

YeboYethu shareholders own 5.51% in Vodacom Group, through YeboYethu Investment Company. Vodacom Group made significant progress in finalising the transformational transactions announced in FY2022 and concluded the acquisition of a 55% shareholding in Vodafone Egypt, and can now proudly say its reach stretches from Cape to Cairo as it diversifies its growth and retained its level 1 B-BBEE status in a larger Group. As part of this transaction, Vodacom Group issued 242 million shares to Vodafone Egypt and this represented a 12% dilution for its shareholders, including YeboYethu. As a result, YeboYethu's shareholding in Vodacom Group has reduced from 6.23% to 5.51%.

FY2023 will be remembered as the year Vodacom made significant progress in implementing its multiproduct strategy – the System of Advantage – particularly in strengthening its footprint and securing leadership in mobile and fixed. These milestones have positioned Vodacom for growth as it lives its purpose of connecting for a better future.

As at 31 March 2023, the Vodacom Group share price ended at R122.04 (FY2022: R160.00) and as a result, our investment in Vodacom Group reduced to R14 billion. As you may be aware, the share price is impacted by positive and negative local and global market themes, geopolitical tensions such as the war in Ukraine and various other factors.

At an operational level, developing network resilience in the face of unstable electricity supplies remains a key challenge for Vodacom. This is particularly true in South Africa, where loadshedding reduced average monthly grid availability. Despite these challenges, Vodacom South Africa maintained network availability above 95%, due to increased investment in building battery capacity and onsite power-generation capabilities. In South Africa, Vodacom fitted its Midrand campus with solar panels to reduce emissions, generating more than 10.8GWh per annum of clean energy. Further, Vodacom remains confident that the "virtual wheeling" pilot project that it is pioneering with Eskom, South Africa's power utility company, will be signed off and that this will have a significantly positive impact on the country's power grid.

## Refinancing of A Preference Shares

During September 2018, YeboYethu and Vodacom Group reached a significant milestone in our empowerment journey when we concluded our new Broad-Based Black Economic Empowerment (B-BBEE) ownership transaction. At a deal value of R16.4 billion, the transaction was the largest deal of its kind in the South African telecommunications sector. The structure of the deal created significant value for shareholders, through a major liquidity event of a special dividend, as well as the opportunity to remain invested in Vodacom Group, through a mutually beneficial structured deal. Shareholders are referred to the circular issued on 18 July 2018, which outlined the details of the B-BBEE transaction.

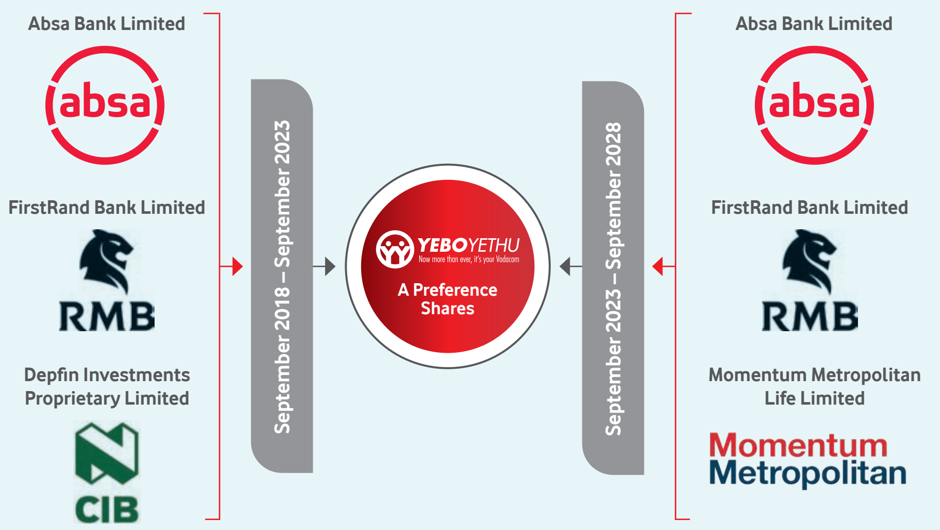
As part of this transaction, YeboYethu obtained funding from banks and Vodacom Group at attractive market-related interest rates in order to subscribe for shares in Vodacom Group. The funding from the banks was raised through the issuance of A Preference Shares of R4.65 billion. The subscribers to the A Preference Shares were First Rand Bank Limited (RMB), Absa Bank Limited (Absa) and Depfin Investments Proprietary Limited (Nedbank). The period of funding was five years, with the intention to refinance for a further five years at the end of the initial subscription date, being September 2023.

Since creating the A Preference Shares in September 2018 and up to June 2023, YeboYethu has repaid a total of R1.17 billion of capital. This includes an amount of R354.8 million in voluntary repayments that was mainly attributable to favourable dividends received from Vodacom Group over this period.

We have now reached the end of this initial period, and as such, over the past year the Board has explored various options on how best to refinance the remaining A Preference Shares for a further five years. The big four South African banks and institutional investors were approached in a market-sounding exercise and the most competitive bids were received from RMB, Absa and Momentum Metropolitan Holdings (MMH) and more importantly, a 100 basis point reduction was obtained in the dividend rate. This allows us to conclude the R3.6 billion refinancing of the A Preference Shares at an improved dividend rate of 67% of the Prime Rate, from the previous rate of 68%. The A Preference Shares will remain secured, among other things, through YeboYethu Investment Company (RF) Proprietary Limited (YeboYethu Investment) having issued a guarantee and a pledge of the Vodacom Group shares held by it to the third-party funders. All other rights and obligations associated with the A Preference Shares remain the same.

These are exciting times for YeboYethu shareholders as we continue to build on what we have already achieved over the last five years. By refinancing, the Company wants to become more flexible, manage its money better, and be in a stronger financial position.

### How the refinancing will work




**Key terms of the refinancing the Class A Preference Shares**

| **Term** | September 2018 – September 2023 | September 2023 – September 2028 |
|---|---|---|
| **Subscribers** | RMB<br>Absa<br>Nedbank | RMB<br>Absa<br>MMH |
| **Dividend rate** | 68% of Prime Rate | 67% of Prime Rate |

## Dividend

I am pleased to announce that the YeboYethu Board has declared a final dividend of 91 cents per share on 15 June 2023 (2022: 107 cents per share). This was calculated after taking into account the dividend received from Vodacom Group, operational requirements and in accordance with the funding terms of the Broad-Based Black Economic Empowerment (B-BBEE) ownership transaction. Your investment in YeboYethu has continued to deliver value, with a total dividend of 161 cents per share (2022: 220 cents per share), taking into account both the interim and final dividends for the financial year, being declared and paid to shareholders.

Many shareholders have not yet claimed their dividends as a result of not keeping their bank account details up to date. Investing in and pursuing various initiatives to return unclaimed dividends to shareholders remains a key focus area. This includes continued simplification of processes in order to make it easier for you to keep your details up to date, the use of dedicated tracing agents and outbound call, email and sms campaigns as well as general media awareness.

Most recently, we have digitised the updating of shareholder information through website enhancements on **www.yeboyethu.co.za** that allows you to self-service and keep your details up to date at all times.

Refer to page 07 for further details on how to keep your information updated.

## Appreciation

It gives me great pleasure in leading a diverse and highly skilled Board in managing YeboYethu, so that you realise the benefit in your investment. As a YeboYethu investor, it is important to understand how your shares can potentially create value over time. Company share prices fluctuate over time, and it is important that you assess the Company's underlying performance and current market conditions in assessing the value of your shares.

We thank you for your support and walking this journey with us and we encourage you to continuously update all personal details in order to ensure effective and efficient electronic shareholder communication. This will deliver savings to YeboYethu in terms of administration, printing and postage costs, as well as speeding up the provision of information, all of which ultimately benefits shareholders.

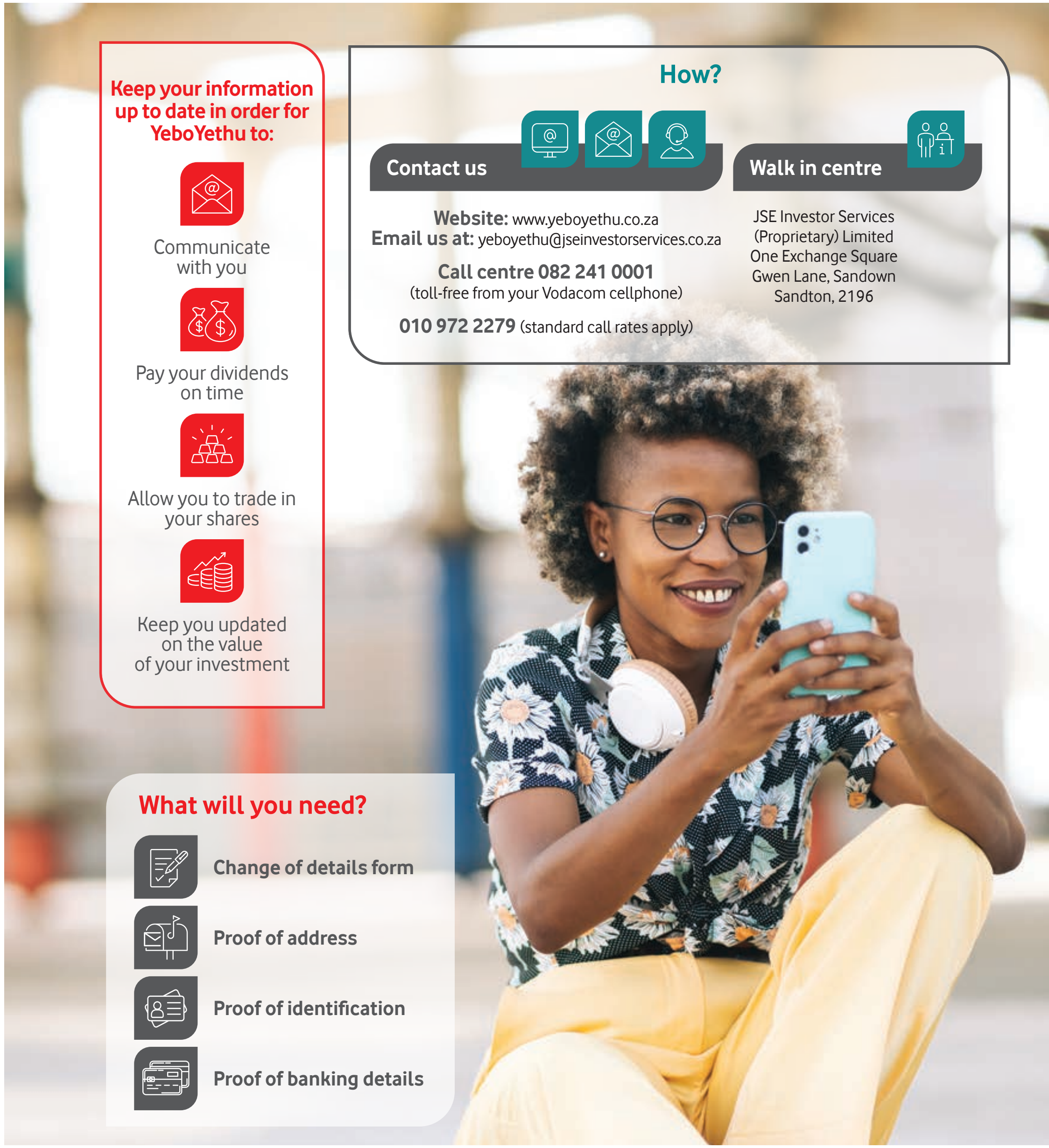
I extend the Board's appreciation to the team at Vodacom Group for delivering a solid performance for the financial year ended 31 March 2023.

We encourage you to join the AGM either physically or electronically on Monday 14 August 2023 as it gives you a valuable opportunity to communicate with the Board and we welcome your engagement and feedback in this regard.

**TV Mokgatlha**
Chairman of the Board



# Stay informed



**Keep your information up to date in order for YeboYethu to:**

- Communicate with you
- Pay your dividends on time
- Allow you to trade in your shares
- Keep you updated on the value of your investment

## How?

**Contact us**

**Website:** www.yeboyethu.co.za
**Email us at:** yeboyethu@jseinvestorservices.co.za
**Call centre 082 241 0001**
(toll-free from your Vodacom cellphone)
**010 972 2279** (standard call rates apply)

**Walk in centre**

JSE Investor Services
(Proprietary) Limited
One Exchange Square
Gwen Lane, Sandown
Sandton, 2196

## What will you need?

- Change of details form
- Proof of address
- Proof of identification
- Proof of banking details

# Vodacom's value creation in practice

Vodacom's commitment to being a purpose-led organisation that **connects for a better future** continues to drive its performance. In FY2023, Vodacom's continued focus on its customers' experience across new and existing markets strengthened its performance across all six capitals and the transition to a pan-African TechCo.

## Financial capital

Group service revenue growth of
**17.2%**
(7.2%^, 3.5%*)

Headline earnings per share (HEPS)
**948cps**
(FY2022: 1 013cps)

Group revenue of
**R119.2 billion**
was up 16.0% (8.0%^, 4.9%*), (FY2022: R102.7 billion)

Operating profit
**R29.3 billion**
(FY2022: R28.2 billion)

Ordinary dividend per share
**670cps**
(FY2022: 850cps)

* Normalised growth.
^ Growth performance excluding Vodafone Egypt.

Distributed
**R14.1 billion**
in dividends to equity shareholders (FY2022: R15.2 billion)

Debt served
**R5.6 billion**
paid in interest to debt funders (FY2022: R4.2 billion)

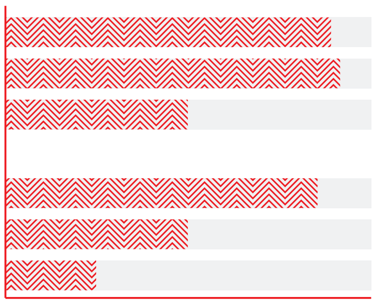
Free cash flow up
**18.3%**

## Human capital

Paid
**R7.7 billion**
to 7 946 employees (FY2022: R7.3 billion to 8 132 employees)

Invested
**R553 million**
in employee skills development across all our markets (excluding Vodafone Egypt) (FY2022: R493 million)

### Encouraging diversity in South Africa



Vodacom South Africa

**79%** of employees are black (FY2022: 78%)

**80%** of board members are black (FY2022: 80%)

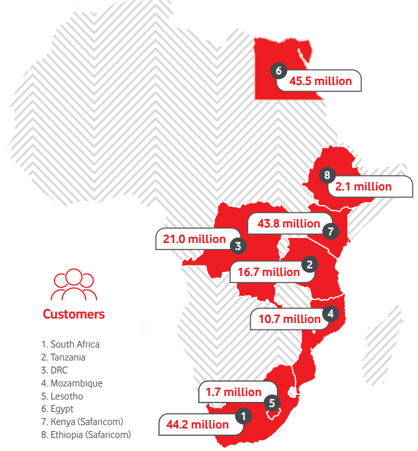
**50%** black female representation on the board (FY2022: 50%)

Vodacom South Africa including subsidiaries

**75%** of employees are black (FY2022: 75%)

**50%** of board members are black (FY2022: 42%)

**25%** black female representation on the board (FY2022: 17%)




## Intellectual capital

Served a combined
**185.8 million**
customers across the Group, including Safaricom (FY2022: 129.6 million)

Served
**70.6 million**
financial services customers through VodaPay and M-Pesa (FY2022: 60.6 million)

Supported
**9.4 million**
IoT connections (FY2022: 6.8 million)

**Number 1**
in four of the OpCos in terms of NPS

Acquired 110MHz of spectrum in Tanzania and finalised the purchase of additional spectrum in Mozambique

Digitised service channels with MyVodacom and TOBi

## Manufactured capital

Acquired a majority share in Vodafone Egypt

Launched commercial operations in Ethiopia, through a Safaricom-led consortium

Vodacom Group sites added

| 5G sites: | 4G sites: | 3G sites: | 2G sites: |
|---|---|---|---|
| **1 150** | **2 352** | **1 136** | **1 037** |
| (FY2022: 434) | (FY2022: 1 410) | (FY2022: 519) | (FY2022: 441) |

Number of rural network sites in South Africa
**731**

Vodacom Fibre passed
**165 000**
homes and enterprises in South Africa (FY2022: 155 903)

Connected
**6 996**
rural sites, with 384 rural sites added in the year (FY2022: 6 612)

**R16.5 billion**
capital investment in network capacity and resilience (FY2022: R14.6 billion)

## Natural capital

**16%**
reduction in scope 1 & scope 2 market-based GHG emissions

**100%**
of network waste reused or recycled (FY2022: 96%)

Total energy consumption remained flat

**39%**
reduction in greenhouse gas (GHG) emissions per terabyte of data (FY2022: 15% reduction)

## Social and relationship capital

Enhanced public finances
**R25.4 billion**
tax paid[1] as the total economic contribution to public finance (FY2022: R22.1 billion)

1 Total taxes borne, taxes collected on behalf of governments, and other payments to government.

**Launched the National Relay Service (NRS)**
to drive digital inclusion for persons with disabilities

Promoted digital inclusion with over
**29 million**
users on the zero-rated ConnectU platform (FY2022: 22 million)

Contributed to transformation in South Africa
**Level 1**
Broad-based Black Economic Empowerment (B-BBEE) contributor status (FY2022: Level 1)

**Supported data access and affordability**
through initiatives like Just4You, Just4YouTown and Vodacom NXT LVL

Spent
**R57 billion**
on suppliers with a Level 4 B-BBEE rating and higher (FY2022: R41 billion)

# Who governs YeboYethu?

The Board approves a detailed annual work plan to ensure that key Board focus areas are suitably addressed, and the Board complies with its obligations in respect of legislation, regulation, governance practices and its charter. The Board is satisfied that it has fulfilled its responsibilities in accordance with the Companies Act, memorandum of incorporation and its charter for the reporting period.

## Board composition

### 5 Independent non-executive directors

**Thabo Mokgatlha** (C)

*BCom (North-West University), BCompt (Hons) (Unisa) CA(SA)*
Appointed to the Board in April 2019 and as Chairman in July 2021

**Busi Silwanyana** (A)

*BCom (Honours) (University of Cape Town), postgraduate diploma in Accounting (UCT), MBA (University of Durham UK), CA(SA)*
Appointed in February 2019

**Adele Hall** (S)

*BCompt (Unisa)*
Appointed in May 2013

**Lea (Alethea) Conrad** (A) (S)

*BA, LLB (Rhodes), Management Advancement Programme (Wits Business School), International Executive Development Programme (London Business School and Wits Business School)*
Appointed in March 2019

**Fundiswa Roji** (A) (S)

*BCom Acc (Hons) BCompt, Postgraduate Diploma in Financial Planning, CA(SA)*
Appointed in July 2021

### 4 Non-executive directors

**Katlego Kobue**

*BCom (majoring in Investments, Corporate Finance and Accounting) University of the Witwatersrand*
Appointed in October 2018

**Udo Lucht**

*BCom (Honours), CA(SA), CFA*
Appointed in October 2018

**Tersha Walljee** (S)

*B Social Science – Industrial Psychology*
Appointed in January 2022

**Oren Fuchs**

*BA in Economics and Political Science, MSc Development Planning (Wits), and Finance Certificate (GIBS)*
Appointed in April 2021

(C) Chairman
(A) Audit Committee
(S) Social and Ethics Committee

Vodacom Group
Secretary

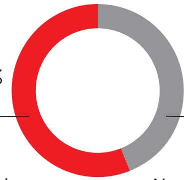
## Board Committees

| Audit Committee | Social and Ethics Committee |
|---|---|
| **Chairman:** Busi Silwanyana | **Chairman:** Adele Hall |
| **Members:**<br>Lea (Alethea) Conrad<br>Fundiswa Roji | **Members:**<br>Tersha Walljee<br>Lea (Alethea) Conrad<br>Fundiswa Roji |

PG For more details for the Report of the Audit Committee refer to **page 24**.

PG For more details for the Report of the Social and Ethics Committee refer to **page 20**.

### Unitary Board structure




### Gender

Female
**56%**

Male
**44%**

### Independent non-executive demographic

Black
**100%**

# Board of directors

1 Thabo Mokgatlha · 2 Busi Silwanyana · 3 Adele Hall · 4 Lea (Alethea) Conrad

5 Fundiswa Roji · 6 Katlego Kobue · 7 Udo Lucht · 8 Tersha Walljee · 8 Oren Fuchs

1 **Thabo**, who is a Chartered Accountant (SA), is the independent non-executive Chairman of YeboYethu and executive director of Baphalane Ba Mantserre Investment Holdings (Pty) Ltd (BBMIH). Thabo is also a non-executive director and audit committee member of Hyprop Investments Ltd, South African National Blood Service NPC (SANBS), Baphalane Siyanda Chrome Company (Pty) Ltd (BSCC) and Council member of North-West University. His previous directorships include Rand Merchant Insurance Limited, Impala Platinum Limited, York Timbers Limited, Master Plastics Limited and SA Coal Mines Limited.

2 **Busi** is a Chartered Accountant (SA) and is the executive director of Acendore LSB Proprietary Limited, a capital and debt advisory firm. She is currently serving as an independent non-executive director of Stefanutti Stocks Limited, Finbond Mutual Bank Limited, AVI Limited and AWCA Investment Holdings Limited. She spent 15 years in banking across both Corporate and Investment Banking and Business banking divisions, including Absa Corporate and Investment Banking, and Standard Bank Group's Corporate and Investment Banking. Busi has held a number of senior positions as an executive heading the Lending business, the Mid-Corporate Segment, the Medium-Enterprises Segment, as well as the Franchising Segments. Busi then joined Royal Philips N.V.'s Africa business based in Johannesburg, heading its Philips Capital business covering Africa. Busi has previously served as a member of the SAICA Education Committee and as a director of SAICA's Thuthuka Education Upliftment Bursary Fund. Busi has experience in technical financing, transactor in Corporate and Investment Banking, Business and Commercial Banking and being a financier where she was responsible for implementing financing strategy.

3 **Adele** is the co-founder and executive director of No Ordinary Corporation, whose primary purpose is to assist organisations with their human capital and transformation objectives. She is currently also the CEO of Izwe Training & Development NPC, an organisation that has been in existence for over 50 years specialising in the development and empowerment of people within construction. She has operated at an executive level in various local and international companies for over 25 years, developing her unique set of leadership, management, business, and transformation skills in the logistics, defence, reinsurance, finance, and other industries. She has previously held the following positions: Vice President and Head of Transformation at SAAB Grintek Defence, Director responsible for Transformation at UTI Africa, Sales and Marketing Director at The Pacific Institute of South Africa and Managing Director and majority shareholder of FranklinCovey Southern Africa. The decades she has spent working on matters of transformation provides her with depth and insight into this ever-moving environment.

4 **Lea** is the founding and managing director of Conrad Advisory, a bespoke firm offering advisory services in strategy design and development, governance support, regulatory guidance and public policy evaluation. Lea holds several non-executive positions. She is a director of Mpact Limited, is Chairman of the Mpact Foundation and is a member of the Social & Ethics Committee. She is also the Chairman of the Afrimat BEE Trust, Chairman of Ditiro Capital and a board member of Shared Interest. As a strategist, Lea has extensive experience in designing and implementing value creating strategies that yield innovative and sustainable results, for clients in the public, private and institutional sectors. Lea has a multi-faceted career spanning more than 30 years as an attorney, a corporate executive, and is an experienced director of listed and unlisted companies and as a trustee. Lea has a track record in global and local policy analysis, leading and establishing sustainable, impactful empowerment projects, securing significant project funding, sustainable development and governance. Lea's key skills include business leadership, corporate governance, legal, strategic leadership, sustainable development, and global policy impact analysis.

5 **Fundiswa** is a Chartered Accountant (SA) with professional experience in finance, audit, private equity, black economic empowerment, investment management, investor relations and mergers and acquisitions. She currently serves as an executive director of Dlondlobala Capital. Over the last twenty years, she has sat on the boards of directors across various industries. She has served boards in various capacities including chairing audit and risk committees, social and ethics committees and participating in remuneration committees. She currently also serves as a non-executive director of Motus Holdings, Life Green Group and GIC Re SA Ltd.

6 **Katlego** represents Royal Bafokeng Holdings (RBH) on the YeboYethu Board. He is the Senior Investment Manager at RBH and has been part of the team that developed and executed the company's energy strategy. He has since specialised in multiple sectors including telecommunications, resources, media, asset management and property. In his role as Senior Investment Manager, Kobue provides investment oversight, analysis, and support to the RBH Chief Investment Officer through the assessment of the investment portfolio, assets, and other investment programmes to implement the RBH's investment strategy. Kobue represents RBH as a director on several other boards, namely, Dis-Chem Pharmacies, JCDecaux South Africa and Liquid Telecoms South Africa. Katlego is also the independent Chairman of DHL Express SA.

7 **Udo** represents Royal Bafokeng Holdings (RBH) on the YeboYethu Board and is currently the Chief Investment Officer at RBH. Udo has previously held positions in Rand Merchant Bank as a Senior Transactor, Investment Banking – Resource Finance and in Royal Bafokeng Holdings as the Head of Portfolio: Industrials & Resources. He has extensive experience in corporate financing solution and B-BBEE structuring, and has worked on several transactions in multiple sectors including telecommunications, resources, media, asset management and property. In his role as Chief Investment Officer, Udo oversees the investment portfolio, and other investment objectives to implement the RBH's investment strategy. Udo represents RBH as a director on several other boards.

8 **Tersha** represents the Vodacom Employee Trust (Siyanda) on the YeboYethu Board having been a trustee of Siyanda since its inception and was recently appointed as the Chairman of Siyanda. Tersha has been the Managing Executive of Rewards and Benefits for Vodacom Group since 2014 and is responsible for providing thought leadership and deep technical expertise in Reward, Recognition and Benefits Strategy for Vodacom Group across their footprint in Africa. During her time at Vodacom, she has served as a non-executive director on the board of Xlink Communications Proprietary Limited and the Vodacom Group Pension and Provident Funds. She also participates in the remuneration committees of various Vodacom operating companies for remuneration specialist input.

9 **Oren** Oren represents Mineworkers Investment Company (MIC) on the YeboYethu Board and is currently the Senior Stakeholder Manager at MIC. Oren has worked in the not-for-profit, public and private sectors covering various disciplines including development planning, economic policy and infrastructure development, corporate strategy, broadcasting, private equity, marketing & communications, corporate social investment and transformation. Oren also has extensive director and trustee experience, having served on numerous company and trust boards. With a background in economics, political science and development planning, and experience across a wide variety of economic sectors and disciplines, Oren possesses a diverse skill set covering governance, corporate finance, transformation, strategy and communications.

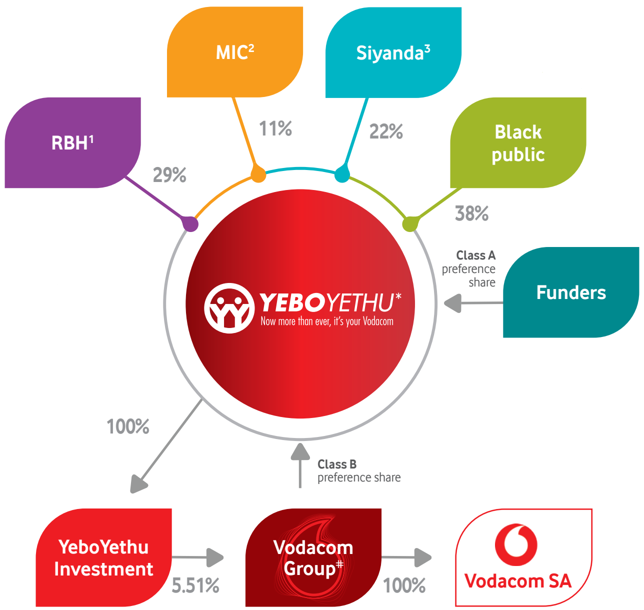
# Directors' report

## Nature of business

YeboYethu (RF) Limited (YeboYethu) was incorporated on 19 June 2008 under the laws of the Republic of South Africa. YeboYethu Investment Company (RF) Proprietary Limited (YeboYethu Investment) was created on 24 April 2018 as a wholly-owned subsidiary of YeboYethu for the purpose of holding Vodacom Group Limited (Vodacom Group) shares, which shares are held as security for the borrowings incurred from a consortium of funders (Note 15 of the summarised consolidated financial statements). The principal activities of the Company and the Group as a whole are to:

- carry on business of acquiring and holding shares in Vodacom Group; and
- receive and distribute dividends and other distributions received by it pursuant to its holding in Vodacom Group.

## YeboYethu overview




* YeboYethu is listed on the Empowerment Segment of the JSE.
\# Vodacom Group is listed on the JSE.

1. Royal Bafokeng Holdings.
2. Mineworkers Investment Company.
3. Vodacom Siyanda Employee Trust.

## Consolidated financial statements as at 31 March 2023

YeboYethu and YeboYethu Investment is one reportable segment (the Group). For the purpose of this annual report, a summarised set of consolidated financial statements are included which are derived from audited consolidated financial statements of YeboYethu (RF) Limited for the year ended 31 March 2023. This summarised report is extracted from audited information, but is not itself audited. The detailed consolidated financial statements have been audited by the independent auditing firm Ernst & Young Inc. and were approved by the Board of directors on 15 June 2023. The audited consolidated financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the website **www.yeboyethu.co.za**.

## Financial results

Net loss for the year was R3 114 million (2022: net profit R3 560 million).

This was mainly attributable to a decrease in the Vodacom Group share price in the current financial year. Refer to Note 9 of the summarised consolidated financial statements for detail of the investment. Information on the performance of Vodacom Group for the year ended 31 March 2023 is available at **www.vodacom.com**.

Full details on the performance and financial position of the Group are set out in the consolidated financial statements.

## Consolidation of YeboYethu

Vodacom Group consolidates 100% of YeboYethu and YeboYethu Investment, which are structured entities that form part of Vodacom Group's Broad-based Black Economic Empowerment (B-BBEE) ownership transaction.

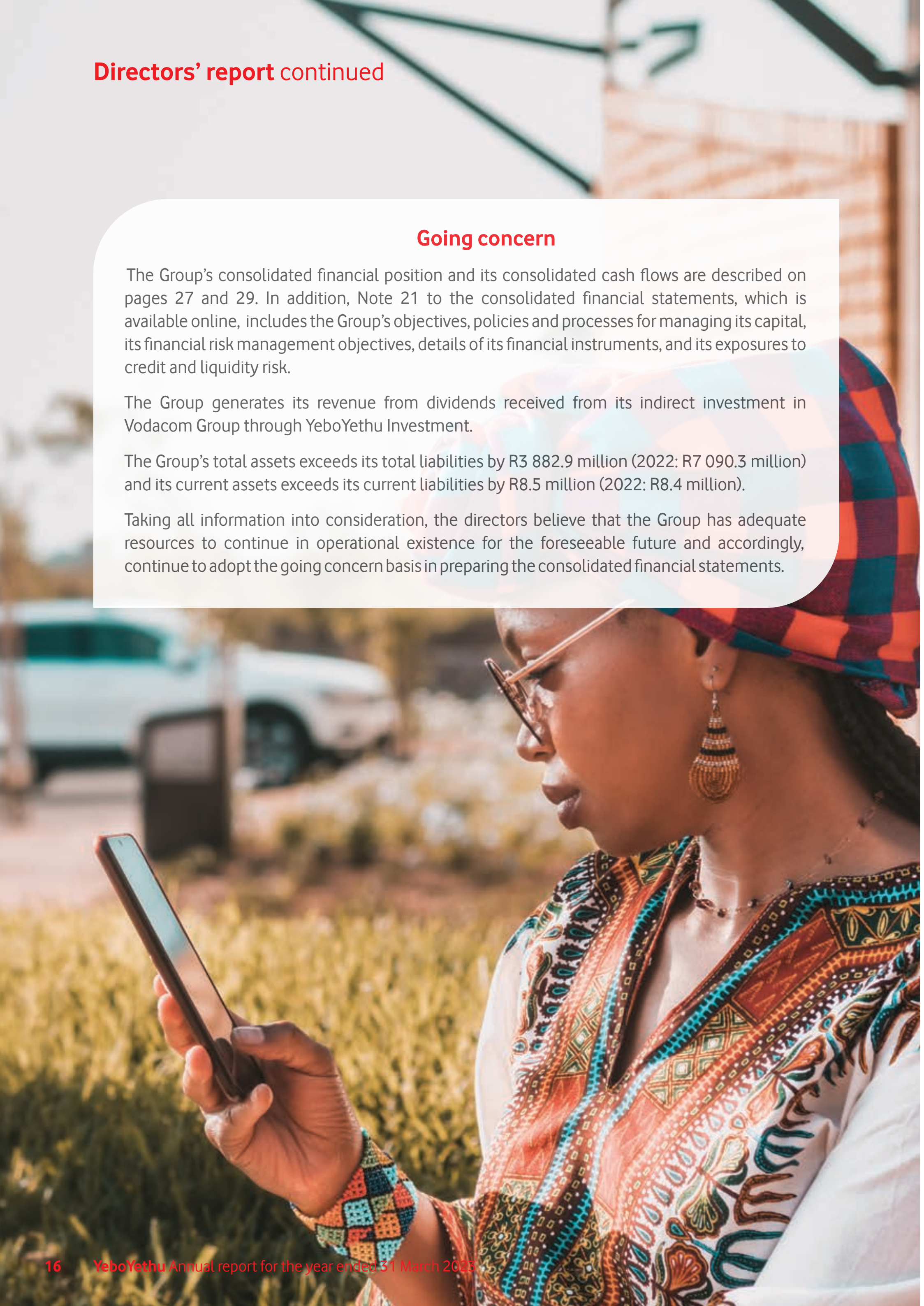
## Dividend distribution

Dividends of R93.7 million (2022: R112.7 million) were declared and paid during the year. Details in respect of the final dividend for the year ended 31 March 2023 are included in Events after the reporting period of the Directors' report (page 19).

| | **2023 R000** | 2022 R000 |
|---|---|---|
| Interim dividend declared 25 November 2022 and paid 19 December 2022 | **37 041** | — |
| Final dividend declared 15 June 2022 and paid 11 July 2022 | **56 620** | — |
| Interim dividend declared 26 November 2021 and paid 20 December 2021 | — | 59 795 |
| Final dividend declared 7 June 2021 and paid 5 July 2021 | — | 52 916 |
| | **93 661** | 112 711 |

## Dividend policy

The Group's policy is to pay dividends in accordance with the priority of payments as stipulated in the funding agreements. There is however no assurance that a dividend will be paid in respect of any financial period and any future dividends is dependent upon the dividend distribution from Vodacom Group, as well as the Group's operating results and financial condition.



## Going concern

The Group's consolidated financial position and its consolidated cash flows are described on pages 27 and 29. In addition, Note 21 to the consolidated financial statements, which is available online, includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit and liquidity risk.

The Group generates its revenue from dividends received from its indirect investment in Vodacom Group through YeboYethu Investment.

The Group's total assets exceeds its total liabilities by R3 882.9 million (2022: R7 090.3 million) and its current assets exceeds its current liabilities by R8.5 million (2022: R8.4 million).

Taking all information into consideration, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the consolidated financial statements.

## Share capital and ordinary share premium

Full details of the share capital and ordinary share premium of the Group are contained in Notes 13 and 14 of these summarised consolidated financial statements.

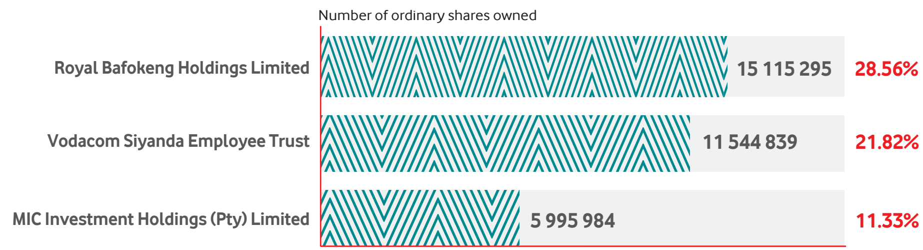
## Shareholder analysis

The Group's shareholder analysis as at 31 March 2023 was as follows:

| Size of holdings | Number of shareholders | Percentage of shareholders (%) | Number of shares owned | Percentage of shares (%) |
|---|---|---|---|---|
| 1-100 shares | 70 934 | 87.05 | 6 923 481 | 13.08 |
| 101-1 000 shares | 8 066 | 9.90 | 3 168 246 | 5.99 |
| 1 001-10 000 shares | 2 398 | 2.94 | 4 862 091 | 9.19 |
| 10 001-50 000 shares | 65 | 0.08 | 1 279 802 | 2.42 |
| More than 50 000 shares | 20 | 0.03 | 36 682 340 | 69.32 |
| | 81 483 | 100 | 52 915 960 | 100 |

| Distribution of shareholders | Number of shareholders | Percentage of shareholders (%) | Number of shares owned | Percentage of shares (%) |
|---|---|---|---|---|
| Individual | 79 818 | 97.96 | 16 684 521 | 31.53 |
| Unincorporated | 988 | 1.21 | 188 076 | 0.35 |
| Company | 513 | 0.63 | 22 974 112 | 43.42 |
| Trust | 164 | 0.20 | 13 069 251 | 24.70 |
| | 81 483 | 100 | 52 915 960 | 100 |

### Major shareholders



## Share price performance

| | |
|---|---|
| Opening price 1 April 2022 | R45.00 |
| Closing price 31 March 2023 | R34.30 |
| Closing high for the period (1 April 2022 – 31 March 2023) | R50.00 |
| Closing low for the period (1 April 2022 – 31 March 2023) | R32.00 |
| Number of shares in issue | 52 915 960 |
| Volume traded during the period (1 April 2022 – 31 March 2023) | 421 765 |
| Ratio of volume traded to shares issued (%) (1 April 2022 – 31 March 2023) | 0.8% |
| Rand value of shares traded (1 April 2022 – 31 March 2023) | R17 170 073 |
| Total deals (1 April 2022 – 31 March 2023) | 1 638 |

## Directors and secretary

There were no movements in directorate and secretary during the year under review and at signature date. Refer to pages 12 – 13 for details of the directorate.

In terms of the company's memorandum of incorporation, Ms F Roji and Messrs KKD Kobue and O Fuchs retire by rotation at the annual general meeting (AGM) to be held on 14 August 2023. All retiring directors are eligible and available for re-election.

All directors are non-executive. The Board has considered and satisfied itself that all independent non-executive directors continue to remain independent.

## Interests of directors

The following director has direct and indirect beneficial interests in YeboYethu ordinary shares as at 31 March 2023, as a consequence of her employment by Vodacom Group.

| | Units held in Vodacom Siyanda Employee Trust | Direct beneficial percentage interest in YeboYethu | Indirect beneficial percentage interest in YeboYethu |
|---|---|---|---|
| T Walljee | 10 850 | 0.001% | 0.021% |

**Note:**
There have been no changes to the directors' interests between the end of the financial year and the date of approval of the annual financial statements.

## Address

**Registered office**
Vodacom Corporate Park
082 Vodacom Boulevard
Midrand 1685

**Postal address**
Private Bag X9904
Sandton 2146

## Auditors

Ernst & Young Inc. has been appointed as the external auditor for the current financial year and will continue in office until the next AGM in accordance with section 90(1) of the Companies Act of 2008, as amended.

## Events after the reporting period

A final dividend of 91 cents per share for the year ended 31 March 2023 was declared on 15 June 2023 and is payable on 10 July 2023 to shareholders recorded in the register at the close of business on 7 July 2023.

The net dividend is 72.8 cents per share after taking into account dividend withholding tax of 18.2 cents per share for those shareholders not exempt from dividend withholding tax.

The Board is not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the Group at 31 March 2023 and the results of its operations or cash flows for the financial year end.

# Social and Ethics Committee report

**Adele Hall**
Chairman of the Social and Ethics Committee

YeboYethu supports Vodacom's approach to environment, social and governance (ESG), which is integral to it achieving its purpose to connect for a better future and deliver stakeholder value. The Board is pleased to share some statistics that reflect the diversity of the individuals within our shareholder base: 50% are black women, 15% are over the age of 65 and 15% are younger than 35 years of age.

The Board is confident that the focus by Vodacom on ESG matters underpins the sustainability of YeboYethu's investment in Vodacom.

Vodacom's approach to ESG is governed by a framework, which ensures that ESG is integrated into its strategy, business model and activities.

This framework is underpinned by three purpose pillars:

1 Digital society
2 Planet
3 Inclusion for all

Vodacom's purpose pillars are supported by its Social Contract, which is a pact to activate and accelerate Vodacom's purpose initiatives, to help strengthen trust across all stakeholder groups and maintain positive relationships. The Social Contract is built on the core principles of trust, fairness, and leadership.

In addition, Vodacom's ESG framework focuses on responsible business practices:

- Protecting data
- Protecting people
- Business integrity

Vodacom's mobile networks now connect more than 500 million people across Africa (including Safaricom Plc at 100%), serving 185.5 million customers across consumer and enterprise segments. In this ecosystem, Vodacom seeks to provide connectivity, digital solutions, and financial services to its customers, while also seeking solutions to mitigate harm to the planet.

Accordingly, the Social and Ethics Committee (the Committee) of YeboYethu considers its duties, as set out in the Companies Act, in conjunction with and in support of Vodacom's purpose.

In this report, the Committee reflects several highlights from the Vodacom Group ESG Report that is available on **www.vodacom.com**.

## 1 Digital society

In South Africa, Vodacom has focused on *inter alia* increased support for digitalisation among communities. In particular, the Board notes the support for 147 black SMEs by the Innovator Trust, of which 38% are black women owned. Vodacom also launched V-Hub, an online resource portal designed to assist SMEs as they embark on a digital transformation journey, and was accessed by almost 30 000 SMEs. The Board is also pleased that Vodacom continues to support the Women in Tech Awards, which celebrates top female-owned SMEs and is now entering its sixth year. Vodacom have also made good progress in improving customer service, with the use of TOBi Zulu, now constituting 65% of all ChatBot customer engagements. Vodacom also continues to support the development in agriculture, having contributed R153 million in grants to small-scale farmers.

YeboYethu harnesses value from being a member of a digital society and seeks to use digital applications to enable efficiencies and leverage benefits for its shareholders through the power of connectivity and digital services. The processes utilised in identifying, locating, and verifying shareholders in order to return their unclaimed dividends have benefitted tremendously from digitisation.

As part of the initiatives to return unclaimed dividends to shareholders, YeboYethu was able to utilise key resources within Vodacom, including its Big Data capabilities, to drive improvements in reducing the volume of unclaimed dividends.

The Committee is aware that in paying out dividends and keeping its share register up to date, YeboYethu is in possession of the personal information of its shareholders. In this regard, it requires professional reviews and processes to be undertaken by its service providers, including its Transfer Secretaries, to ensure that the requisite data privacy and security protocols are in place to limit the risk of cyber threats. The Committee confirms that the requisite controls and protocols are in place.

## 2 Planet

YeboYethu supports Vodacom's responsible approach in addressing the environmental impact of its activities while connecting for a better future. The Board is pleased to note that Vodacom has focused on the reduction of its scope 1 and 2 carbon emissions, and the management of its scope 3 carbon emissions. During FY2023, Vodacom was able to reduce its scope 1 and 2 carbon emissions by 17.3%.

The Board notes that while maintaining the network in South Africa has been challenging during unprecedented levels of loadshedding, Vodacom has maintained network availability of above 95%. The proactive investment in network infrastructure and maintaining technology resilience has ensured that customers remain connected. During FY2023, Vodacom invested R16.5 billion (FY2022: R14.6 billion) in network capacity and resilience across the group.

Vodacom has also made a wide range of investments into renewable sources of energy, including solar installations at its Midrand campus expecting to generate 10.8GWh of power per annum. Vodacom continues to support those affected by climate change-related weather events, such as the flooding in Kwa-Zulu Natal, where Vodacom assisted more than 40 000 people who were impacted. Vodacom also continues to create environmental awareness and encourage action towards a more sustainable future, through initiatives such as RedLovesGreen and its Good As New offering.

Digital networks and technologies can play a key role in mitigating climate change and contribute to decarbonisation. In addressing climate change risks and opportunities, Vodacom focuses on providing solutions which will assist with digitalising businesses, critical sectors, and government.

## 3 Inclusion for all

YeboYethu's key strategic imperative is to hold a material stake in Vodacom, which enables its shareholders to participate in the growth of Vodacom. The Board notes that Vodacom's ambitions in respect of access to connectivity, propositions for equality align with YeboYethu's purpose of sharing value, particularly with regard to ensuring that no one is left behind.

The Board is pleased to see the expansion of Vodacom's financial services platforms, which will improve financial inclusion, enable quality education and digital skills, bring mobile money to more women and support customers living with disabilities and those with special needs. Vodacom is also exploring ways to make smart phones more accessible, thus further enhancing inclusion. Vodacom's ConnectU platform provides access to essential free services and resources to support less privileged communities with health and well-being, education, access to employment and information, among others. Customers can access discounted voice and data products, as well as Airtime Advance. ConnectU has zero-rated more than 770 institutions and over 400 URLs, including the national departments of health, home affairs and education; and 25 university and 58 TVET college websites, which provide tertiary learners with free access to learning material.

The Board focuses on managing the dividend received from Vodacom twice a year and ensuring a sustainable flow of dividends to the shareholders of YeboYethu. It has always been a central imperative of YeboYethu that it provides a source of financial upliftment to its B-BBEE shareholder base. Vodacom Group and Vodacom South Africa both maintained their level 1 B-BBEE status. Further details of how Vodacom contributes to South African society through the B-BBEE Codes of Good practice can be found in Vodacom's ESG Addendum. Vodacom's effort to support its employees was recognised through its certification as Africa's Top Employer by the Top Employer Institute, a trend which it has maintained over recent years.

The Committee is aware that to promote financial inclusion, it is imperative that the Company supports shareholders in respect of financial literacy. The day-to-day operations of dealing with an investment which is listed on the stock exchange can be complex. Accordingly, the Company has undertaken ongoing initiatives to assist shareholders in managing their investments in YeboYethu.

JSE Investor Services (JIS), the Company's Transfer Secretaries, provide a dedicated call centre function to service YeboYethu shareholders. This means that all shareholder queries, verification, unclaimed dividends, and trading is centralised on one platform, to provide a holistic service to shareholders. Shareholders can also securely update personal information on YeboYethu's website.

YeboYethu, like similar organisations in South Africa, has experienced challenges with regards to unclaimed dividends accumulating over time. Shareholders change their bank account details and contact information but omit to advise the company in which they hold shares. This results in shareholders not receiving their dividends. As articulated on page 06 of this report, the Company has undertaken numerous initiatives to assist in locating shareholders and returning their dividend payments to them. This is in addition to the digital initiatives undertaken to return unclaimed dividends to shareholders.

YeboYethu has contracted independent professional service providers to establish a dedicated outbound call centre and to trace shareholders in an effort to update their information accordingly and through these initiatives, the Company was able to return R19.8 million to shareholders since FY2020. The Committee recognises that this is a significant achievement and hopes that it will serve as an example of how the general challenge around unclaimed dividends in South Africa can be addressed.

### FY2023 focus areas:

- Continued focus on the timeous payment of unclaimed dividends to shareholders.
- Maintained service levels of the shareholder platform by JIS.
- Maintained the dedicated call centre for shareholders, with continuous improvement in respect of workflows and resolution times.
- Continued communication with shareholders and the provision of additional avenues for communication.

### Looking ahead:

- Continuing to expand on financial inclusion and financial literacy initiatives, with a view to empowering shareholders to managing their investments efficiently.
- Deliberating the interests of all shareholders in enhanced mechanisms to trade in the Company's shares through more platforms.
- Continuing to increase the number of timeous payments made to shareholders in respect of unclaimed dividends.
- Exploring partnerships with experts in offering wills and estate management services to shareholders.
- Expanding on the Company's purpose to support all shareholders through mindful and intentional actions which address shareholders' needs.

**AM Hall**
Chairman
Social and Ethics Committee

# Audit Committee report

**Busi Silwanyana**
Chairman of the
Audit Committee

The YeboYethu (RF) Limited's (the Company) Audit Committee operates within a Board-approved mandate and terms of reference in line with the Companies Act of 2008, as amended. The members of the Audit Committee were appointed at the annual general meeting held on 2 August 2022.

## Statutory duties

In terms of section 94(7)(f) of the Companies Act of 2008, as amended (the Companies Act), the Audit Committee discharged all of those functions delegated to it in terms of its mandate and the Companies Act:

- Considered and satisfied itself that the external auditors are independent;
- Assessed the qualification, expertise, resources and effectiveness of the external auditors;
- Nominated the external auditors for appointment for the 2023 financial year;
- Agreed the audit fee for the 2023 financial year;
- Considered and approved all non-audit services performed by the external auditor as applicable;
- Approved the internal audit plan for the year;
- Held separate meetings with management and the external auditors to discuss any reserved matters as applicable;
- Ensured that the Audit Committee complied with the membership criteria as set out in the Companies Act;
- Reviewed the consolidated financial statements of the Group and recommended same to the Board for approval;
- Key audit matters were considered and areas in respect of which the Audit Committee satisfied itself include the valuation of shares and underlying derivatives, compliance with funding and shareholding agreements, compliance with statutory requirements and the JSE Listing requirements; and
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls.

## Membership

The Audit Committee during the current financial year was constituted of the following independent non-executive directors:

B Silwanyana (Chairman)
ABA Conrad
F Roji

The Managing Executive Group Finance of Vodacom Group Limited, the Executive Head of Internal Audit of Vodacom Group Limited and the external auditors attend the Audit Committee meetings by invitation. The primary role of the Audit Committee is to ensure the integrity of the financial reporting, the audit process and that a sound risk management and internal control system is maintained. In pursuing these objectives the Audit Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

The internal and external auditors have unlimited access to the Chairman of the Audit Committee.

Two Audit Committee meetings are scheduled per calendar year. Additional Audit Committee meetings may be convened when necessary. During the current financial year, two committee meetings were convened and attendance was as follows:

| | 10/06/2022 | 25/11/2022 |
|---|---|---|
| B Silwanyana | ✓ | ✓ |
| ABA Conrad | ✓ | ✓ |
| F Roji | ✓ | ✓ |

**B Silwanyana**
Chairman
Audit Committee

# Summarised consolidated statement of comprehensive income

**for the year ended 31 March 2023**

| | Notes | 2023 R000 | 2022 R000 |
|---|---|---|---|
| **Income** | 2 | **881 274** | 949 945 |
| Expenditure | 3 | **(16 466)** | (16 587) |
| **Operating profit** | | **864 808** | 933 358 |
| Finance income | 4 | **744** | 441 |
| Finance cost | 5 | **(572 953)** | (451 858) |
| (Loss)/gain on remeasurement of financial instrument | 6 | **(4 344 567)** | 3 861 583 |
| **(Loss)/profit before tax** | | **(4 051 968)** | 4 343 524 |
| Taxation | 7 | **938 226** | (783 165) |
| **Net (loss)/profit** | | **(3 113 742)** | 3 560 359 |
| **Total comprehensive (loss)/income** | | **(3 113 742)** | 3 560 359 |

| | | Cents | Cents |
|---|---|---|---|
| **Basic (loss)/earnings per share** | 8 | **(5 884)** | 6 728 |
| **Diluted (loss)/earnings per share** | 8 | **(5 884)** | 6 728 |



Summarised consolidated financial statements

Summarised consolidated statement of comprehensive income | Summarised consolidated statement of financial position | Summarised consolidated statement of changes in equity | Notes to the summarised consolidated financial statements | Notes to the summarised consolidated financial statements

# Summarised consolidated statement of financial position

**as at 31 March 2023**

| | Notes | 2023 R000 | 2022 R000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | **13 967 622** | 18 312 189 |
| Financial assets | 9 | **13 967 622** | 18 312 189 |
| **Current assets** | | **12 576** | 12 537 |
| Account receivable | 10 | **6 355** | 6 580 |
| Tax receivable | | **–** | 8 |
| Restricted cash | 11 | **313** | 313 |
| Cash and cash equivalents | 12 | **5 908** | 5 636 |
| **Total assets** | | **13 980 198** | 18 324 726 |
| **Equity and liabilities** | | | |
| Share capital | 13 | **4 193 265** | 4 193 265 |
| Ordinary share premium | 14 | **359 883** | 359 883 |
| Retained (losses)/earnings | | **(670 292)** | 2 537 111 |
| **Total equity** | | **3 882 856** | 7 090 259 |
| **Non-current liabilities** | | **10 093 252** | 11 230 344 |
| Borrowings | 15 | **8 818 952** | 9 017 618 |
| Deferred tax | 7 | **1 274 300** | 2 212 726 |
| **Current liabilities** | | **4 090** | 4 123 |
| Accounts payable | 16 | **2 733** | 2 677 |
| Tax payable | | ***** | – |
| Dividends payable | | **1 357** | 1 446 |
| **Total equity and liabilities** | | **13 980 198** | 18 324 726 |

(*) Less than R500.

# Summarised consolidated statement of changes in equity

**for the year ended 31 March 2023**

| | Notes | Share capital R000 | Ordinary share premium R000 | Retained earnings/ (losses) R000 | Total equity R000 |
|---|---|---|---|---|---|
| Balance at 1 April 2021 | | 4 193 265 | 359 883 | (910 537) | 3 642 611 |
| Net profit | | – | – | 3 560 359 | 3 560 359 |
| Dividends | | – | – | (112 711) | (112 711) |
| **Balance at 31 March 2022** | 13, 14 | **4 193 265** | **359 883** | **2 537 111** | **7 090 259** |
| Net loss | | **–** | **–** | **(3 113 742)** | **(3 113 742)** |
| Dividends | | **–** | **–** | **(93 661)** | **(93 661)** |
| **Balance at 31 March 2023** | | **4 193 265** | **359 883** | **(670 292)** | **3 882 856** |

Summarised consolidated financial statements

Summarised consolidated statement of comprehensive income | Summarised consolidated statement of financial position | Summarised consolidated statement of changes in equity | Summarised consolidated statement of cash flows | Notes to the summarised consolidated financial statements

# Summarised consolidated statement of cash flows

**for the year ended 31 March 2023**

| | Note | **2023 R000** | 2022 R000 |
|---|---|---|---|
| **Cash generated from operations** | | **864 846** | 932 403 |
| Tax (paid)/received | | **(193)** | 325 |
| Dividends paid | | **(93 751)** | (112 996) |
| **Net cash flows generated from operating activities** | | **770 902** | 819 732 |
| **Cash flows from investing activities** | | | |
| Increase in overnight deposit | | **(13 826)** | (11 891) |
| Decrease in overnight deposit | | **14 100** | 14 200 |
| Finance income received | | **716** | 443 |
| **Net cash flows generated from investing activities** | | **990** | 2 752 |
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | | **(257 000)** | (374 108) |
| Finance cost paid | | **(514 620)** | (448 518) |
| **Net cash flows utilised in financing activities** | | **(771 620)** | (822 626) |
| **Net movement in cash and cash equivalents** | | **272** | (143) |
| Cash and cash equivalents at the beginning of the year | | **5 636** | 5 779 |
| **Cash and cash equivalents at the end of the year** | 12 | **5 908** | 5 636 |

# Notes to the summarised consolidated financial statements

**for the year ended 31 March 2023**

## 1. Basis of preparation

The summarised consolidated financial statements have been prepared in accordance with the framework concepts, the recognition and measurement criteria of IFRS and in accordance with and containing the information required by IAS 34 as issued by the IASB, the SAICA Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act of 2008, as amended. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in South African rand, which is the Group's functional and presentation currency.

The significant accounting policies, judgements, estimates of amounts and methods of computation are consistent in all material respects with those applied in the consolidated financial statements for the year ended 31 March 2023. The significant accounting policies are available in the notes to the consolidated financial statements for the year ended 31 March 2023 on **www.yeboyethu.co.za** and for inspection at the company's registered office.

### Basis of consolidation

The consolidated financial statements incorporate the separate financial statements of YeboYethu (RF) Limited and its wholly owned subsidiary, YeboYethu Investment Company (RF) Proprietary Limited which is one reportable segment (the Group).

### Summarised consolidated financial statements

For the purpose of this annual report, a summarised set of consolidated financial statements are included which are derived from audited consolidated financial statements of YeboYethu (RF) Limited for the year ended 31 March 2023. This summarised report is extracted from audited information, but is not itself audited. The detailed consolidated financial statements have been audited by the independent auditing firm, Ernst & Young Inc. who expressed an unmodified opinion thereon, and were approved by the Board of directors on 15 June 2023. The audited consolidated financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the website **www.yeboyethu.co.za**. The directors take full responsibility for the preparation of the summarised consolidated financial statements and the financial information has been correctly extracted from the underlying audited consolidated financial statements.

| | **2023 R000** | 2022 R000 |
|---|---|---|
| **2. Income** | | |
| Dividends received – Vodacom Group Limited | **881 274** | 949 945 |

| | **2023 R000** | 2022 R000 |
|---|---|---|
| **3. Expenditure** | | |
| Administration fees | **(13 804)** | (13 948) |
| Consulting fees | **(287)** | (566) |
| Auditors' remuneration | **(990)** | (756) |
| Directors' remuneration (Refer Note 19) | **(1 367)** | (1 303) |
| Other | **(18)** | (14) |
| | **(16 466)** | (16 587) |

Administration fees mainly comprises:

- general administration; call centre agents cost and share register maintenance fee of R5 348 thousand (2022: R5 671 thousand);
- annual general meeting expenses of R98 thousand (2022: R97 thousand);
- fees associated with costs of trading, security license and initial listing of R147 thousand (2022: R132 thousand);
- administration service fees to Vodacom Group of R5 456 thousand (2022: R5 155 thousand);
- costs associated with payment of dividends of R222 thousand (2022: R110 thousand);
- agency fees to Rand Merchant Bank (a division of FirstRand Bank Limited) of R608 thousand (2022: R571 thousand);
- unclaimed dividend campaign costs of R711 thousand (2022: R1 332 thousand);
- printing and posting of the annual report and interim results of R1 040 thousand (2022: R1 121 thousand).

Consulting fees comprise of costs associated with valuation services and legal costs as well as in the prior financial year, placement fee on recruitment of non-executive directors were also incurred.

Auditors' remuneration comprises of current year costs of R982 thousand and an under accrual of R8 thousand. In the prior year R913 thousand was incurred and an over accrual of R157 thousand from prior years.

| | | 2023 R000 | 2022 R000 |
|---|---|---|---|
| **4.** | **Finance income** | | |
| | Interest income | | |
| | Overnight deposit | **583** | 371 |
| | Banks | **161** | 69 |
| | Tax authorities | **–** | 1 |
| | | **744** | 441 |

All interest income is earned from financial assets at amortised cost.

| | | 2023 R000 | 2022 R000 |
|---|---|---|---|
| **5.** | **Finance cost** | | |
| | Interest expense | | |
| | Class A preference shares | **(235 674)** | (188 734) |
| | Class B preference shares | **(337 279)** | (263 124) |
| | | **(572 953)** | (451 858) |

All interest expense is incurred from financial liabilities at amortised cost.

Interest expense is recognised at a rate of 68% of First National Bank Limited's prime overdraft lending rate (prime) on the Class A preference shares and at a rate of 70% of prime on the Class B preference shares. For further details, refer to Note 15.



| | | 2023 R000 | 2022 R000 |
|---|---|---|---|
| **6.** | **(Loss)/gain on remeasurement of financial instruments** | | |
| | (Loss)/gain on fair value of Vodacom Group shares | **(4 344 567)** | 3 861 583 |

In the current year, the Vodacom Group share price decreased to R122.04 as at 31 March 2023 from a share price of R160.00 as at 31 March 2022 resulting in a loss on remeasurement on the investment in Vodacom Group of R4 344.6 million.

In the prior financial year, the Vodacom Group share price increased to R160.00 as at 31 March 2022 from a share price of R126.26 as at 31 March 2021 resulting in a gain on remeasurement on the investment in Vodacom Group of R3 861.6 million.

Information on the performance of Vodacom Group for the year ended 31 March 2023 is available at **www.vodacom.com**

| | | 2023 R000 | 2022 R000 |
|---|---|---|---|
| **7.** | **Taxation** | | |
| **7.1** | **Income tax expense** | | |
| | South African current tax | | |
| | Current year | **(200)** | (123) |
| | South African deferred tax | | |
| | Current year | **938 426** | (864 995) |
| | Tax rate change | **–** | 81 953 |
| | | **938 226** | (783 165) |
| | **Components of deferred tax charged to profit or loss** | | |
| | Capital gains tax on fair value adjustments | **938 426** | (783 042) |

## 7. Taxation continued

### 7.1 Income tax expense continued

**Factors affecting tax expense for the year**

The table below discloses the differences between the expected income tax expense at the South African statutory tax rate and the Group's total income tax expense:

| | 2023 R000 | 2022 R000 |
|---|---|---|
| (Loss)/profit before tax | **(4 051 968)** | 4 343 524 |
| Expected income tax on (loss)/profit before tax at the South African statutory tax rate | **1 094 031** | (1 216 187) |
| Non-deductible preference share finance cost | **(154 697)** | (126 520) |
| Non-deductible operating expenditure | **(4 445)** | (4 645) |
| (Loss)/gain on remeasurement of financial instrument (capital gains tax rate difference) | **(234 607)** | 216 249 |
| Exempt dividend income | **237 944** | 265 985 |
| Tax rate change | **–** | 81 953 |
| | **938 226** | (783 165) |

The South African statutory tax rate is 27.0% (2022: 28.0%); the Group's effective tax rate is negative 23.2% (2022: positive 18.0%).

In the prior year the Group's deferred tax liabilities were adjusted by applying the newly enacted 27% corporate tax rate, which is 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.

### 7.2 Deferred tax and components

| | 2023 R000 | 2022 R000 |
|---|---|---|
| Deferred tax liability: Capital gains tax on fair value movement | **1 274 300** | 2 212 726 |
| **Reconciliation of net deferred tax balance** | | |
| Balance at the beginning of the year | **2 212 726** | 1 429 684 |
| Charge to profit or loss | **(938 426)** | 783 042 |
| Balance at the end of the year | **1 274 300** | 2 212 726 |

Deferred tax on the remeasurement of the investment in Vodacom Group is raised at the capital gains tax rate.

The deferred tax on the remeasurement of the investment in Vodacom Group is based on the fair value less the base cost of the investment as rolled over in terms of Section 42 of the Income Tax Act No. 58 of 1962.



Summarised consolidated financial statements

Summarised consolidated statement of comprehensive income | Summarised consolidated statement of financial position | Summarised consolidated statement of changes in equity | Summarised consolidated statement of cash flows | Notes to the summarised consolidated financial statements

## 8. Earnings and dividends per share

| | 2023 Cents | 2022 Cents |
|---|---|---|
| Basic (loss)/earnings per share | **(5 884)** | 6 728 |
| Dividends per share (Note 8.3) | **177** | 213 |

There were no adjustments required to earnings attributable to equity shareholders in the determination of headline earnings. Therefore, headline earnings per share is the same as per basic earnings per share disclosed above.

There are no potential ordinary shares that would have a dilutive effect on the earnings per share. Therefore, diluted earnings per share and diluted headline earnings per share is the same as per basic earnings per share disclosed above.

Earnings per share calculations are based on earnings and the weighted average number of ordinary shares outstanding as set out below:

### 8.1 Earnings and headline earnings

| | 2023 R000 | 2022 R000 |
|---|---|---|
| Earnings and headline earnings attributable to equity shareholders for all earnings per share amounts disclosed above | **(3 113 742)** | 3 560 359 |

This disclosure is a requirement of the JSE Limited and is not a recognised measure under IFRS. It has been calculated in accordance with Circular 1/2021 as issued by SAICA.

### 8.2 Reconciliation of weighted average number of ordinary shares outstanding

| | 2023 | 2022 |
|---|---|---|
| For basic and headline earnings per share | **52 915 960** | 52 915 960 |

### 8.3 Dividends per share

Dividends per share of 177 cents per share consist of a final dividend per share of 107 cents based on 52 915 960 shares, paid on 11 July 2022, and an interim dividend per share of 70 cents based on 52 915 960 shares, paid on 19 December 2022.

The prior year's dividends per share of 213 cents per share consist of a final dividend per share of 100 cents based on 52 915 960 shares, paid on 5 July 2021, and an interim dividend per share of 113 cents based on 52 915 960 shares, paid on 20 December 2021.

## 9. Financial assets

### Financial asset at fair value through profit or loss

In demonstrating its ongoing and continued commitment to transformation and Broad-based Black Economic Empowerment (B-BBEE) ownership in South Africa, Vodacom Group, together with Vodacom SA entered into a number of agreements during the 2019 financial year in terms of which the original shareholders of YeboYethu, together with Lisinfo Investments 209 (Proprietary) Limited (RBH) and Main Street 661 (Proprietary) Limited (Thebe), YeboYethu ESOP and the new Vodacom Siyanda Employee Trust (the Trust), acquired 6.23% of the issued shares in Vodacom Group (post issuance) in terms of a new B-BBEE transaction through YeboYethu and YeboYethu Investment. The transaction entailed a series of interlinked and inter-conditional steps as described below and in Note 15.

- Vodacom SA repurchased 114 744 844 of its shares (31 813 785 from RBH, 13 634 479 from Thebe, 30 298 842 from YeboYethu (as public 'A' shares) and 38 997 738 from YeboYethu (YeboYethu ESOP 'A' shares)) for a nominal consideration (R0.00001 per Vodacom SA 'A' share, and R1 147.45 in aggregate) pursuant to the Vodacom SA notional vendor finance (NVF) transaction terms, upon which the remaining Vodacom SA 'A' shares will rank pari passu with the Vodacom SA ordinary shares in all respects and will be unencumbered.
- The 12 000 000 YeboYethu 'N' shares in issue automatically converted into YeboYethu ordinary shares according to their terms of issue (in respect of which the YeboYethu ESOP was the sole shareholder), and at the same time 3 318 908 of those shares were acquired by YeboYethu for a nominal amount (R0.00001 per share, and R33.19 in aggregate) based on the existing YeboYethu NVF transaction terms.
- RBH and Thebe exchanged their Vodacom SA shares for 21 593 279 new YeboYethu ordinary shares in terms of share-for-share transactions, thereby consolidating all of the Vodacom SA BEE shareholders' interests into a single vehicle, being YeboYethu.
- On 22 August 2018, YeboYethu declared a special dividend of R73.00 per YeboYethu ordinary share, subject to YeboYethu meeting a solvency and liquidity test as contemplated by section 45 of the Companies Act of 2008, as amended.
- Vodacom Group (on behalf of itself and various employer companies within the Vodacom Group) made a contribution of R1 050 million to the Trust to enable it to acquire YeboYethu ordinary shares.
- YeboYethu exchanged its Vodacom SA shares for YeboYethu Investment shares.
- YeboYethu Investment then exchanged its Vodacom SA shares for 49 689 995 new Vodacom Group shares on a fair market value basis of R7.1 billion.
- YeboYethu raised R9.9 billion in subscription proceeds from the issue of the Class A preference shares and Class B preference shares.
- The proceeds received from the new YeboYethu ordinary shares issued to the Trust and the preference shares issued were used to subscribe for 7 332 756 shares in YeboYethu Investment for R7.3 billion, which in turn subscribed for 64 761 185 additional shares in Vodacom Group, and fund the payment of the special dividend and transaction costs associated with the preference share funding.

## 9. Financial assets continued

| | 2023 R000 | 2022 R000 |
|---|---|---|
| **Financial asset at fair value through profit or loss** | | |
| **Investment in Vodacom Group** | | |
| Cost | **14 455 817** | 14 455 817 |
| Accumulated fair value adjustment (refer Note 6) | **(488 195)** | 3 856 372 |
| | **13 967 622** | 18 312 189 |

The Group holds 114 451 180 shares in Vodacom Group. There was no movement in the number of Vodacom Group shares held by the Group since the initial transaction arising from Vodacom's second B-BBEE transaction.

The investment is categorised as level 1 in the fair value hierarchy. Fair value was determined using the JSE listed closing share price of R122.04 (2022: R160.00).

## 10. Accounts receivable

| | 2023 R000 | 2022 R000 |
|---|---|---|
| Overnight deposit | **6 034** | 6 280 |
| Prepayments | **319** | 300 |
| Interest receivable | **2** | * |
| | **6 355** | 6 580 |

(*) Less than R500.

Accounts receivable are carried at cost which normally approximates fair value due to the short-term maturity thereof. Interest is earned on overnight deposit at money market rates.

## 11. Restricted cash

| | 2023 R000 | 2022 R000 |
|---|---|---|
| Restricted cash | **313** | 313 |

Restricted cash comprises of amounts deposited by potential shareholders for the purchase of YeboYethu ordinary shares on the JSE Empowerment segment. Refer Note 16.

| | 2023 R000 | 2022 R000 |
|---|---|---|
| **12. Cash and cash equivalents** | | |
| Bank balances | **3 982** | 3 283 |
| Overnight deposit | **1 926** | 2 353 |
| | **5 908** | 5 636 |

| | 2023 R000 | 2022 R000 |
|---|---|---|
| **13. Share capital** | | |
| **Ordinary share capital** | | |
| **Authorised** | | |
| 100.0 million authorised ordinary shares at no par value | **–** | – |
| **Issued** | | |
| 52.9 million ordinary shares at no par value | **4 193 265** | 4 193 265 |

There were no changes to the issued ordinary shares in the current financial year.

| | 2023 R000 | 2022 R000 |
|---|---|---|
| **14. Ordinary share premium** | | |
| 14.4 million issued ordinary shares at R24.99999 each. | **359 883** | 359 883 |

| | 2023 R000 | 2022 R000 |
|---|---|---|
| **15. Borrowings** | | |
| **Held at amortised cost** | | |
| Class A preference shares | **3 650 473** | 3 807 900 |
| Class B preference shares | **5 168 479** | 5 209 718 |
| | **8 818 952** | 9 017 618 |

During the 2019 financial year, the Group raised funding through the issuance of Class A and Class B preference shares. The funding was used to subscribe for additional shares in Vodacom Group and payment of resultant transactional costs as well as a special dividend. The carrying amount of Borrowings approximates fair value.

### Class A preference shares

The subscribers to the Class A preference shares are Absa Bank Limited, FirstRand Bank Limited and Depfin Investments Proprietary Limited.

Finance cost is recognised at a rate of 68% of prime (non tax deductible) on the outstanding balance of the Class A preference shares.

The final redemption date for the Class A preference shares is 14 September 2024. The repayment period has been deferred for an additional year from the initial redemption date of 13 September 2023 which was 5 years from subscription date. Interest on the Class A preference shares accrues daily, capitalised monthly and settled semi-annually, subject to a permitted interest roll up to a maximum of 135%.

The Class A preference shares funding is secured as follows:

- Cession and pledge of YeboYethu's transaction account, proceeds account and redemption reserve account;
- Cession and pledge of any shares or other securities held from time to time by YeboYethu (including its YeboYethu Investment shares);
- Guarantee issued by YeboYethu Investment for the performance and payment of YeboYethu's obligations in respect of the preference shares funding; and
- Cession and pledge of:
  i. any shares or other securities held by YeboYethu Investment from time to time (including its Vodacom Group shares); and
  ii. YeboYethu Investment's bank account.

## 15. Borrowings continued

### Class B preference shares

In September 2018, Vodacom Group Limited subscribed for the Class B preference shares.

Interest expense is recognised at a rate of 70% of prime on the outstanding balance of the Class B preference shares.

The final redemption date for the Class B preference shares has not changed and is 10 years commencing from subscription date that is 13 September 2028. Class B preference share funding is unsecured.

Interest on the Class B preference shares accrues daily, capitalised monthly and serviced, subject to available cash (taking into account the Class A preference shares and provision for ordinary dividends), within a prescribed number of days after receipt by YeboYethu of distributions from YeboYethu Investment and/or cashflow receipts on account of the disposal of YeboYethu's shares in YeboYethu Investment.

## 16. Accounts payable

| | 2023 R000 | 2022 R000 |
|---|---|---|
| Supplier accounts payable and accruals | **2 268** | 2 261 |
| Shareholder deposits (Refer Note 11) | **313** | 313 |
| Payables | **152** | 103 |
| | **2 733** | 2 677 |

The average credit period is 30 days. No interest is incurred on accounts payable. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accounts payable are carried at cost which normally approximates fair value due to short-term maturity.



## 17. Related parties

All transactions with related parties have been made on terms equivalent to those that prevail in arm's length transactions. Directors' remuneration is disclosed in Note 19.

| | | 2023 R000 | 2022 R000 |
|---|---|---|---|
| 17.1 | **Balances with related parties** | | |
| | **Accounts receivable** | | |
| | Vodacom Group Limited[1] | **6 034** | 6 280 |
| | **Cash and cash equivalents** | | |
| | Vodacom Group Limited | **1 926** | 2 353 |
| | **Accounts payable** | | |
| | Vodacom Group Limited | **152** | 103 |
| | **Borrowings** | | |
| | Vodacom Group Limited | **5 168 479** | 5 209 718 |
| 17.2 | **Transactions with related parties** | | |
| | **Vodacom Group Limited** | | |
| | Dividends received | **881 274** | 949 945 |
| | Service fee | **(5 456)** | (5 155) |
| | Finance income received | **583** | 371 |
| | Class B preference share interest | **(337 279)** | (263 124) |
| | **The Innovator Trust (entity within the Vodacom Group structure)** | | |
| | Dividends paid | **(2 131)** | (2 564) |
| | **Vodacom Siyanda Employee Trust (entity within the Vodacom Group structure)** | | |
| | Dividends paid | **(20 434)** | (24 591) |

1 Vodacom Group consolidates 100% of YeboYethu and YeboYethu Investment, which are structured entities that form part of Vodacom Group's Broad-based Black Economic Empowerment transaction.

| | 2023 R000 | 2022 R000 |
|---|---|---|
| **18. Financial instruments and risk management** | | |
| **18.1 Income statement impact on financial instruments analysed by category, are as follows:** | | |
| (Loss)/gain on fair value of financial asset at fair value through profit or loss | **(4 344 567)** | 3 861 583 |
| Financial assets measured at amortised cost | **744** | 440 |
| Financial liabilities measured at amortised cost | **(572 953)** | (451 858) |
| | **(4 916 776)** | 3 410 165 |
| **18.2 Carrying amounts of financial instruments** | | |
| **Carrying amounts of financial instruments analysed by category** | | |
| **Assets** | | |
| Financial asset measured at fair value through profit or loss | **13 967 622** | 18 312 189 |
| Financial asset measured at amortised cost | **12 257** | 12 229 |
| | **13 979 879** | 18 324 418 |
| **Liabilities** | | |
| Financial liabilities measured at amortised cost | **8 823 042** | 9 021 741 |
| **18.3 Fair value hierarchy** | | |
| The table below sets out the valuation basis of the financial instrument measured at fair value: | | |
| **Level one** | | |
| Financial asset at fair value through profit or loss | | |
| Vodacom Group shares | **13 967 622** | 18 312 189 |

The fair value of the level one instrument is determined using the JSE listed share price (refer Note 9).

| | 2023 R | 2022 R |
|---|---|---|
| **19. Directors' emoluments** | | |
| ZBM Bassa (Chairman)# | **–** | (143 467) |
| TV Mokgatlha (Chairman)# | **(365 981)** | (339 146) |
| AM Hall | **(190 851)** | (170 489) |
| B Silwanyana# | **(335 483)** | (290 109) |
| ABA Conrad | **(237 262)** | (214 689) |
| F Roji | **(237 262)** | (145 155) |
| | **(1 366 839)** | (1 303 055) |

# Director registered as a VAT vendor therefore amount inclusive of VAT.

Ms ZBM Bassa, Chairman of the Board, resigned on 27 July 2021 and was succeeded by Mr TV Mokgatlha.



Summarised consolidated financial statements

Summarised consolidated statement of comprehensive income | Summarised consolidated statement of financial position | Summarised consolidated statement of changes in equity | Summarised consolidated statement of cash flows | Notes to the summarised consolidated financial statements

## 20. Events after reporting period

The Board is not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the Group at 31 March 2023 and the results of its operations or cash flows for the financial year end.

**Dividends receivable**

Vodacom Group Limited declared a dividend of 330 cents per share on 12 May 2023, payable on 26 June 2023 to shareholders recorded in the register at the close of business on Friday 23 June 2023.

**Dividend declared after the reporting date and not recognised as a liability**

A dividend of 91 cents per share for the year ended 31 March 2023, was declared on 15 June 2023 payable on 10 July 2023 to shareholders recorded in the register at the close of business on 7 July 2023. The net dividend is 72.80000 cents per share after taking into account dividend withholding tax of 18.20000 cents per share for those shareholders not exempt from dividend withholding tax.

**Redemption of preference shares after the reporting date and not recognised as a reduction in liability nor impact on cash flow**

The Board resolved to make payment of R240.9 million towards Class A preference shares as well as a payment of R73.8 million towards Class B preference shares on 28 June 2023.

# Notice of annual general meeting

**YEBOYETHU (RF) LIMITED**
(Incorporated in the Republic of South Africa)
Share code: YYLBEE ISIN: ZAE000218483
(Registration number 2008/014734/06)
(YeboYethu or the Company)

Notice is hereby given that the fifteenth annual general meeting (AGM) of the Company will be held will be held in person at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa on Monday 14 August 2023 at 10:00 and by electronic participation via the electronic meeting platform (as permitted by the JSE Listings Requirements, the provisions of the Companies Act, as amended (the Companies Act), and the Company's Memorandum of Incorporation (MoI)), to conduct the following business and adopt the following resolutions, with or without modifications.

## 1 Adoption of audited consolidated financial statements

To receive and consider the audited consolidated financial statements for the year ended 31 March 2023.

### Ordinary resolution number 1

"RESOLVED THAT the audited consolidated financial statements of the company, together with the auditors', Audit Committee and directors' reports for the year ended 31 March 2023, be and are hereby received and adopted."

Copies of the full audited consolidated financial statements for the year ended 31 March 2023 are obtainable from the company's website **www.yeboyethu.co.za**

## 2 Re-election of directors

To re-elect by way of separate resolutions:
Messrs Kobue and Fuchs and Ms Roji are obliged to retire by rotation at this annual general meeting in accordance with the provisions of the Company's memorandum of incorporation (MoI). Having so retired, these directors are eligible for re-election.

### Ordinary resolution number 2

"RESOLVED THAT Mr KKD Kobue be and is hereby re-elected as a director of the Company."

### Ordinary resolution number 3

"RESOLVED THAT Mr O Fuchs be and is hereby re-elected as a director of the Company."

### Ordinary resolution number 4

"RESOLVED THAT Ms F Roji be and is hereby re-elected as a director of the Company."

The profiles of the directors standing for election and re-election appear on page 13 of the annual report under the section titled 'Board of directors'.

## 3 Appointment of Ernst & Young Inc. as auditor of the Company

To appoint Ernst & Young Inc. as nominated by the Company's Audit Committee, as independent auditor of the Company, to hold office until the conclusion of the next annual general meeting of the Company. It is noted that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2024 is Mr Imraan Akoodie.

### Ordinary resolution number 5

"RESOLVED THAT Ernst & Young Inc. be and are hereby appointed as the auditor of the Company to hold office until the conclusion of the next annual general meeting."

## 4 Appointment of the members of the Audit Committee

To elect, by way of separate resolutions, the following independent non-executive directors, as members of the Company's Audit Committee:

### Ordinary resolution number 6

"RESOLVED THAT Ms B Silwanyana be and is hereby re-elected as a member of the Company's Audit Committee."

### Ordinary resolution number 7

"RESOLVED THAT Ms ABA Conrad be and is hereby re-elected as a member of the Company's Audit Committee."

### Ordinary resolution number 8

"RESOLVED THAT Ms F Roji be and is hereby re-elected as a member of the Company's Audit Committee, subject to the passing of ordinary resolution number 4."

The profiles of directors standing for membership appear on pages 12 and 13 of the annual report under the section titled 'Board of directors'.

## 5 Increase in non-executive directors' fees

### Special resolution number 1

"RESOLVED THAT the level of non-executive directors' fees, excluding VAT, be increased by 5% with effect from 1 September 2023 on the basis set out as follows:

| | Current fees (R) | **Proposed fees (R)** |
|---|---|---|
| Chairman of the Board | 324 686 | **340 920** |
| Member of the Board | 162 344 | **170 461** |
| Chairman of the Audit Committee | 135 286 | **142 050** |
| Member of the Audit Committee | 67 644 | **71 026** |
| Chairman of the Social and Ethics Committee | 40 587 | **42 616** |
| Member of the Social and Ethics Committee | 20 293 | **21 308** |

## 6 Refinancing of A Preference shares*

YeboYethu wishes to enter into an agreement titled "*Amendment and Preference Share Subscription Agreement*" (**Preference Share Subscription Agreement**) with Absa Bank Limited, acting through its Corporate and Investment Banking division (**Absa**), Depfin Investments Proprietary Limited (**Depfin/Nedbank**), Momentum Metropolitan Life Limited (**MML**) and FirstRand Bank Limited, acting through its Rand Merchant Bank division (**RMB**) in terms of which the A Preference Shares' Redemption Date will be extended and their dividend rate reduced, which amendments shall become effective on the date on which MML and Absa are required to subscribe for new A Preference Shares in the Company (**Additional Subscription Date**). The funds derived from such subscription shall be used for purposes of financing the Dividend Distribution and the Redemption of A Preference Shares (as more fully described in Step 2 below) currently held by Depfin and RMB – (such agreements listed below together with the Preference Share Subscription Agreement are collectively referred to as the "Additional Finance Documents").

- an agency fee letter with RMB setting out the fees referred to in clause 8 of the Preference Share Subscription Agreement.
- a participation fee letter with Absa and RMB setting out the fees referred to in clause 8 of the Preference Share Subscription Agreement.
- an agreement titled "*Funds Flow Agreement*" with, RMB, Absa, Depfin and MML setting out the steps for the implementation of the transactions contemplated in the Preference Share Subscription Agreement.
- any other such agreements, documents or notices as may be required, necessary or desirable in connection with or as contemplated in the above agreements/documents.

### Key steps:

1. **Amend MOI:**
   Substitute its existing memorandum of incorporation (**Existing MOI**) with a new memorandum of incorporation (**New MOI**) which contains the amended A Preference Share terms.

2. **Redeem Nedbank in full and partially redeem RMB preference shares and pay dividends on the Additional Subscription Date:**
   - declare and pay all accrued and unpaid Preference Dividends in respect of all the Nedbank Preference Shares and the Relevant RMB Preference Shares (**Dividend Distribution**); and
   - voluntarily redeem all the Nedbank Preference Shares and the Relevant RMB Preference Shares (**Redemption**).

3. **Issue new preference shares to MML and issue additional preference shares to Absa.**
   So as to be able to pay the amounts required for the Dividend Distribution and the Redemption, the Company wishes to issue 644,612 A Preference Shares to MML and, in respect of Absa, such number of A Preference Shares as is equal to the Shortfall Amount divided by the Issue Price per Additional Preference Share, rounded down to the nearest whole number, for a cash consideration of R775.66 per share (**Subscription Shares**).

* Capitalised terms, words, expressions and phrases used in this section, unless otherwise defined herein, shall bear the same meanings as those given to them in the Preference Share Subscription Agreement.

### Financial assistance

- In terms of the Additional Finance Documents the Company is, or may be, required to provide financial assistance, as contemplated by section 44 of the Companies Act.
- In addition to the aforegoing financial assistance, the Company may now or in the future be required to provide financial assistance, by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation.

### Personal financial interests of directors

- The shareholders of the Company acknowledge that each of the directors of the Company have disclosed that they are also directors of YeboYethu Investment Company (RF) Proprietary Limited (**YYIC**) which, as guarantor in respect of the A Preference Shares, has a "personal financial interest" in respect of the transactions and subject matter contemplated in the Additional Finance Documents and these resolutions, which results in such directors having, or knowing that a related person has, a personal financial interest, as such terms are defined in and as contemplated in section 75 of the Companies Act, in the transaction and in matters to be considered by the board of directors of the Company in approving the Additional Finance Documents.
- The shareholders of the Company further acknowledge that some or all of the aforementioned directors (as defined in section 75 of the Companies Act):
  – will or may participate, in the board of directors' consideration of the transaction and related matters and the consequent passing of the board resolution of the Company approving, amongst other things, the entry into of such Additional Finance Documents despite such personal financial interests; and
  – will or may execute, one or more of the Additional Finance Documents on behalf of the Company.

### Special Resolution number 2 – Amendment of Memorandum of Incorporation

"RESOLVED THAT the Existing MOI be and is hereby replaced in its entirety with the New MOI which may be accessed in marked-up form from the Company's website **www.yeboyethu.co.za**."

### Explanatory note on salient terms of amendments

In order to reduce printing costs, the full version of the New MOI has not been included in this notice but is available for access by shareholders at the website link referred to above.

The salient terms of the amendments to the Existing MOI are as follows:

- the mandatory redemption date for the A Preference Shares is extended to the earlier of 13 September 2028 and the date five years after the Additional Subscription Date;
- the dividend rate in respect of the A Preference Shares is a rate equal to the Dividend Rate Percentage of the Prime Rate. Accordingly, in terms of the Preference Share Subscription Agreement, the dividend rate is being reduced from 68% to 67%; and
- The amendments to the MoI have been approved by the JSE.

### Special Resolution number 3 – Issue of Shares

"RESOLVED THAT to the extent required, the issue of the Subscription Shares to Absa and MML upon the terms and conditions set out in the Preference Share Subscription Agreement, be and is hereby authorised and approved by way of a special resolution of the shareholders in accordance with the provisions of section 41(3) of the Companies Act."

### Explanatory note

To the extent that the Subscription Shares constitute 30% or more of the current A Preference Shares in issue, in number, section 41(3) requires a special resolution of shareholder approving such issue.

## Special Resolution number 4 – Financial Assistance

"RESOLVED THAT in accordance with section 44(3)(a)(ii) of the Companies Act, the provision by the Company of any "financial assistance" under the Additional Finance Documents post the conclusion and implementation of the Preference Share Subscription Agreement be and is hereby authorised."

### Explanatory note

The board of directors may not authorise any financial assistance contemplated in section 44 of the Companies Act unless a special resolution of the shareholders of the Company adopted within the previous two years approves the provision of the financial assistance.

## Ordinary Resolution number 9 – Section 75 of the Companies Act

"RESOLVED THAT, to the extent required and to the fullest extent permitted by law –

- if a party to the transactions contemplated in the Additional Finance Documents (other than the Company) is a related person to a director of the Company by reason of that director also being a director of such party and such related person has a personal financial interest in the transaction as contemplated in section 75 of the Companies Act, then, notwithstanding such personal financial interests, the Company's entry into the Additional Finance Documents and the transaction be and is hereby approved. For purposes of this ordinary resolution 9, the term "related person" and "director" shall have the meaning set out in section 75 of the Companies Act, and the term "personal financial interest" shall have the meaning set out in section 1 of the Companies Act; and
- notwithstanding any director's personal financial interest which may arise, for all purposes required in terms of the Companies Act or otherwise, (a) the entry into and/or implementation of the Additional Finance Documents and the transaction be and is hereby approved, and (b) the board of directors of the Company are authorised to pass all resolutions, sign all documents and take any other action required or desirable for or in connection with the entry into and/or implementation of the Additional Finance Documents and the transaction, and all conduct of the board of directors of the Company in respect thereof is hereby approved and/or ratified."

### Explanatory note:

By virtue of the common directorships between the Company and YYIC, section 75 of the Companies Act applies in respect of the Company's directors insofar as board resolutions on the subject matter hereof is concerned, and therefore an ordinary resolution of the Company's shareholders is sought to preapprove the directors' participation in the Company's board resolutions.

## Ordinary Resolution number 10 – Compliance with Memorandum of Incorporation

"RESOLVED THAT, to the extent that the granting of financial assistance and/or the entry by the Company and any of its subsidiaries into the Additional Finance Documents and/or transactions contemplated thereby, requires the approval or consent of the shareholders under the Company's constitutional documents or any other document or law, the shareholders of the Company hereby grant such approval and consent."

### Explanatory note

To the extent that the provisions of any document or law which have not been specifically referenced in these resolutions require the consent of the shareholders of the Company prior to the Company entering into the Additional Finance Documents, the shareholders of the Company provide their consent by way of this ordinary resolution number 10.



## 7 Social and Ethics Committee report

The Social and Ethics Committee report is presented to shareholders. The full report can be found on page 20.

## Record date

The record date for shareholders to be registered in the books of the Company for purposes of being entitled to attend, speak and vote at the fifteenth annual general meeting is Friday 4 August 2023.

In accordance with the Companies Act, shareholders attending the annual general meeting will need to present reasonable satisfactory identification such as a valid indentity document/driver's licence/passport/Trust Deed/Certificate of Incorporation.

## Voting by shareholders or proxies

1. Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.
2. Shareholders are reminded that Ordinary shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company. In accordance with the Company's MoI, voting shall be by ballot only. Shareholders participating in the AGM in this manner may still appoint a proxy to vote on their behalf at the AGM.
3. Special resolutions to be adopted at this AGM require approval from 75% of the shares represented in person or by proxy at this meeting. Ordinary resolutions to be adopted only require approval of a simple majority (ie. more than 50% of voting rights exercised).
4. Dematerialised shareholders without "own-name" registration who wish to attend the AGM in-person must request their CSDP or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised shareholders without "own-name" registration who do not wish to attend the AGM but wish to be represented at the AGM must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.
5. It is recommended that forms of proxy (which may be found enclosed on page 51) be received by JSE Investor Services Proprietary Limited (Transfer Secretaries) by no later than 10:00 am on Friday 11 August 2023, for administration purposes.

## Participation by electronic means

As stated above, participation in the AGM will also be via electronic communication and shareholders wishing to attend the AGM via electronic means must follow the instructions for registration, attendance and participation set out on page 50. The electronic platform provided to shareholders will be held in accordance with section 63(2)(a) of the Companies Act and the Company's MoI.

By order of the Board

7 July 2023

# How to participate in the annual general meeting?

YeboYethu is pleased to offer the Lumi Platform for shareholders that wish to participate and vote online /virtually during the AGM as well as in room electronic voting devices for shareholders that wish to participate and vote in-room.

A demonstration will be conducted for the convenience of shareholders attending the AGM in-person on how to use the Lumi Voting Devices. Shareholders are also referred to the "Electronic Participation Meeting Guide" published on the Company's website at **www.yeboyethu.co.za** for instructions on electronic voting.

## Step 1: Registration to attend the AGM

### Registering online

Shareholders attending via electronic communication will be required to connect to the AGM through the Lumi website by following the steps set out at **www.smartagm.co.za**. by selecting the applicable meeting and clicking on YEBOYETHU. Shareholders are referred to the "Electronic Participation Meeting Guide" published on the Company's website at **www.yeboyethu.co.za** for further instructions relating to the electronic participation.

### Registering at the venue of the AGM

Shareholders who wish to attend in-person and vote at the meeting, and who have not registered online, will be able to register at the venue from 08:00 to 09:45.

## Step 2: Identification

In terms of section 63(1) of the Companies Act, all AGM participants will be required to provide identification reasonably satisfactory to the Transfer Secretaries. The forms of identification include a valid identity document/driver's licence/passport/Trust Deed/Certificate of Incorporation.

- Participants registering to participate in the AGM using the online registration method contemplated above, by uploading the relevant documentation via the online registration portal; or
- Participants attending the AGM in-person and who have not registered online, by furnishing the relevant documentation to the Transfer Secretaries at the AGM venue.

## Step 3: Questions

Shareholders are encouraged to submit any questions concerning the resolutions proposed as set out in this notice of AGM in advance of the AGM by emailing their questions to **yeboyethu@vodacom.co.za** by no later than 10:00 on 14 August 2023. These questions will be addressed at the AGM. The submission of questions in advance will, however, not preclude a shareholder from asking a question at the AGM either in person or via electronic communication.

**Please note:**

* Notwithstanding the foregoing, any shareholder who wishes to attend the annual general meeting is entitled to contact JSE Investor Services at **yeboyethu@jseinvestorservices.co.za** at any time prior to the conclusion of the annual general meeting, in order to be verified and provided with access to the Lumi Platform. In order to avoid any delays in being provided with access to the Lumi Platform shareholders are encouraged to contact JSE Investor Services at their earliest convenience.

* Shareholders will be liable for their own network and data charges. Neither YeboYethu, JSE Investor Services and/or Lumi, their appointed service provider will be held accountable in the case of the loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages/electronic participation channel malfunction which could prevent a shareholder from participating in the annual general meeting.



# Form of proxy

**YEBOYETHU (RF) LIMITED**
(Incorporated in the Republic of South Africa)
Share code: YYLBEE ISIN: ZAE000218483
(Registration number 2008/014734/06)
(YeboYethu or the Company)

For use by dematerialised shareholders who have 'own name' registration of securities at the annual general meeting to be held in person at Vodacom World, 082 Vodacom Boulevard, Midrand, Johannesburg, South Africa on Monday 14 August 2023 at 10:00 and by electronic participation via the electronic meeting platform (as permitted by the JSE Listings Requirements, the provisions of the Companies Act No 71 of 2008, as amended (the Companies Act), and the Company's memorandum of incorporation), to conduct the following business and adopt the following resolutions, with or without modifications.

I/We (Please print full names) (name in BLOCK LETTERS)

Identity number/registration number

Being holders of shares in the company do hereby appoint (see Note 1)

1. or failing him/her

2. or failing him/her

the Chairman of the annual general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing the ordinary and special resolutions to be proposed (with or without modification) and at each adjournment of the meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares in the issued capital of the company registered in my/our name(s), in accordance with the following instructions.

Insert an 'X' or the number of shares (see Note 2)

| | Number of ordinary shares | | |
|---|---|---|---|
| | For | Against | Abstain |
| 1. **Ordinary resolution number 1**<br>Adoption of the audited consolidated financial statements | | | |
| 2. **Ordinary resolution number 2**<br>Re-election of Mr KKD Kobue as a director of the Company | | | |
| 3. **Ordinary resolution number 3**<br>Re-election of Mr O Fuchs as a director of the Company | | | |
| 4. **Ordinary resolution number 4**<br>Re-election of Ms F Roji as a director of the Company | | | |
| 5. **Ordinary resolution number 5**<br>Appointment of Ernst & Young Inc. as auditor of the Company | | | |
| 6. **Ordinary resolution number 6**<br>Re-election of Ms B Silwanyana as a member of the Audit Committee of the Company | | | |
| 7. **Ordinary resolution number 7**<br>Re-election of Ms ABA Conrad as a member of the Audit Committee of the Company | | | |
| 8. **Ordinary resolution number 8**<br>Re-election of Ms F Roji as a member of the Audit Committee of the Company | | | |
| 9. **Special resolution number 1**<br>Increase in non-executive directors' fees | | | |
| 10. **Special resolution number 2**<br>Amendment of the Memorandum of Incorporation | | | |
| 11. **Special resolution number 3**<br>Issue of shares | | | |
| 12. **Special resolution number 4**<br>Financial assistance | | | |
| 13. **Ordinary resolution number 9**<br>Section 75 of the Companies Act | | | |
| 14. **Ordinary resolution number 10**<br>Compliance with Memorandum of Incorporation | | | |

(Indicate with an 'X' or the relevant number of shares, in the applicable space, how you wish your votes to cast). Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at this day of 2023

Signature assisted by (where applicable)

**It is recommended that the completed forms of proxy be lodged with JSE Investor Services Proprietary Limited by no later than 10:00 on Friday 11 August 2023.**

**Please read the notes on the reverse side of this proxy form.**

# Notes to the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting 'the Chairman of the annual general meeting' but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an 'X' in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. It is recommended that form of proxy be received by the Transfer Secretaries, JSE Investor Services Proprietary Limited, One Exchange Square, Gwen Lane, Sandown, Sandton, 2196 (PO Box 4844, Johannesburg, 2000) or email yeboyethu@jseinvestorservices.co.za by no later than 10:00 on Friday 11 August 2023.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and voting in person at the meeting to the exclusion of any proxy appointed in terms of this form of proxy.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the annual general meeting.
6. Any alterations or corrections made to this form of proxy must be initialled by the signatory(ies).
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries JSE Investor Services Proprietary Limited.
8. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

**Transfer Secretaries:**
JSE Investor Services Proprietary Limited
One Exchange Square, Gwen Lane, Sandown, Sandton, 2196
Telephone: 010 972 2279 (standard call rates apply)
or 082 241 0001 (toll-free from your Vodacom cellphone)
Email: yeboyethu@jseinvestorservices.co.za

# Administration

**YeboYethu (RF) Limited**

Incorporated in the Republic of South Africa
Share code: YYLBEE
ISIN: ZAE000218483
Registration number 2008/014734/06
(YeboYethu)

## Company Secretary and registered office of YeboYethu (RF) Limited

**Vodacom Group Limited**

Registration number: 1993/005451/06
Vodacom Corporate Park
082 Vodacom Boulevard, Midrand 1685, South Africa
(Private Bag X9904, Sandton, 2146)

## Auditor

**Ernst & Young Incorporated**

102 Rivonia Road, Sandton, South Africa
(Private Bag X14, Sandton, 2146)

## Sponsor

**Nedbank Corporate and Investment Banking, a division of Nedbank Limited**

Registration number 1951/000009/06
3rd Floor, Block F, 135 Rivonia Campus
135 Rivonia Road, Sandown, Sandton, 2196, South Africa

**YeboYethu shareholder services**

Call centre: 010 972 2279 (standard call rates apply) or 082 241 0001 (toll-free from your Vodacom cellphone)
Email us at: yeboyethu@jseinvestorservices.co.za
Website: **https://www.yeboyethu.co.za**

## Transfer Secretaries and B-BBEE verification agent

**JSE Investor Services Proprietary Limited**

Registration number 2000/007239/07
One Exchange Square, Gwen Lane, Sandown, Sandton 2196, South Africa
(PO Box 4844, Johannesburg 2000)