Vodafone Group Plc : FY23 Preliminary results

16 May 2023

A new roadmap for Vodafone

Margherita Della Valle, Group Chief Executive, commented:

"Today I am announcing my plans for Vodafone. Our performance has not been good enough. To consistently deliver, Vodafone must change.
My priorities are customers, simplicity and growth. We will simplify our organisation, cutting out complexity to regain our competitiveness. We will reallocate resources to deliver the quality service our customers expect and drive further growth from the unique position of Vodafone Business."

Financial results

	Page	FY23 €m	FY22 €m	*Change %*
Group revenue	7	45,706	45,580	*0.3*
Group service revenue	7	37,969	38,203	*2.2**
Operating profit[1]	7	14,296	5,813	*145.9*
Adjusted EBITDAaL[2]	7	14,665	15,208	*(1.3)**
Profit for the financial year[1]	7	12,335	2,773	
Basic earnings per share[1]	19	42.77c	7.71c	
Adjusted basic earnings per share[1,2]	19	11.45c	11.68c	
Total dividends per share	22	9.00c	9.00c	
Cash inflow from operating activities	19	18,054	18,081	*(0.1)*
Adjusted free cash flow[2]	20	4,842	5,437	
Net debt[2]	21	(33,375)	(41,578)	*+19.7*

* represents organic growth. See page 3. | 1. FY22 re-presented for the reclassification of Indus Towers. See page 31. | 2. Non-GAAP measure. See page 36.

- FY23 performance slowdown in line with expectations
- Germany remains under pressure with -1.6%* service revenue growth and -6.1%* adjusted EBITDAaL growth
- Good performance in Vodafone Business with 2.6%* service revenue growth
- Group revenue increased by 0.3% to €45.7 billion driven by growth in Africa and higher equipment sales, offset by lower European service revenue and adverse exchange rate movements
- Adjusted EBITDAaL declined by 1.3%* to €14.7 billion due to higher energy costs, and commercial underperformance in Germany
- Gain on disposal of Vantage Towers supporting significant increase in operating profit and basic EPS
- Adjusted free cash flow of €4.8 billion, reflecting lower adjusted EBITDAaL and tax phasing
- Significant reduction in net debt to €33.4 billion, proforma net debt to adjusted EBITDAaL improved to 2.5x
- Total dividends per share are 9.0 eurocents, including a final dividend per share of 4.5 eurocents

See page 4 for our FY24 outlook

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A webcast Q&A session will be held at 10:00 BST on 16 May 2023. The webcast and supporting information can be accessed at investors.vodafone.com

A new roadmap for Vodafone

Today, we set out a new roadmap for Vodafone, following a strategic review conducted over the last five months.

1. Vodafone must change

The circumstances of our industry and the position of Vodafone within it, require us to change.

- The European telecommunication sector has amongst the lowest ROCE in Europe, alongside the highest capital investment demands. This has resulted in ROCE being below WACC for over a decade, impacting Total Shareholder Returns.
- More importantly, the comparative performance of Vodafone has worsened over time, which is connected to the experience of our customers.
- Our market position and performance varies by geography and segment. Where we have the right combination of strong local execution and a rational market structure, we can grow and drive returns. There are also material differences between our Consumer and Business segments, with Business growing in nearly all European markets.
- Our turnaround must be built from our strengths, but we need to overcome some clear challenges. We are more complex than we need to be, which limits our local commercial agility.

2. Strategic shifts

Our target is to be a best-in-class telco in Europe and Africa, and become Europe's leading platform for Business. To achieve this, we must change in four essential areas.

- We will rebalance our organisation to maximise the potential of Vodafone Business, which continues to accelerate growth, has a unique set of capabilities and has a strong position in a large and growing market as organisations digitise.
- In order to win in our consumer markets, we will refocus on the basics and deliver the simple and predictable experience our customers expect.
- We will be a leaner and simpler organisation, to increase our commercial agility and free up resources.
- We will focus our resources on a portfolio of products and geographies that is right-sized for growth and returns over time.

3. Our action plan

To execute the change in these four areas, we have an action plan already underway, focused around three priorities: Customers, Simplicity and Growth. Early examples of this action plan include:

- Customers: Significant investment reallocated in FY24 towards customer experience and brand
- Simplicity: 11,000 role reductions planned over three years, with both HQ and local markets simplification
- Growth: Germany turnaround plan, continued pricing action and strategic review in Spain

We will change the level of ambition, speed and decisiveness of execution. We will have empowered markets focused on customers, scale up Vodafone Business and take out complexity to simplify how we operate.

A more detailed outline of the new roadmap for the transformation of Vodafone is contained within an accompanying video presentation available here: investors.vodafone.com/results.

Financial summary

Organic growth

All amounts marked with an '*' in this document represent organic growth which presents performance on a comparable basis, excluding the impact of foreign exchange rates, mergers and acquisitions, the hyperinflation adjustments in Turkey and other adjustments to improve the comparability of results between periods. Organic growth figures are non-GAAP measures. See non-GAAP measures on page 36 for more information.

Financial performance

Total revenue increased by 0.3% to €45.7 billion (FY22: €45.6 billion) driven by growth in Africa and higher equipment sales, offset by lower European service revenue and adverse exchange rate movements.

Adjusted EBITDAaL declined by 1.3%* to €14.7 billion (FY22: €15.2 billion), with revenue growth offset by higher energy costs and commercial underperformance in Germany. The adjusted EBITDAaL margin was 1.4* percentage points lower year-on-year at 32.1%.

Operating profit increased to €14.3 billion and the Group made a profit for the period of €12.3 billion (FY22: €2.8 billion), largely reflecting a gain on disposal of Vantage Towers.

Basic earnings per share was 42.77 eurocents, compared to basic earnings per share of 7.71 eurocents in the prior year.

Cash flow, funding & capital allocation

Cash inflow from operating activities were broadly stable year-on-year at €18.1 billion.

Free cash flow was an inflow of €1.4 billion (FY22: inflow of €3.3 billion) partly reflecting a lower adjusted EBITDAaL, higher licence and spectrum payments and tax phasing. Adjusted free cash flow was €4.8 billion (FY22: €5.4 billion).

Net debt decreased by €8.2 billion to €33.4 billion (€41.6 billion as at 31 March 2022). This was driven by free cash inflow of €1.4 billion, acquisitions and disposals of €8.7 billion, partially offset by equity dividends of €2.5 billion, and share buybacks of €1.9 billion (used to offset dilution linked to the conversion of certain mandatory convertible bonds). Other movements in net debt includes €1.7 billion relating to the settlement of 5G spectrum in Italy previously included in net debt.

Current liquidity, which includes cash and equivalents and short-term investments, is €16.0 billion (€12.3 billion as at 31 March 2022). This includes €4.6 billion of net collateral which has been posted to Vodafone from counterparties as a result of positive mark-to-market movements on derivative instruments (€2.2 billion as at 31 March 2022).

Total dividends per share are 9.0 eurocents (FY22: 9.0 eurocents) including a final dividend per share of 4.5 cents. The ex-dividend date for the final dividend is 8 June 2023 for ordinary shareholders, the record date is 9 June 2023 and the dividend is payable on 4 August 2023.

Hyperinflationary accounting in Turkey

Turkey was designated as a hyperinflationary economy on 1 April 2022 in line with IAS 29 'Financial Reporting in Hyperinflationary Economies'. See note 1 of the condensed consolidated financial statements for further information.

Outlook

Performance against FY23 guidance

In May 2022, we set out guidance for FY23 for Group adjusted EBITDAaL and adjusted free cash flow. In November 2022, this was updated to reflect the worsening global macroeconomic climate, with higher energy costs and broader inflation in particular.

For FY23 we reported adjusted EBITDAaL and adjusted free cash flow of €14.7 billion and €4.8 billion. This included adverse foreign exchange rate movements versus those used for the basis of guidance and other items which in aggregate impacted adjusted EBITDAaL by €0.2 billion and adjusted free cash flow by €0.5 billion.

The table below compares the guidance given and our actual performance.

	Original guidance	Updated guidance	FY23 outcome on guidance basis[1]	FY23 outcome as reported
Adjusted EBITDAaL[2]	€15.0 - €15.5 billion	€15.0-15.2 billion	€14.9 billion	€14.7 billion
Adjusted free cash flow[2,3]	c. €5.3 billion	c.€5.1 billion	€5.3 billion	€4.8 billion

FY24 Guidance

In order to provide a basis of comparison for our FY24 guidance, we have rebased our FY23 financials to reflect the current structure of the Group and applied foreign exchange rates that are consistent with FY24 guidance rates. On a comparable basis, the rebased FY23 adjusted EBITDAaL is €13.3 billion and adjusted free cash flow is €4.2 billion.

Based on the current prevailing assessments of the global macroeconomic outlook, for FY24 we expect:

- Adjusted EBITDAaL to be 'broadly flat' at around €13.3 billion; and
- Adjusted free cash flow to be 'around' €3.3 billion, reflecting expected working capital movements, interest and dividend receipts

The guidance above reflects the following:

- Foreign exchange rates used when setting guidance were as follows:
  - EUR 1 : GBP 0.88;
  - EUR 1 : ZAR 19.30;
  - EUR 1 : TRY 21.10; and
  - EUR 1 : EGP 33.38.
- This guidance assumes no material change to the structure of the Group.

Notes:
1. The FY23 outcome on guidance basis is derived by applying FY23 guidance foreign exchange rates. The FY23 guidance foreign exchange rates were €1 : GBP 0.84; €1 : ZAR 17.32; €1 : TRY 16.75; €1 : EGP 19.28.
2. Adjusted EBITDAaL and adjusted free cash flow are non-GAAP measures. See page 36 for more information.
3. Adjusted free cash flow is Free cash flow before licences and spectrum, restructuring costs arising from discrete restructuring plans, integration capital additions and working capital related items, M&A, and Vantage Towers growth capital expenditure. Growth capital expenditure is total capital expenditure excluding maintenance-type expenditure.

Operational Key Performance Indicators

	Units	FY23	FY22
Europe mobile contract customers[1]	million	64.8	66.4
Europe broadband customers[1]	million	24.7	25.6
Europe Consumer converged customers[1]	million	9.1	9.0
Europe mobile contract customer churn	%	13.5	13.6
Africa mobile customers[2]	million	189.9	184.5
Africa data users[2]	million	94.8	89.9
Business service revenue growth*[3]	%	2.6	0.8
Europe TV subscribers[1]	million	20.7	21.9
IoT SIM connections	million	162.3	150.1
Africa M-Pesa customers[2]	million	56.7	52.4
Africa M-Pesa transaction volume[2]	billion	26.0	19.9
Digital channel sales mix[4]	%	26	25
End-to-end TOBi completion rate[5]	%	56.2	42.9
5G available in European cities[1]	#	332	294
Europe on-net gigabit capable connections[1]	million	50.0	48.5
Europe on-net NGN broadband penetration[1]	%	29	30
Pre-tax ROCE (controlled)[3 6]	%	6.8	7.2
Post-tax ROCE (controlled and associates/joint ventures)[3 6 7]	%	5.1	5.2
Europe markets where 3G switched off[1]	#	4	4

1. Including VodafoneZiggo | 2. Africa including Safaricom | 3. These line items are non-GAAP measures. See page 36 for more information | 4. Based on Germany, Italy, UK, Spain only | 5. Defined as percentage of total customer contacts resolved without human interaction through TOBi. Group excluding Egypt | 6. The FY23 ROCE excludes Vantage Towers. FY22 excluding Vantage Towers pre-tax ROCE is 7.0% and post-tax ROCE is 5.0% | 7. The FY22 comparative for post-tax ROCE has been re-presented for the reclassification of Indus Towers. See page 31.

Our purpose ⁝ We connect for a better future

We believe that Vodafone has a significant role to play in contributing to the societies in which we operate and we want to enable an inclusive and sustainable digital society. We continue to make progress against our purpose strategy and will provide a full update in our FY23 Annual Report and supplementary materials (available on investors.vodafone.com). Highlights and achievements from FY23 are summarised below.

Supporting customers in financial hardship

We are conscious of the cost of living pressures our customers are facing during this challenging macroeconomic period. For financially vulnerable customers, we have implemented a cost-of-living plan, consisting of three elements: social or low-cost tariffs in all markets; extra measures to ensure our consumers and small businesses are supported, including our free SME advisory service V-Hub; and leveraging our technology & digital services to help customers reduce their energy usage.

Access for all

Expanding fixed and mobile coverage to rural networks remains a focus. Our partnership with AST & Science LLC will help to deliver more universal coverage as we seek to develop the first space-based mobile network designed to connect directly to consumers' 4G and 5G devices without the need for specialised hardware. This year, AST successfully launched and deployed its first communications array and announced in April 2023 the first connection from space to a mobile with no specialised equipment. The space-based based network has the potential to enable even those in the hardest to reach areas to connect to the internet, ultimately reaching an estimated 1.6 billion people across 49 countries.

Supplier sustainability

In March 2023, we launched a new environmentally-linked supply chain programme, to provide financial incentives for our suppliers to disclose carbon data to CDP and take action to improve their score over time. In partnership with CDP, we have developed a framework consisting of 12 criteria from the CDP survey. Our suppliers will be invited to share their environmental performance score with their supply chain financing provider, and in doing so will have the opportunity to receive preferential financing rates based on their ranking. In future, CDP plans to make a template of the framework available to others in the telecoms sector, with a view to driving industry-wide adoption of the model.

Supporting a circular economy

In November 2022, we formed a new strategic partnership with WWF and launched a new programme 'one million phones for the planet' which will help accelerate our circular economy strategy by raising consumer awareness of e-waste and incentivising our customers to bring back their used devices for trade-in, donation or recycling. Our three-year partnership with WWF will also see other strategic initiatives launched across markets in Europe and Africa. These will include apps to help customers make more sustainable choices, as well as projects in South Africa, Germany, and the UK that use mobile technology to help address conservation and sustainability challenges.

Reporting

We will shortly be publishing our third standalone report that summarises our progress towards meeting the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'), as well as our first standalone cyber security factsheet. We also publish a comprehensive spreadsheet that includes data on environmental, social and governance ('ESG') topics ('ESG Addendum'). We report against a number of voluntary reporting frameworks to help our stakeholders understand our sustainable business performance, including guidance provided by the Global Reporting Initiative ('GRI') and Sustainability Accounting Standards Board ('SASB').

Financial performance : In-line with expectations

- Group revenue increased by 0.3% to €45.7 billion driven by growth in Africa and higher equipment sales, offset by lower European service revenue and adverse exchange rate movements
- Group service revenue trend was impacted by a decline in Germany, Italy, and Spain, offset by continued growth in the UK, Other Europe, and Africa
- Service revenue growth in Turkey increased to 47.6%*, driven by higher inflation. Group service revenue growth excluding Turkey was 1.0%*
- Adjusted EBITDAaL declined by 1.3%* to €14.7 billion due to higher energy costs, and commercial underperformance in Germany
- Inflationary cost pressures in Europe were mitigated by our ongoing cost efficiency programme, with a further €0.2 billion of savings in FY23
- Returns broadly maintained; pre-tax ROCE (ex. Vantage) at 6.8%

Group financial performance

	FY23[1] €m	Re-presented[2] FY22 €m	*Reported change %*
Revenue	**45,706**	**45,580**	*0.3*
- Service revenue	37,969	38,203	*(0.6)*
- Other revenue	7,737	7,377	
Adjusted EBITDAaL[3,4]	**14,665**	**15,208**	*(3.6)*
Restructuring costs	(587)	(346)	
Interest on lease liabilities[5]	436	398	
Loss on disposal of property, plant and equipment and intangible assets	(36)	(28)	
Depreciation and amortisation of owned assets	(9,649)	(9,858)	
Share of results of equity accounted associates and joint ventures	433	389	
Impairment loss	(64)	–	
Other income	9,098	50	
Operating profit	**14,296**	**5,813**	*145.9*
Investment income	248	254	
Financing costs	(1,728)	(1,964)	
Profit before taxation	**12,816**	**4,103**	
Income tax expense	(481)	(1,330)	
Profit for the financial year	**12,335**	**2,773**	
Attributable to:			
- Owners of the parent	11,838	2,237	
- Non-controlled interests	497	536	
Profit for the financial year	**12,335**	**2,773**	
Basic earnings per share	42.77c	7.71c	
Adjusted basic earnings per share[3]	11.45c	11.68c	

Further information is available in a spreadsheet at investors.vodafone.com/results

Notes:
1. The FY23 results reflect average foreign exchange rates of €1:£0.86, €1:INR 83.69, €1:ZAR 17.69, €1:TRY 18.53 and €1:EGP 23.72.
2. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. There is no impact on previously reported revenue and adjusted EBITDAaL. However, operating profit, profit before taxation and profit for the financial year have all increased by €149 million compared to amounts previously reported. Consequently, basic earnings per share increased by 0.51c and adjusted basic earnings per share increased by 0.65c compared to amounts previously reported. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.
3. Adjusted EBITDAaL and adjusted basic earnings per share are non-GAAP measures. See page 36 for more information.
4. Includes depreciation on leased assets of €3,883 million (FY22: €3,908 million).
5. Reversal of interest on lease liabilities included within adjusted EBITDAaL under the Group's definition of that metric, for re-presentation in financing costs.

Geographic performance summary

FY23	Germany €m	Italy €m	UK €m	Spain €m	Other Europe €m	Vodacom €m	Other Markets €m	Vantage Towers €m	Common Functions €m	Elimi-nations €m	Group €m
Total revenue	13,113	4,809	6,824	3,907	5,744	6,314	3,834	1,338	1,387	(1,564)	45,706
Service revenue	11,433	4,251	5,358	3,514	5,005	4,849	3,300	–	530	(271)	37,969
Adjusted EBITDAaL[1]	5,323	1,453	1,350	947	1,632	2,159	1,145	795	(139)	–	14,665
Adjusted EBITDAaL margin (%)[1]	*40.6%*	*30.2%*	*19.8%*	*24.2%*	*28.4%*	*34.2%*	*29.9%*	*59.4%*			*32.1%*

Downloadable performance information is available at: investors.vodafone.com/results

	FY23						
Organic service revenue growth %*[1]	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**Total**
Germany	(0.5)	(1.1)	(0.8)	(1.8)	(2.8)	(2.3)	(1.6)
Italy	(2.3)	(3.4)	(2.8)	(3.3)	(2.7)	(3.0)	(2.9)
UK	6.5	6.9	6.7	5.3	3.8	4.6	5.6
Spain	(3.0)	(6.0)	(4.5)	(8.7)	(3.7)	(6.2)	(5.4)
Other Europe	2.5	2.9	2.7	2.1	3.6	2.8	2.8
Vodacom	2.9	4.8	3.9	3.5	2.6	3.1	3.5
Other Markets	24.7	26.7	25.7	34.1	40.0	36.8	30.7
Group	**2.5**	**2.5**	**2.5**	**1.8**	**1.9**	**1.8**	**2.2**

Note:
1. Organic service revenue growth, Group adjusted EBITDAaL and Group adjusted EBITDAaL margin are non-GAAP measures. See page 36 for more information.

Germany : 30% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	13,113	13,128	*(0.1)*	
- Service revenue	11,433	11,616	*(1.6)*	*(1.6)*
- Other revenue	1,680	1,512		
Adjusted EBITDAaL	5,323	5,669	*(6.1)*	*(6.1)*
Adjusted EBITDAaL margin	*40.6%*	*43.2%*		

Total revenue decreased by 0.1% to €13.1 billion, driven by lower service revenue partially offset by higher equipment sales.

On an organic basis, service revenue declined by 1.6%* (Q3: -1.8%*, Q4: -2.8%*) due to broadband customer losses and a lower mobile ARPU, partially offset by higher roaming revenue and broadband ARPU growth. The slowdown in quarterly trends was primarily driven by small one-off benefits in Q4 last year and the impact of a multi-year IoT contract renewal.

Fixed service revenue declined by 1.8%* (Q3: -2.0%*, Q4: -2.1%*), driven by a lower broadband customer base, primarily as a result of specific operational challenges related to the implementation of policies to comply with the 2021 Telecommunications Act, which are now resolved. This was partially offset by ARPU growth. In November 2022 we increased prices for new broadband customers, and in March 2023, we started to communicate price increases to some of our existing customers, which will be implemented during H1 FY24. Our cable broadband customer base declined by 119,000 and we lost 87,000 DSL broadband customers during the year. As expected, our commercial performance in Q4 was impacted by the decision to increase retail prices.

Our TV customer base declined by 412,000 and our converged customer base decreased by 52,000 to 2.3 million Consumer converged accounts. These declines primarily reflect higher disconnections of broadband bundle customers, as well as fewer cross-selling opportunities.

Ahead of changes to German TV laws, which take effect from July 2024 and end the practise of bulk TV contracting in Multi Dwelling Units ('MDUs'), we are actively working with our Housing Association partners to manage this transition, and sign customers up to individual contracts. In total, we have 8.5 million MDU TV customers, and they generate around €800 million in basic-TV revenue. We have commenced our first trials to re-contract customers.

Mobile service revenue declined by 1.2%* (Q3: -1.7%*, Q4: -3.7%*) primarily driven by lower contract ARPU reflecting mobile termination rate cuts and a change in customer mix, as well as lower MVNO revenue, partially offset by higher roaming revenue. The slowdown in quarterly trends was due to small one-off benefits in the prior year, and the impact of a major IoT automotive contract renewal in Q4 which will enable us to capture additional future revenue opportunities. We added 68,000 contract customers in the year across both Business and Consumer. We also added 8.2 million IoT connections, driven by continued strong demand from the automotive sector.

Adjusted EBITDAaL declined by 6.1%*, of which 0.8 percentage points was due to higher energy costs. Adjusted EBITDAaL growth was also impacted by lower service revenue and one-off settlements in the prior year. The adjusted EBITDAaL margin was 2.6* percentage points lower year-on-year at 40.6%.

On 8 March 2023 we announced the completion of our fibre-to-the-home ('FTTH') joint venture with Altice, which will deploy FTTH to up to seven million homes over a six-year period. This partnership is complementary to our upgrade plans for our existing hybrid fibre cable network.

Italy : 11% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	4,809	5,022	*(4.2)*	
- Service revenue	4,251	4,379	*(2.9)*	*(2.9)*
- Other revenue	558	643		
Adjusted EBITDAaL	1,453	1,699	*(14.5)*	*(14.5)*
Adjusted EBITDAaL margin	*30.2%*	*33.8%*		

Total revenue declined 4.2% to €4.8 billion due to lower service revenue and equipment sales.

Service revenue declined by 2.9%* (Q3: -3.3%*, Q4: -2.7%*), as a result of continued price pressure in the mobile value segment, partly offset by strong Business demand in fixed line and digital services.

Mobile service revenue declined by 5.4%* (Q3: -5.7%*, Q4: -5.4%*). Price competition in the mobile value segment has remained intense, resulting in a lower active prepaid customer base and ARPU. This was partially offset by targeted pricing actions taken during the year. Our second brand 'ho.' continued to grow and now has 3.0 million customers.

Fixed service revenue increased by 3.3%* (Q3: 2.7%*, Q4: 3.6%*) supported by strong Business demand for connectivity and digital services, including a good take up of the Business voucher programme, an initiative related to the EU Recovery and Resilience Facility that subsidises high-speed broadband connectivity. This was partially offset by a slightly lower customer base in Consumer broadband. Our broadband customer base declined by 55,000 during the year, however this was largely offset by 47,000 fixed-wireless additions which are reported in mobile. Our Consumer converged customer base now stands at 1.4 million, and in total 56% of our broadband customers are converged.

Our next generation network ('NGN') broadband services are now available to 23.5 million households, including 9.4 million through our own network and our partnership with Open Fiber. In October 2022, we launched 5G fixed-wireless services and now cover 3.4 million households. This complements our 4G fixed-wireless access products, which covers an additional 2.2 million households.

Adjusted EBITDAaL declined by 14.5%* including a 5.7 percentage point impact relating to a €105 million legal settlement received in the prior year, and 3.0 percentage points due to higher energy costs. Adjusted EBITDAaL growth was also impacted by lower mobile service revenue, partly offset by our continued strong focus on cost efficiency. The adjusted EBITDAaL margin was 3.6* percentage points lower year-on-year at 30.2%.

UK : 14% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	6,824	6,589	*3.6*	
- Service revenue	5,358	5,154	*4.0*	*5.6*
- Other revenue	1,466	1,435		
Adjusted EBITDAaL	1,350	1,395	*(3.2)*	*(1.4)*
Adjusted EBITDAaL margin	*19.8%*	*21.2%*		

Total revenue increased by 3.6% to €6.8 billion driven by service revenue growth, partly offset by the depreciation of the pound sterling against the euro.

On an organic basis, service revenue increased by 5.6%* (Q3: 5.3%*, Q4: 3.8%*). This was driven by continued strong growth in Consumer and an acceleration in Business. The slowdown in quarterly trends was driven by lower MVNO revenues.

Mobile service revenue grew by 8.0%* (Q3: 8.1%*, Q4: 2.8%*), driven by our strong commercial momentum and annual price increases in Consumer, good growth in Business, and higher roaming revenue. The slowdown in quarterly trends reflected the complete migration of the Virgin Media MVNO off our network. We continued to deliver good customer base growth, supported by our flexible proposition Vodafone 'Evo', adding 230,000 contract customers. Our digital prepaid sub-brand 'VOXI' also continued to grow, with 134,000 customers added in FY23. Our digital sales mix improved by 4 percentage points year-on-year to 37% of total sales.

Fixed service revenue declined by 0.3%* (Q3: -1.6%*, Q4: 6.3%*) with strong growth in Consumer offset by a decline in Business. The improvement in quarterly trends was driven by Business, which returned to growth in Q4, supported by several large corporate contract wins and higher project work. Consumer growth was supported by our price actions and good demand for our Vodafone 'Pro Broadband' and fibre products. Our broadband customer base increased by 173,000 during the year and we now have over 1.2 million broadband customers. Through our partnerships with CityFibre and Openreach we are able to reach over 11 million households with full fibre broadband, more than any other provider in the UK.

Adjusted EBITDAaL declined by 1.4%*, of which 5.4 percentage points was due to higher energy costs. Adjusted EBITDAaL excluding energy grew, driven by service revenue growth, partially offset by other inflationary costs, a lower Virgin MVNO contribution and new annual licence fees. The adjusted EBITDAaL margin declined 1.3* percentage points year-on-year at 19.8%.

On 3 October 2022, we confirmed that we are in discussions with CK Hutchison Holdings Limited ('CK Hutchison') in relation to a possible combination of Vodafone UK and Three UK. The envisaged transaction would entail us combining our UK business with Three UK, with Vodafone owning 51% and CK Hutchison owning 49% of the combined business. There can be no certainty that any transaction will ultimately be agreed.

Spain : 9% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	3,907	4,180	*(6.5)*	
- Service revenue	3,514	3,714	*(5.4)*	*(5.4)*
- Other revenue	393	466		
Adjusted EBITDAaL	947	957	*(1.0)*	*(1.1)*
Adjusted EBITDAaL margin	*24.2%*	*22.9%*		

Total revenue declined by 6.5% to €3.9 billion due to lower service revenue and equipment sales.

On an organic basis, service revenue declined by 5.4%* (Q3: -8.7%*, Q4: -3.7%*) driven by continued price competition in the value segment and a lower customer base. The improvement in quarterly trends was driven by inflation-linked price increases, which took effect at the end of January 2023, and increased Business demand for digital services.

In mobile, our contract customer base declined by 159,000 reflecting one-off disconnections of 123,000 relating to temporary business SIMs provided to schools and higher education providers during the pandemic, as well as ongoing price competition in both the Consumer and SoHo segments. Our Q4 commercial performance was impacted by our price increases. Consumer contract churn improved by 2.7 percentage points during the year, supported by our simplified and more transparent range of tariff plans. Our second brand 'Lowi' continued to grow, adding 200,000 customers.

Our broadband customer base declined by 121,000 and our TV customer base decreased by 56,000 due to price competition and the ongoing shutdown of DSL. Our converged customer base remained broadly stable at 2.2 million.

Adjusted EBITDAaL declined by 1.1%*, which included 6.7 percentage points of one-off tax benefits and a 1.5 percentage point impact from higher energy costs. Excluding these impacts, adjusted EBITDAaL declined due to lower service revenue, partly offset by our ongoing cost efficiency programme.

On 12 January 2023, we announced that Spain will become part of the 'Europe Cluster', managed by Serpil Timuray, CEO Europe Cluster. In March 2023, we announced that Mário Vaz, previously CEO of Vodafone Portugal, had been appointed as new CEO of Spain, effective from 1 April 2023.

Other Europe : 13% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	5,744	5,653	*1.6*	
- Service revenue	5,005	5,001	*0.1*	*2.8*
- Other revenue	739	652		
Adjusted EBITDAaL	1,632	1,606	*1.6*	*4.7*
Adjusted EBITDAaL margin	*28.4%*	*28.4%*		

Total revenue increased by 1.6% to €5.7 billion driven by service revenue and equipment sales growth.

On an organic basis, service revenue increased by 2.8%* (Q3: 2.1%*, Q4: 3.6%*), with good growth in all markets other than Romania, which was impacted by a mobile termination rate reduction. The improvement in quarterly trends was driven by inflation-linked price increases in several markets, as well as strong Business growth in Greece.

In Portugal, service revenue grew due to our strong commercial momentum, with 183,000 mobile contract customers and 48,000 fixed broadband customer additions during the year. In September 2022, we announced that we had entered into an agreement to buy Portugal's fourth largest converged operator, Nowo Communications, from Llorca JVCO Limited, the owner of Masmovil Ibercom S.A. The transaction is conditional on regulatory approval, with completion expected in the second half of the 2023 calendar year.

In Ireland, service revenue increased driven by customer base growth, higher roaming revenue, and contractual price increases. Our mobile contract customer base increased by 64,000 and our broadband customer base grew by 14,000. In October 2022, we announced that we had agreed a fixed wholesale network access agreement with Virgin Media Ireland. Vodafone is already the largest fibre-to-the home provider in Ireland, covering over 1 million households.

Service revenue in Greece grew, reflecting higher roaming revenue, good growth in Business fixed supported by several public sector contract wins relating to the EU Recovery Fund, and higher wholesale revenue. During the year we added 138,000 mobile contract customers, and our broadband customer base declined by 26,000.

Adjusted EBITDAaL increased by 4.7%*, including a 3.4 percentage point impact from higher energy costs. Excluding this, adjusted EBITDAaL grew driven by service revenue growth, ongoing cost efficiencies and a one-off provision in Greece last year. The adjusted EBITDAaL margin remained stable year-on-year at 28.4%.

On 31 January 2023, we announced that we had completed the sale of Vodafone Hungary to 4iG Public Limited Company and Corvinus Zrt for a cash consideration of HUF 660 billion (€1.6 billion), representing a multiple of 8.4x Adjusted EBITDAaL for the year ended 31 March 2022.

Vodacom : 13% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	6,314	5,993	*5.4*	
- Service revenue	4,849	4,635	*4.6*	*3.5*
- Other revenue	1,465	1,358		
Adjusted EBITDAaL	2,159	2,125	*1.6*	*1.4*
Adjusted EBITDAaL margin	*34.2%*	*35.5%*		

Total revenue increased by 5.4% to €6.3 billion driven by service revenue growth and higher equipment sales.

On an organic basis, Vodacom's service revenue grew by 3.5%* (Q3: 3.5%*, Q4: 2.6%*) with growth in both South Africa and Vodacom's international markets. The slowdown in quarterly trends was driven by a tough prior year comparative in Vodacom Business within South Africa.

In South Africa, service revenue growth was supported by contract price increases and prepaid ARPU growth, partially offset by repricing pressure from a government mobile contract renewal. We added 192,000 mobile contract customers in the year, and now have a total base of 6.7 million. Across our active customer base, 74.9% of our mobile customers now use data services, an increase of 2.0 million year-on-year. Financial Services revenue grew by 10.6%* to €167 million, supported by good demand for insurance services. Our VodaPay 'super-app' has continued to gain traction with 3.3 million registered users.

In Vodacom's international markets, service revenue growth was supported by strong growth in data, a higher customer base and strong M-Pesa growth. This was despite disruptions caused by heavy flooding in both Mozambique and the DRC during the year. M-Pesa revenue grew by 15.5% and now represents 25.0% of service revenue. Our mobile customer base now stands at 50.2 million with 63.5% of active customers using data services.

Vodacom's adjusted EBITDAaL increased by 1.4%*, including a 1.7 percentage point impact from higher energy costs. Excluding this, adjusted EBITDAaL was supported by service revenue growth and accelerated cost initiatives, partially offset by an increase in technology operating expenses as we continued to improve the resilience and capacity of our network. The adjusted EBITDAaL margin decreased by 1.2* percentage points to 34.2%.

On 13 December 2022, Vodafone completed the transfer of its 55% shareholding in Vodafone Egypt to Vodacom. This transfer simplifies the management of our African assets. Vodafone received cash proceeds of €577 million and 242 million shares in Vodacom in exchange for Vodafone's shareholding in Vodafone Egypt. Following completion, Vodafone's shareholding in Vodacom has increased from 60.5% to 65.1%. Vodafone Egypt will be included within the Vodacom reporting segment from 1 April 2023.

Further information on our operations in Africa can be accessed here: vodacom.com

Other Markets : 9% of Group service revenue

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	3,834	3,830	*0.1*	
- Service revenue	3,300	3,420	*(3.5)*	*30.7*
- Other revenue	534	410		
Adjusted EBITDAaL	1,145	1,335	*(14.2)*	*22.2*
Adjusted EBITDAaL margin	*29.9%*	*34.9%*		

Total revenue remained broadly unchanged at €3.8 billion, with strong service revenue growth offset by significant currency devaluations in both Turkey and Egypt.

On an organic basis, service revenue grew by 30.7%* (Q3: 34.1%*, Q4: 40.0%) reflecting a higher contribution from Turkey, impacted by accelerating inflation, as well a strong customer base and ARPU growth.

Service revenue growth in Turkey was driven by continued customer base growth and ongoing repricing actions to reflect the high inflationary environment. We maintained our good commercial momentum, adding 1.6 million mobile contract customers during the year, including migrations of prepaid customers. Customer loyalty rates continued to improve, with mobile contract churn down by 1.5 percentage points year-on-year to 13.9%. Our Q4 performance was impacted by the earthquakes in Turkey.

Service revenue in Egypt continued to grow strongly, reflecting good customer base growth and increased data usage. During the year, we added 153,000 contract customers and 2.5 million prepaid mobile customers.

Adjusted EBITDAaL increased by 22.2%* despite significant inflationary pressure on our cost base. The adjusted EBITDAaL margin decreased by 3.8* percentage points year-on-year to 29.9%.

On 21 February 2023, Vodafone completed the sale of our 70% shareholding in Vodafone Ghana ('GTCL') to Telecel Group, further simplifying our African portfolio.

Hyperinflationary accounting in Turkey

Turkey was designated as a hyperinflationary economy on 1 April 2022 in line with IAS 29 'Financial Reporting in Hyperinflationary Economies'. See note 1 'Basis of preparation' in the condensed consolidated financial statements for further information.

During the year service revenue in Turkey increased by 47.6*% and adjusted EBITDAaL grew by 49.8%* due to ongoing repricing actions to reflect increasing inflation. Organic growth metrics exclude the impact of the hyperinflation adjustment in the period in Turkey. Group service revenue growth excluding Turkey was 1.0%* (Q3: 0.5%*, Q4: 0.5%*) and adjusted EBITDAaL excluding Turkey declined 1.1%*

Vantage Towers

	FY23 €m	FY22 €m	*Reported change %*	*Organic change %**
Total revenue	1,338	1,252	6.9	
- Service revenue	–	–	–	–
- Other revenue	1,338	1,252		
Adjusted EBITDAaL	795	619	28.4	*7.9*
Adjusted EBITDAaL margin	*59.4%*	49.4%		

Total revenue increased 6.9% to €1.3 billion in FY23, driven by 1,750 new tenancies and new macro sites. As a result, the tenancy ratio increased to 1.46x.

Adjusted EBITDAaL increased 7.9%* to €795 million, driven by revenue growth, partly offset by increased costs relating to the ramp up of the build to suit programme and 1&1 rollout.

On 23 March 2023, we announced the completion of our co-control partnership for Vantage Towers with a consortium of long-term infrastructure investors led by Global Infrastructure Partners and KKR. Reflecting the final take-up in the connected voluntary takeover offer and delisting offer, the co-control partnership, Oak Holdings GmbH., will own 89.3% of Vantage Towers. Vodafone has received initial net cash proceeds of €4.9 billion and now hold a 64% shareholding in Oak Holdings. The Consortium has the option to increase its ownership of Oak Holdings up to a maximum of 50% by 30 June 2023, subject to the outcome of its fundraising process.

Associates and joint ventures

	FY23 €m	Re-presented[1] FY22 €m
VodafoneZiggo Group Holding B.V.	137	(19)
Safaricom Limited	195	217
Indus Towers Limited	50	178
Other	51	13
Share of results of equity accounted associates and joint ventures	433	389

Note:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. The share of results from Indus Towers Limited has increased by €178 million compared to €nil as previously reported. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.

VodafoneZiggo Joint Venture (Netherlands)

The results of VodafoneZiggo, in which we own a 50% stake, are reported here under US GAAP, which is broadly consistent with our IFRS basis of reporting.

Total revenue remained stable at €4.1 billion, as mobile contract customer base growth, higher roaming revenue and contractual price increases were offset by a decline in the fixed Consumer customer base.

During the period, VodafoneZiggo added 181,000 mobile contract customers, supported by its best-in-class net promoter score. VodafoneZiggo's broadband customer base declined by 13,000 customers to 3.3 million due to ongoing price competition. The number of converged households increased by 21,000, with 46% of broadband customers now converged. VodafoneZiggo now offers nationwide 1 gigabit speeds across its fixed network.

In FY23, we received €165 million in dividends from the joint venture, as well as €51 million in interest payments.

Safaricom Associate (Kenya)

Safaricom service revenue grew to €2.3 billion due to a higher customer base and continued data revenue and M-Pesa growth. In FY23, we received €249 million in dividends from Safaricom.

Indus Towers Limited Associate (India)

Following the sale of shares in Indus Towers Limited ('Indus Towers') in February and March 2022, the Group holds 567.2 million shares in Indus Towers, equivalent to a 21.0% shareholding.

Vodafone Idea Limited Joint Venture (India)

See note 4 'Contingent liabilities and legal proceedings' in the condensed consolidated financial statements for more information'

TPG Telecom Limited Joint Venture (Australia)

We own an economic interest of 25.05% in TPG Telecom Limited, a fully integrated telecommunications operator in Australia. Hutchison Telecommunications (Australia) Limited owns an equivalent economic interest of 25.05%, with the remaining 49.9% listed as free float on the Australian stock exchange. We also hold a 50% share of a US$3.5 billion loan facility held within the structure that holds the Group's equity stake in TPG Telecom.

Net financing costs

	FY23 €m	FY22 €m	*Reported change %*
Investment income	248	254	
Financing costs	(1,728)	(1,964)	
Net financing costs	**(1,480)**	**(1,710)**	*(13.5)*
Adjustments for:			
Mark-to-market gains	(534)	(256)	
Foreign exchange losses	135	284	
Adjusted net financing costs[1]	**(1,879)**	**(1,682)**	*11.7*

Note:
1. Adjusted net financing costs is a non-GAAP measure. See page 36 for more information.

Net financing costs decreased by €230 million, primarily due to mark-to-market gains recycled from reserves on derivatives that were previously in cash flow hedge relationships and mark-to-market gains on embedded derivatives. Adjusted net financing costs increased by €197 million primarily due to interest movements on lease liabilities and tax provisions and other individually immaterial movements. Excluding items outside of net debt, net financing costs remained broadly stable.

Taxation

	FY23 %	FY22 %	*Change pps*
Effective tax rate	**3.8%**	**33.6%**	*(29.8)*
Adjusted effective tax rate[1]	**26.2%**	**27.9%**	*(1.7)*

Note:
1. Adjusted effective tax rate is a non-GAAP measure. See page 36 for more information.

The Group's effective tax rate for the year ended 31 March 2023 was 3.8%, (2022: 33.6%). The rate is lower than the prior year's due to gains on the disposals of Vantage Towers and Vodafone Ghana. These gains are largely exempt from tax, except for a €88 million charge relating to the disposal of Vantage Towers.

The effective tax rate also includes a tax credit of €309m relating to the impacts of hyperinflation accounting in Turkey and a €33 million tax charge (2022: €327 million) relating to the use of losses in Luxembourg, which is lower than the prior period because of an internal restructuring which resulted in a loss in Luxembourg. As a result of the restructuring, the amount of losses in Luxembourg are no longer subject to changes in the value of investments.

The year ended 31 March 2022 includes the following items: i) a charge of €1,468 million for the utilisation of losses against our profits in Luxembourg. This arose from an increase in the valuation of investments based upon local GAAP financial statements and tax returns; ii) a credit of €699 million relating to the recognition of a deferred tax asset in Luxembourg because of higher interest rates increasing our forecasts of future profits; iii) an increase in our deferred tax assets in the UK of €593 million following the increase in the corporate tax rate to 25% and; iv) €273 million following the revaluation of assets for tax purposes in Italy.

The Group's adjusted effective tax rate for the year ended 31 March 2023 was 26.2% (2022: 27.9%). This is in line with our expectations for the year.

The adjusted effective tax rate excludes the amounts relating to Luxembourg, the impact of hyperinflation accounting in Turkey and the tax charge relating to the disposal of Vantage Towers which are set out above.

Earnings per share

	FY23 eurocents	Re-presented[1] FY22 eurocents	*Reported change eurocents*
Basic earnings per share	**42.77c**	7.71c	*35.06c*
Adjusted basic earnings per share[2]	**11.45c**	11.68c	*(0.23)c*

Notes:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. Consequently, basic earnings per share increased by 0.51c, from 7.20c as previously reported, to 7.71c. Adjusted basic earnings per share increased by 0.65c, from 11.03c as previously reported, to 11.68c. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.
2. Adjusted basic earnings per share is a non-GAAP measure. See page 36 for more information.

Basic earnings per share was 42.77 eurocents, compared to 7.71 eurocents for FY22. The increase is primarily attributable to the gains on disposal of Vantage Towers A.G. and Vodafone Ghana, partially offset by the loss on disposal of Vodafone Hungary.

Adjusted basic earnings per share was 11.45 eurocents, compared to 11.68 eurocents for FY22.

Cash flow, capital allocation and funding

Analysis of cash flow

	FY23 €m	FY22 €m	*Reported change %*
Inflow from operating activities	18,054	18,081	*(0.1)*
Outflow from investing activities	(379)	(6,868)	*94.5*
Outflow from financing activities	(13,430)	(9,706)	*(38.4)*
Net cash inflow	**4,245**	**1,507**	*181.7*
Cash and cash equivalents at beginning of the financial year	7,371	5,790	
Exchange gain on cash and cash equivalents	12	74	
Cash and cash equivalents at end of the financial year	**11,628**	**7,371**	

Cash inflow from operating activities decreased to €18,054 million, as favourable working capital movements were offset by lower operating profit, excluding a net gain resulting from the sale of Vantage Towers, Vodafone Ghana and Vodafone Hungary, and higher taxation payments.

Outflow from investing activities decreased to €379 million, primarily in relation to proceeds resulting from the disposals of Vantage Towers and Vodafone Hungary, which outweighed a lower net inflow in respect of short-term investments. Short-term investments include highly liquid government and government-backed securities and managed investment funds that are in highly rated and liquid money market investments with liquidity of up to 90 days.

Outflows from financing activities increased by 38.4% to €13,430 million, as higher outflows arising from the repayment of borrowings, including the repayment of debt in relation to licenses and spectrum, notably in Italy, outweighed higher proceeds from the issue of long-term borrowings.

Analysis of cash flow (continued)

	FY23 €m	FY22 €m	*Reported change %*
Adjusted EBITDAaL[1]	**14,665**	**15,208**	*(3.6)*
Capital additions[2]	(8,378)	(8,306)	
Working capital	256	(31)	
Disposal of property, plant and equipment and intangible assets	98	27	
Integration capital additions[3]	(287)	(314)	
Restructuring costs including working capital movements[4]	(312)	(480)	
Licences and spectrum	(2,467)	(896)	
Interest received and paid[5]	(1,164)	(1,254)	
Taxation	(1,234)	(925)	
Dividends received from associates and joint ventures	617	638	
Dividends paid to non-controlling shareholders in subsidiaries	(400)	(539)	
Other	48	181	
Free cash flow[1]	**1,442**	**3,309**	*(56.4)*
Acquisitions and disposals	8,727	138	
Equity dividends paid	(2,484)	(2,474)	
Share buybacks[5]	(1,893)	(2,029)	
Foreign exchange loss	141	(378)	
Other movements in net debt[6]	2,270	399	
Net debt decrease/(increase)[1]	**8,203**	**(1,035)**	
Opening net debt[1]	(41,578)	(40,543)	
Closing net debt[1]	**(33,375)**	**(41,578)**	*19.7*

	FY23 €m	FY22 €m
Free cash flow[1]	**1,442**	**3,309**
Adjustments:		
- Licences and spectrum	2,467	896
- Restructuring costs including working capital movements[4]	312	480
- Integration capital additions[3]	287	314
- Vantage Towers growth capital expenditure	497	244
- Other adjustments[7]	(163)	194
Adjusted free cash flow[1]	**4,842**	**5,437**

Notes:
1. Adjusted EBITDAaL, Free cash flow, Adjusted free cash flow and Net debt are non-GAAP measures. See page 36 for more information.
2. See page 47 for an analysis of tangible and intangible additions in the year.
3. Integration capital additions comprises amounts for the integration of acquired Liberty Global assets and network integration.
4. Includes working capital in respect of Integration capital additions.
5. Interest received and paid excludes interest on lease liabilities of €372 million outflow (FY22: €361 million) included within Adjusted EBITDAaL and €26 million of cash outflow (FY22: €58 million inflow) from the option structures relating to the issue of the mandatory convertible bonds which is included within Share buybacks. The option structures were intended to ensure that the total cash outflow to execute the programme were broadly equivalent to the amounts raised on issuing each tranche.
6. Other movements on net debt for the year ended 31 March 2023 includes mark-to-market gains recognised in the income statement of €534 million (FY22: €256 million gain), together with €1,739 million (FY22: €55 million) for the repayment of debt in relation to licenses and spectrum in Italy.
7. Other adjustments in FY23 includes €120 million received in respect of the Group's new fibre joint venture in Germany and an allocation of €43 million from the Vodafone Hungary proceeds for future services to be provided by the Group. The amount for FY22 includes a special dividend of €194 million paid to the minority shareholders in Egypt.

Adjusted free cash flow decreased by €595 million to €4,842 million in the year. This reflected a decrease in Adjusted EBITDAaL in the year, together with higher payments on lease liabilities, which outweighed favourable working capital movements and higher taxation payments.

Borrowings and cash position

	FY23 €m	FY22 €m	*Reported change %*
Non-current borrowings	(51,669)	(58,131)	
Current borrowings	(14,721)	(11,961)	
Borrowings	**(66,390)**	**(70,092)**	
Cash and cash equivalents	11,705	7,496	
Borrowings less cash and cash equivalents	**(54,685)**	**(62,596)**	*12.6*

Borrowings principally includes bonds of €44,116 million (FY22: €48,031 million), lease liabilities of €13,364 million (FY22: €12,539 million) and cash collateral liabilities €4,886 million (FY22: €2,914 million).

The decrease in borrowings of €3,702 million was principally driven by repayments of bonds of €5,742 million, Italy licences and spectrum liabilities of €1,739 million and the disposal of our controlling interest in Vantage Towers of €2,188 million, partially offset by bonds issued of €3,577 million, an increase in collateral liabilities of €1,972 million and lease liabilities of €825 million.

Funding position

	FY23 €m	FY22 €m	*Reported change %*
Bonds	(44,116)	(48,031)	
Bank loans	(795)	(1,317)	
Other borrowings including spectrum	(1,744)	(3,909)	
Gross debt[1]	**(46,655)**	**(53,257)**	*12.4*
Cash and cash equivalents	11,705	7,496	
Short-term investments[2]	4,305	4,795	
Derivative financial instruments[3]	1,917	1,604	
Net collateral liabilities[4]	(4,647)	(2,216)	
Net debt[1]	**(33,375)**	**(41,578)**	*19.7*

Notes:
1. Gross debt and Net debt are non-GAAP measures. See page 36 for more information.
2. Short-term investments includes €1,338 million (FY22: €1,446 million) of highly liquid government and government-backed securities and managed investment funds of €2,967 million (FY22: €3,349 million) that are in highly rated and liquid money market investments with liquidity of up to 90 days.
3. Derivative financial instruments excludes derivative movements in cash flow hedging reserves of €2,785 million gain (FY22: €1,350 million gain).
4. Collateral arrangements on derivative financial instruments result in cash being held as security. This is repayable when derivatives are settled and is therefore deducted from liquidity.

Net debt decreased by €8,203 million to €33,375 million. This was driven by the free cash inflow of €1,442 million and acquisitions and disposals of €8,727 million, partially offset by equity dividends of €2,484 million, share buybacks of €1,893 million (used to offset dilution linked to the conversion of certain mandatory convertible bonds). Other movements in net debt includes €1,730 million relating to the settlement of 5G spectrum in Italy previously included in net debt. Settlement of the liability during the period had no impact overall on net debt, with the resulting cash payment included in free cash flow.

Other funding obligations to be considered alongside net debt include:

- Lease liabilities of €13,364 million (€12,539 million as at 31 March 2022);
- KDG put option liabilities of €485 million (€494 million as at 31 March 2022);
- Guarantee over Australia joint venture loan of €1,611 million (€1,573 million as at 31 March 2022); and
- Pension liabilities of €258 million (€281 million as at 31 March 2022).

The Group's gross and net debt includes €9,942 million (€9,942 million as at 31 March 2022) of long-term borrowings ('Hybrid bonds') for which a 50% equity characteristic of €4,971 million (€4,971 million as at 31 March 2022) is attributed by credit rating agencies.

The Group's gross and net debt includes certain bonds which have been designated in hedge relationships, which are carried at €1,282 million higher value (€1,316 million higher as at 31 March 2022) than their euro equivalent redemption value. In addition, where bonds are issued in currencies other than euro, the Group has entered into foreign currency swaps to fix the euro cash outflows on redemption. The impact of these swaps is not reflected in gross debt and if it were included would decrease the euro equivalent value of the bonds by €1,440 million (€1,456 million as at 31 March 2022).

Return on capital employed

Return on capital employed ('ROCE') reflects how efficiently we are generating profit with the capital we deploy. We calculate two ROCE measures: i) Pre-tax ROCE for controlled operations only and ii) Post-tax ROCE including associates and joint ventures. ROCE calculated using GAAP measures[3] for the year was 12.9% (FY22: 5.2%), impacted by the disposal of Vantage Towers to the newly formed joint venture, resulting in an increase in the average capital employed.

The table below presents adjusted ROCE metrics.

	Excluding Vantage Towers[2] FY23 %	Re-presented[1] FY22 %	*Change pps*
Pre-tax ROCE (controlled)[3]	**6.8%**	**7.2%**	*(0.4)*
Post-tax ROCE (controlled and associates/joint ventures)[3]	**5.1%**	**5.2%**	*(0.1)*

Notes:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. Consequently, post-tax ROCE (controlled and associates/joint ventures) has increased by 0.2pps, from 5.0% as previously reported, to 5.2%. Similarly, ROCE calculated using GAAP measures has increased by 0.2pps, from 5.0% as previously reported, to 5.2%. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.
2. FY23 excludes the results of Vantage Towers following its disposal on 22 March 2023. FY22 excluding Vantage Towers pre-tax ROCE is 7.0% and post-tax ROCE is 5.0%.
3. ROCE is calculated by dividing Operating profit by the average of capital employed as reported in the consolidated statement of financial position. Pre-tax ROCE (controlled) and Post-tax ROCE (controlled and associates/joint ventures) are non-GAAP measures. See page 36 for more information.

Funding facilities

As at 31 March 2023, the Group had undrawn revolving credit facilities of €7.7 billion comprising euro and US dollar revolving credit facilities of €4.0 billion and US$4.0 billion (€3.7 billion) which mature in 2025 and 2028 respectively. Both committed revolving credit facilities support US dollar and euro commercial paper programmes of up to US$15 billion and €10 billion respectively.

Post employment benefits

As at 31 March 2023, the Group's net surplus of scheme assets over scheme liabilities was €71 million (FY22: €274 million net surplus).

Dividends

Dividends will continue to be declared in euros, aligning the Group's shareholder returns with the primary currency in which we generate free cash flow, and paid in euros, pounds sterling and US dollars. The foreign exchange rate at which future dividends declared in euros will be converted into pounds sterling and US dollars will be calculated based on the average World Markets Company benchmark rates over the five business days during the week prior to the payment of the dividend.

The Board is recommending total dividends per share of 9.0 eurocents for the year. This includes a final dividend of 4.5 eurocents compared to 4.5 eurocents in the prior year.

The ex-dividend date for the final dividend is 8 June 2023 for ordinary shareholders, the record date is 9 June 2023 and the dividend is payable on 4 August 2023. Dividend payments on ordinary shares will be paid directly into a nominated bank or building society account.

Other significant developments

Board changes

On 5 December 2022, the Group announced that Nick Read had agreed with the Board to step down as Group Chief Executive and as a Director of Vodafone on 31 December 2022.

On 27 April 2023, Margherita Della Valle was appointed Group Chief Executive and will continue as Group Chief Financial Officer until an external search for a new Group Chief Financial Officer is complete.

On 14 November 2022, Christine Ramon was appointed as a non-executive director.

On 28 March 2023, Christine Ramon, non-executive director, joined the Audit and Risk Committee.

On 10 May 2023, the following changes were announced and will take effect from the conclusion of the 2023 AGM:

- David Nish, non-executive director, will be appointed Senior Independent Director and also join the Nominations and Governance Committee.
- Delphine Ernotte Cunci and Christine Ramon, non-executive directors, will be appointed Workforce Engagement Leads.
- Amparo Moraleda, non-executive director, will cease to be a member of the Audit and Risk Committee and will be appointed Chair of the Remuneration Committee.
- Jean-Francois van Boxmeer, Chair of the Board, and Christine Ramon, will join the ESG Committee.

In addition, on 10 May 2023, the Board approved the creation of a Technology Committee as a Committee of the Board. The Committee will be formed of non-executive directors, chaired by Simon Segars with Stephen Carter, Delphine Ernotte Cunci and Deborah Kerr as members.

Executive Committee changes

On 31 December 2022, Johan Wibergh retired from his role as Group Chief Technology Officer. Scott Petty, formerly Digital & IT Director, became the Group Chief Technology Officer on 1 January 2023 and joined the Executive Committee.

On 31 December 2022, Alex Froment-Curtil stepped-down as Group Chief Commercial Officer. On 12 January 2023, Aldo Bisio was appointed Group Chief Commercial Officer in addition to his existing role as Chief Executive of Vodafone Italy.

On 1 January 2023, Alberto Ripepi, Group Chief Network Officer, joined the Executive Committee.

On 12 January 2023, Colman Deegan stepped down from the Executive Committee and as CEO of Vodafone Spain on 31 March 2023.

On 28 February 2023, Rosemary Martin, former Group General Counsel and Company Secretary, stepped down from the Executive Committee and retired on 31 March 2023.

On 1 March 2023, Maaike de Bie was appointed Group General Counsel and Company Secretary and joined the Executive Committee.

Vantage Towers

On 22 March 2023, the Group completed the disposal of its interest in Vantage Towers A.G. to Oak Holdings GmbH, the co-control partnership of Vodafone, GIP and KKR. Vodafone retained an interest of 64.2% in Oak Holdings 1 GmbH, which owns 89.3% of Vantage Towers A.G.

On 18 April 2023, the Management Board and the Supervisory Board of Vantage Towers A.G. published their joint reasoned statement on the public delisting tender offer of Oak Holdings GmbH to the shareholders of Vantage Towers. Both recommended that all remaining shareholders accept the delisting tender offer.

Vodafone Ghana

On 21 February 2023, the Group announced it had completed the sale of its 70% shareholding in Ghana Telecommunications Limited ('Vodafone Ghana') to Telecel Group.

Vodafone Hungary

On 31 January 2023, the Group announced it had completed the sale of Vodafone Magyarország Zrt ('Vodafone Hungary') to 4iG Public Limited Company and Corvinus Zrt.

Vodafone Egypt

On 13 December 2022, the Group announced it had completed the transfer of its 55% shareholding in Vodafone Egypt to Vodacom Group Limited ('Vodacom'). Following completion, Vodafone's shareholding in Vodacom has increased from 60.5% to 65.1%.

Condensed consolidated financial statements

Consolidated income statement

	Year ended 31 March 2023 €m	Year ended 31 March Re-presented[1] 2022 €m
Revenue	**45,706**	**45,580**
Cost of sales	(30,850)	(30,574)
Gross profit	**14,856**	**15,006**
Selling and distribution expenses	(3,329)	(3,358)
Administrative expenses	(6,092)	(5,713)
Net credit losses on financial assets	(606)	(561)
Share of results of equity accounted associates and joint ventures	433	389
Impairment loss	(64)	–
Other income	9,098	50
Operating profit	**14,296**	**5,813**
Investment income	248	254
Financing costs	(1,728)	(1,964)
Profit before taxation	**12,816**	**4,103**
Income tax expense	(481)	(1,330)
Profit for the financial year	**12,335**	**2,773**
Attributable to:		
– Owners of the parent	11,838	2,237
– Non-controlling interests	497	536
Profit for the financial year	**12,335**	**2,773**
Earnings per share[1]		
Total Group		
– Basic	42.77c	7.71c
– Diluted	42.62c	7.68c

Consolidated statement of comprehensive income

	Year ended 31 March 2023 €m	Year ended 31 March Re-presented[1] 2022 €m
Profit for the financial year	**12,335**	**2,773**
Other comprehensive income/(expense):		
Items that may be reclassified to the income statement in subsequent years:		
Foreign exchange translation differences, net of tax	(1,236)	(30)
Foreign exchange translation differences transferred to the income statement	(334)	19
Other, net of tax[2]	963	1,863
Total items that may be reclassified to the income statement in subsequent years	**(607)**	**1,852**
Items that will not be reclassified to the income statement in subsequent years:		
Net actuarial (losses)/gains on defined benefit pension schemes, net of tax	(160)	483
Total items that will not be reclassified to the income statement in subsequent years	**(160)**	**483**
Other comprehensive (expense)/income	**(767)**	**2,335**
Total comprehensive income/(expense) for the financial year	**11,568**	**5,108**
Attributable to:		
– Owners of the parent	11,267	4,546
– Non-controlling interests	301	562
	11,568	**5,108**

Notes:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. See note 3 'Assets held for sale' for more information.
2. Principally includes the impact of the Group's cash flow hedges deferred to other comprehensive income during the year.

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed consolidated financial statements

Consolidated statement of financial position

	31 March 2023 €m	Re-presented[1] 31 March 2022 €m
Non-current assets		
Goodwill	27,615	31,884
Other intangible assets	19,592	21,360
Property, plant and equipment	37,992	40,804
Investments in associates and joint ventures	11,079	5,323
Other investments	1,093	1,073
Deferred tax assets	19,316	19,089
Post employment benefits	329	555
Trade and other receivables	7,843	6,383
	124,859	**126,471**
Current assets		
Inventory	956	836
Taxation recoverable	279	296
Trade and other receivables	10,705	11,019
Other investments	7,017	7,931
Cash and cash equivalents	11,705	7,496
	30,662	**27,578**
Total assets	**155,521**	**154,049**
Equity		
Called up share capital	4,797	4,797
Additional paid-in capital	149,145	149,018
Treasury shares	(7,719)	(7,278)
Accumulated losses	(113,086)	(122,022)
Accumulated other comprehensive income	30,262	30,268
Total attributable to owners of the parent	**63,399**	**54,783**
Non-controlling interests	1,084	2,290
Total equity	**64,483**	**57,073**
Non-current liabilities		
Borrowings	51,669	58,131
Deferred tax liabilities	771	520
Post employment benefits	258	281
Provisions	1,572	1,881
Trade and other payables	2,184	2,516
	56,454	**63,329**
Current liabilities		
Borrowings	14,721	11,961
Financial liabilities under put option arrangements	485	494
Taxation liabilities	457	864
Provisions	674	667
Trade and other payables	18,247	19,661
	34,584	**33,647**
Total equity and liabilities	**155,521**	**154,049**

Note:
1. Balances as at 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. See note 3 'Assets held for sale' for more information.

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed consolidated financial statements

Consolidated statement of changes in equity

	Share capital €m	Additional paid-in capital[1] €m	Treasury shares €m	Accumulated comprehensive losses[2] €m	Equity attributable to the owners €m	Non-controlling interests €m	Total equity €m
1 April 2021 Re-presented[3]	**4,797**	**150,812**	**(6,172)**	**(93,681)**	**55,756**	**2,012**	**57,768**
Issue or reissue of shares	–	(1,902)	2,000	(98)	–	–	–
Share-based payments	–	108	–	–	108	11	119
Transactions with non-controlling shareholders in subsidiaries	–	–	–	(38)	(38)	237	199
Comprehensive income	–	–	–	4,546	4,546	562	5,108
Dividends	–	–	–	(2,483)	(2,483)	(532)	(3,015)
Purchase of treasury shares	–	–	(3,106)	–	(3,106)	–	(3,106)
31 March 2022 Re-presented[3]	**4,797**	**149,018**	**(7,278)**	**(91,754)**	**54,783**	**2,290**	**57,073**
Adoption of IAS 29[4]	–	–	–	565	565	–	565
1 April 2022 brought forward	**4,797**	**149,018**	**(7,278)**	**(91,189)**	**55,348**	**2,290**	**57,638**
Issue or reissue of shares	–	1	122	(113)	10	–	10
Share-based payments	–	126	–	–	126	9	135
Transactions with non-controlling shareholders in subsidiaries	–	–	–	(287)	(287)	(1,118)	(1,405)
Comprehensive income	–	–	–	11,267	11,267	301	11,568
Dividends	–	–	–	(2,502)	(2,502)	(398)	(2,900)
Purchase of treasury shares	–	–	(563)	–	(563)	–	(563)
31 March 2023	**4,797**	**149,145**	**(7,719)**	**(82,824)**	**63,399**	**1,084**	**64,483**

Notes:
1. Includes share premium, capital reserve, capital redemption reserve, merger reserve and share-based payment reserve. The merger reserve was derived from acquisitions made prior to 31 March 2004 and subsequently allocated to additional paid-in capital on adoption of IFRS.
2. Includes accumulated losses and accumulated other comprehensive income/(expense).
3. The results for the year ended 31 March 2022 and 31 March 2021 have been re-presented to reflect that Indus Towers Limited is no longer classified as held for sale. As at 31 March 2022, accumulated losses decreased by €96 million, resulting in an increase of €96 million in total equity compared to amounts previously reported. As at 31 March 2021, accumulated comprehensive losses increased by €48 million, resulting in a decrease of €48 million in total equity compared to amounts previously reported. See note 3 'Assets held for sale' for more information.
4. This opening balance adjustment relates to the adoption of hyperinflationary accounting in Turkey. See Note 1 'Basis of preparation' for more information.

The accompanying notes are an integral part of the condensed consolidated financial statements.

Condensed consolidated financial statements

Consolidated statement of cash flows

	Year ended 31 March 2023 €m	2022 €m
Inflow from operating activities	**18,054**	**18,081**
Cash flows from investing activities		
Purchase of interests in associates and joint ventures	(78)	(445)
Purchase of intangible assets	(2,963)	(3,262)
Purchase of property, plant and equipment	(6,250)	(5,798)
Purchase of investments	(767)	(2,009)
Disposal of interests in subsidiaries, net of cash disposed	6,976	–
Disposal of interests in associates and joint ventures	–	446
Disposal of property, plant and equipment and intangible assets	98	33
Disposal of investments	1,650	3,282
Dividends received from associates and joint ventures	617	638
Interest received	338	247
Outflow from investing activities	**(379)**	**(6,868)**
Cash flows from financing activities		
Proceeds from issue of long-term borrowings	4,071	2,548
Repayment of borrowings	(13,538)	(8,248)
Net movement in short-term borrowings	3,172	3,002
Net movement in derivatives	261	(293)
Interest paid[1]	(1,951)	(1,804)
Payments for settlement of written put options	(12)	–
Purchase of treasury shares	(1,867)	(2,087)
Issue of ordinary share capital and reissue of treasury shares	10	–
Equity dividends paid	(2,484)	(2,474)
Dividends paid to non-controlling shareholders in subsidiaries	(400)	(539)
Other transactions with non-controlling shareholders in subsidiaries	(692)	189
Outflow from financing activities	**(13,430)**	**(9,706)**
Net cash inflow	**4,245**	**1,507**
Cash and cash equivalents at beginning of the financial year[2]	7,371	5,790
Exchange gain on cash and cash equivalents	12	74
Cash and cash equivalents at end of the financial year[2]	**11,628**	**7,371**

Notes:

1. Interest paid includes €26 million of cash outflow (FY22: €58 million inflow) on derivative financial instruments for the share buyback related to maturing tranches of mandatory convertible bonds.
2. Comprises cash and cash equivalents as presented in the consolidated statement of financial position of €11,705 million (FY22: €7,496 million), together with overdrafts of €77 million (FY22: €125 million).

The accompanying notes are an integral part of the condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

1 Basis of preparation

The preliminary results for the year ended 31 March 2023 are an abridged statement of the full Annual Report which was approved by the Board of Directors on 16 May 2023. The consolidated financial statements in the full Annual Report are prepared in accordance with UK-adopted International Financial Reporting Standards ('IFRS'), with IFRS as issued by the International Accounting Standards Board ('IASB') and with the requirements of the Companies Act 2006.

The auditor's report on those consolidated financial statements was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The preliminary results do not comprise statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The Annual Report for the year ended 31 March 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 25 July 2023.

The financial information included in this preliminary announcement does not itself contain sufficient information to comply with IFRS. A separate announcement will be made in accordance with Disclosure and Transparency Rules (DTR) 6.3 when the annual report and audited financial statements for the year ended 31 March 2023 are made available on the Company's website in June 2023.

The preparation of the preliminary results requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The Group has a strong liquidity position with €11.6 billion of cash and cash equivalents available as at 31 March 2023 which, together with undrawn revolving credit facilities of €7.7 billion, cover all of the Group's reasonably expected cash requirements over the going concern period. The Directors have reviewed trading and liquidity forecasts for the Group, which were based on current trading conditions, and considered a variety of scenarios including not being able to access the capital markets during the assessment period. In addition to the liquidity forecasts prepared, the Directors considered the availability of the Group's revolving credit facilities which were undrawn as at 31 March 2023. As a result of the assessment performed, the Directors have concluded that the Group is able to continue in operation for a period of at least 12 months from the date of approving the consolidated financial statements and that it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements.

Critical accounting judgements and estimates

The Group's critical accounting judgements and estimates are disclosed in the Group's Annual Report for the year ended 31 March 2023.

New accounting pronouncements adopted

On 1 April 2022, the Group adopted certain new accounting policies where necessary to comply with amendments to IFRS, none of which had a material impact on the consolidated results, financial position or cash flows of the Group. Further details are provided in the Group's Annual Report for the year ended 31 March 2022.

Notes to the condensed consolidated financial statements

1 Basis of preparation (continued)

Basis of preparation changes adopted on 1 April 2022 - Hyperinflation

As anticipated in the Annual Report for the year ended 31 March 2022, Turkey met the requirements to be designated as a hyperinflationary economy under IAS 29 'Financial Reporting in Hyperinflationary Economies' in the quarter ended 30 June 2022. In addition, Ethiopia where the Group's associate, Safaricom, has operations has also become a hyperinflationary economy in the year. The Group has therefore applied hyperinflationary accounting, as specified in IAS 29, at its Turkish operations whose functional currency is the Turkish lira and to Safaricom's operations in Ethiopia where the Ethiopian birr is the functional currency for the reporting period commencing 1 April 2022. This resulted in an opening balance adjustment of €565 million to consolidated equity.

In accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates', comparative amounts have not been restated.

Turkish lira and Ethiopian birr results and non-monetary asset and liability balances for the year ended 31 March 2023 have been revalued to their present value equivalent local currency amount as at 31 March 2023, based on an inflation index, before translation to euros at the reporting date exchange rate of €1:20.85 TRL and €1:58.59 ETB, respectively.

For the Group's operations in Turkey:

– The gain or loss on net monetary assets resulting from IAS 29 application is recognised in the consolidated income statement within Other income.

– The Group also presents the gain or loss on cash and cash equivalents as monetary items together with the effect of inflation on operating, investing and financing cash flows as one number in the consolidated statement of cash flows.

– The Group has presented the IAS 29 opening balance adjustment to net assets within currency reserves in equity. Subsequent IAS 29 equity restatement effects and the impact of currency movements are presented within other comprehensive income because such amounts are judged to meet the definition of 'exchange differences'.

For Safaricom's operations in Ethiopia, the impacts of IAS 29 accounting are reflected as an increase to Investments in associates and joint ventures and an increase to Equity.

The inflation index in Turkey selected to reflect the change in purchasing power was the consumer price index (CPI) issued by the Turkish Statistical Institute which has risen by 50.5% during the current financial year ended 31 March 2023. The inflation index selected in Ethiopia is the CPI issued by the Ethiopian Statistics Service which rose 31.3% in the year ended 31 March 2023.

The main impacts of the aforementioned adjustments on the consolidated financial statements are shown below.

	Year ended 31 March 2023 Increase/(decrease) €m
Revenue	85
Operating profit	(87)
Profit for the financial year	(123)
Non-current assets	814
Equity attributable to owners of the parent	777
Non-controlling interests	37

Notes to the condensed consolidated financial statements

2 Equity dividends

	2023 €m	2022 €m
Declared and paid during the financial year:		
Final dividend for the year ended 31 March 2022: 4.50 eurocents per share (2021: 4.50 eurocents per share)	1,265	1,254
Interim dividend for the year ended 31 March 2023: 4.50 eurocents per share (2022: 4.50 eurocents per share)	1,237	1,229
	2,502	**2,483**
Proposed after the end of the year and not recognised as a liability:		
Final dividend for the year ending 31 March 2023: 4.50 eurocents per share (2022: 4.50 eurocents per share)	**1,215**	**1,265**

3 Assets held for sale

Reclassification of Indus Towers Limited

In the condensed consolidated financial statements for the prior year ended 31 March 2022, the Group's 21% interest in Indus Towers Limited was reported within assets held for sale. Whilst the Group remains focused on achieving a sale, the investment is not assessed as meeting the requirements of held for sale at 31 March 2023. Consequently, comparative balances as at 31 March 2022 have been re-presented in these condensed consolidated financial statements to reflect that Indus Towers Limited is no longer reported as held for sale.

Impact on the consolidated income statement

The reclassification has no impact on previously reported revenue and gross profit, as reported in the consolidated income statement.

In the year ended 31 March 2022, the share of results of equity accounted associates and joint ventures increased by €178 million, offset by a decrease of €29 million in other income. Consequently, operating profit, profit before taxation and profit for the financial year all increased by €149 million compared to amounts previously reported.

Total comprehensive income for the financial year increased by €144 million, reflecting the increase in profit for the financial year of €149 million, offset by a charge of €5 million included in other comprehensive income.

Impact on the consolidated statement of financial position

The consolidated statement of financial position is on page 26 and has not been reproduced below in its entirety. The table below only discloses the impacted lines.

	As previously presented 2022 €m	Impact of reclassification 2022 €m	Re-presented 2022 €m
Non-current assets			
Investments in associates and joint ventures	4,268	1,055	5,323
Assets held for sale	959	(959)	-
Total assets	**153,953**	**96**	**154,049**
Equity			
Accumulated losses	(122,118)	96	(122,022)
Total equity and liabilities	**153,953**	**96**	**154,049**

Notes to the condensed consolidated financial statements

4 Contingent liabilities and legal proceedings

Vodafone Idea

As part of the agreement to merge Vodafone India and Idea Cellular in 2017, the parties agreed a mechanism for payments between the Group and Vodafone Idea Limited ('VIL') pursuant to the difference between the crystallisation of certain identified contingent liabilities in relation to legal, regulatory, tax and other matters, and refunds relating to Vodafone India and Idea Cellular. Cash payments or cash receipts relating to these matters must have been made or received by VIL before any amount becomes due from or owed to the Group. Any future payments by the Group to VIL as a result of this agreement would only be made after satisfaction of this and other contractual conditions.

The Group's potential exposure under this mechanism is capped at INR 64 billion (€719 million) following payments made under this mechanism from Vodafone to VIL, in the year ended 31 March 2021, totalling INR 19 billion (€235 million).

On 7 February 2023, VIL issued equity to the Government of India equivalent to INR 161 (€1.8 billion), representing the net present value of interest accrued on both deferred spectrum auction instalments and AGR dues pursuant to a relief package announced in September 2021 which is designed to improve the liquidity and financial health of the telecom sector. Wider reforms announced as part of the relief package include a four-year moratorium on spectrum and AGR payments and the option to convert payments due on spectrum and AGR payments to equity at the end of the moratorium period which VIL elected to accept in October 2021.

VIL remains in need of additional liquidity support from its lenders and intends to raise additional funding. There are significant uncertainties in relation to VIL's ability to make payments in relation to any remaining liabilities covered by the mechanism and no further cash payments are considered probable from the Group as at 31 March 2023. The carrying value of the Group's investment in VIL is €nil and the Group is recording no further share of losses in respect of VIL. The Group's potential exposure to liabilities within VIL is capped by the mechanism described above; consequently, contingent liabilities arising from litigation in India concerning operations of Vodafone India are not reported.

Indus Towers

VIL's ability to satisfy certain payment obligations under its Master Services Agreements with Indus Towers (the 'MSAs') is uncertain and depends on a number of factors including its ability to raise additional funding. Under the terms of the Indus and Bharti Infratel merger in November 2020, a security package was agreed for the benefit of the newly created merged entity, Indus Towers, which could be invoked in the event that VIL was unable to make MSA payments. The security package included the following elements:

- A cash prepayment of INR 24 billion (€279 million) by VIL to Indus Towers in respect of its undisputed payment obligations, due under the MSAs after the merger closing. The prepayment was fully utilised during the year to 31 March 2022;
- A primary pledge over 190.7 million shares owned by Vodafone Group in Indus Towers having a value of INR 47 billion (€544 million) as at 31 March 2021. These pledged shares were sold by the Group in the year ended 31 March 2022; the Group invested INR 33.7 billion (€393 million) of the proceeds by subscribing to newly issued VIL equity, which VIL immediately used to partially settle outstanding MSA obligations to Indus Towers resulting in an equivalent partial release of the primary pledge. On 14 February 2023, a similar transaction was undertaken with INR 4.4 billion (€49 million) remaining from the sale of the primary pledge shares, fully releasing the pledge.
- A secondary pledge over shares owned by Vodafone Group in Indus Towers, ranking behind Vodafone's existing lenders for the outstanding bank borrowings of €1.5 billion as at 31 March 2023 secured against Indian assets ('the bank borrowings'), with a maximum liability cap of INR 42.5 billion (€476 million). In the event of non-payment of relevant MSA obligations by VIL, Indus Towers would have recourse to any secondary pledged shares, after repayment of the bank borrowings in full, up to the value of the liability cap.

Notes to the condensed consolidated financial statements

4 Contingent liabilities and legal proceedings (continued)

Legal proceedings

The Group is currently involved in a number of legal proceedings, including inquiries from, or discussions with, government authorities that are incidental to its operations.

Legal proceedings where the Group considers that the likelihood of material future outflows of cash or other resources is more than remote are disclosed below. Where the Group assesses that it is probable that the outcome of legal proceedings will result in a financial outflow, and a reliable estimate can be made of the amount of that obligation, a provision is recognised for these amounts.

In all cases, determining the probability of successfully defending a claim against the Group involves the application of judgement as the outcome is inherently uncertain. The determination of the value of any future outflows of cash or other resources, and the timing of such outflows, involves the use of estimates. The costs incurred in complex legal proceedings, regardless of outcome, can be significant.

The Group is not involved in any material proceedings in which any of the Group's Directors, members of senior management or affiliates are either a party adverse to the Group or have a material interest adverse to the Group.

Indian tax cases

The Group has been challenging retrospective tax demands raised by the Indian tax authority under the Finance Act 2012 against Vodafone International Holdings BV ('VIHBV') relating to a transaction in 2007 whereby VIHBV acquired assets in India from Hutchison Telecommunications International Limited. Pursuant to a new scheme for resolving tax disputes introduced by legislation in August 2021, Vodafone and the Indian Government have reached a final agreement and the demands for outstanding tax (including interest and penalties) have been withdrawn in full.

Further background relating to this matter is provided in the Group's Annual Report for the financial year ended 31 March 2022.

VISPL tax claims

VISPL is involved in a number of tax cases. The total value of the claims is approximately €471 million plus interest, and penalties of up to 300% of the principal.

Of the individual tax claims, the most significant is in the amount of approximately €239 million (plus interest of €628 million), which VISPL has been assessed as owing in respect of (i) a transfer pricing margin charged for the international call centre of HTIL prior to the 2007 transaction with Vodafone for HTIL assets in India; (ii) the sale of the international call centre by VISPL to HTIL; and (iii) the acquisition of and/or the alleged transfer of options held by VISPL in Vodafone India. The first two of the three heads of tax are subject to an indemnity by HTIL. The larger part of the potential claim is not subject to an indemnity. A stay of the tax demand on a deposit of £20 million and a corporate guarantee by VIHBV for the balance of tax assessed are in place. On 8 October 2015, the Bombay High Court ruled in favour of Vodafone in relation to the options and the call centre sale. The Indian Tax Authority has appealed to the Supreme Court of India. The appeal hearing has been adjourned indefinitely.

While there is some uncertainty as to the outcome of the tax cases involving VISPL, the Group believes it has valid defences and does not consider it probable that a financial outflow will be required to settle these cases.

Netherlands tax case

Vodafone Europe BV (VEBV) has received assessments totalling €267m of tax and interest from the Dutch tax authorities, who are challenging the application of the arm's length principle in relation to various intra-group financing transactions. VEBV has appealed against these assessments to the District Court of the Hague where a hearing was held in March 2023 and we are awaiting the decision which is currently expected in summer 2023. The Group has entered into a guarantee for the full value of the assessments issued.

The Group believes it has robust defences and does not consider it probable that there will be a financial outflow required to resolve the case.

Notes to the condensed consolidated financial statements

4 Contingent liabilities and legal proceedings (continued)

Other cases in the Group

Germany: Kabel Deutschland takeover - class actions

The German courts have been determining the adequacy of the mandatory cash offer made to minority shareholders in Vodafone's takeover of Kabel Deutschland in 2013. Hearings took place in May 2019 and a decision was delivered in November 2019 in Vodafone's favour, rejecting all claims by minority shareholders. A number of shareholders appealed which was rejected by the court in December 2021. Several minority shareholders have filed a further appeal before the Federal Court of Justice. The appeal process is ongoing. While the outcome is uncertain, the Group believes it has valid defences and that the outcome of the appeal will be favourable to Vodafone.

Italy: Iliad v Vodafone Italy

In July 2019, Iliad filed a claim for €500 million against Vodafone Italy in the Civil Court of Milan. The claim alleges anti-competitive behaviour in relation to portability and certain advertising campaigns by Vodafone Italy. The main hearing on the merits of the claim took place on 8 June 2021. On 17 April 2023, the Civil Court issued a judgement in Vodafone Italy's favour and rejected Iliad's claim for damages in full. Whether Iliad will appeal the judgement is unknown as of the date of this report.

The Group is currently unable to estimate any possible loss in this claim in the event of an adverse judgement on appeal but while the outcome is uncertain, the Group believes it has valid defences and that it is probable that no present obligation exists.

Greece: Papistas Holdings SA, Mobile Trade Stores (formerly Papistas SA) and Athanasios and Loukia Papistas v Vodafone Greece

In October 2019, Mr. and Mrs. Papistas, and companies owned or controlled by them, filed several claims against Vodafone Greece with a total value of approximately €330 million for purported damage caused by the alleged abuse of dominance and wrongful termination of a franchise arrangement with a Papistas company. Lawsuits which the Papistas claimants had previously brought against Vodafone Group Plc and certain directors and officers of Vodafone were withdrawn. Vodafone Greece filed a counter claim and all claims were heard in February 2020. All of the Papistas claims were rejected by the Athens Court of First Instance because the stamp duty payments required to have the merits of the case considered had not been made. Vodafone Greece's counter claim was also rejected. The Papistas claimants and Vodafone Greece have each filed appeals. The appeal hearings took place on 23 February and 11 May 2023 and we are waiting to receive the judgements.

The amount claimed in these lawsuits is substantial and, if the claimants are successful, the total potential liability could be material. However, we are continuing vigorously to defend the claims and based on the progress of the litigation so far the Group believes that it is highly unlikely that there will be an adverse ruling for the Group. On this basis, the Group does not expect the outcome of these claims to have a material financial impact.

UK: Phones 4U in Administration v Vodafone Limited and Vodafone Group Plc and Others

In December 2018, the administrators of former UK indirect seller, Phones 4U, sued the three main UK mobile network operators ('MNOs'), including Vodafone, and their parent companies in the English High Court. The administrators allege collusion between the MNOs to pull their business from Phones 4U, thereby causing its collapse. Vodafone and the other defendants filed their defences in April 2019 and the Administrators filed their replies in October 2019. Disclosure has taken place and witness statements were filed in December 2021. The judge has also ordered that there should be a split trial between liability and damages. The first trial on liability took place from May to July 2022. We are waiting to receive the judgement.

Taking into account all available evidence, the Group assesses it to be more likely than not that a present obligation does not exist and that the allegations of collusion are completely without merit; the Group is vigorously defending the claim. The value of the claim is not pleaded but we understand it to be the total value of the business, allegedly equivalent to approximately £1 billion with the addition of alleged exemplary damages. Vodafone's alleged share of the liability is also not pleaded. The Group is not able to estimate any possible loss in the event of an adverse judgment.

Notes to the condensed consolidated financial statements

5 Subsequent events

M-Pesa Holding Company Limited

On 17 April 2023, the Group entered into an agreement to sell M-Pesa Holding Company Limited ('MPHCL') to Safaricom Plc, an associate entity of the Group, for USD 1. MPHCL holds M-Pesa customer funds on trust for the benefit of M-Pesa customers in Kenya. Balances included in the Group's consolidated financial statements for MPHCL at 31 March 2023 include short term investments of €1,247 million and €1,226 million due to M-Pesa customers, recorded within Other investments and Other creditors, respectively. These sums are shown in the Group's consolidated financial statements in accordance with IFRS, but MPHCL acts as the independent trustee for M-Pesa customers, independently administering the trust and holding all funds from the M-Pesa customers on trust for the benefit of M-Pesa customers. Any profit generated by MPHCL, after defraying direct costs, is donated for use for public charitable purposes only. No material gain or loss is expected to arise on disposal. Completion of this transaction is subject to various approvals which are expected to be obtained before or during July 2023.

Non-GAAP measures

In the discussion of the Group's reported operating results, non-GAAP measures are presented to provide readers with additional financial information that is regularly reviewed by management. This additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly-titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself a measure defined under GAAP. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measure. The non-GAAP measures discussed in this document are listed below.

Non-GAAP measure	Defined on page	Closest equivalent GAAP measure	Reconciled on page
Performance metrics			
Adjusted EBITDAaL	Page 37	Operating profit	Page 7
Organic Adjusted EBITDAaL growth	Page 37	Not applicable	–
Organic revenue growth	Page 37	Revenue	Pages 38 and 39
Organic Group service revenue growth excluding Turkey	Page 37	Service revenue	Pages 38 and 39
Organic Group Adjusted EBITDAaL growth excluding Turkey	Page 37	Not applicable	–
Organic service revenue growth	Page 37	Service revenue	Pages 38 and 39
Organic mobile service revenue growth	Page 37	Service revenue	Pages 38 and 39
Organic fixed service revenue growth	Page 37	Service revenue	Pages 38 and 39
Organic Vodafone Business service revenue growth	Page 37	Service revenue	Pages 38 and 39
Organic financial services revenue growth in South Africa	Page 37	Service revenue	Pages 38 and 39
Other metrics			
Adjusted profit attributable to owners of the parent	Page 40	Profit attributable to owners of the parent	Page 40
Adjusted basic earnings per share	Page 40	Basic earnings per share	Page 41
Cash flow, funding and capital allocation metrics			
Free cash flow	Page 41	Inflow from operating activities	Page 42
Adjusted free cash flow	Page 41	Inflow from operating activities	Pages 20 and 42
Gross debt	Page 41	Borrowings	Page 42
Net debt	Page 41	Borrowings less cash and cash equivalents	Page 42
Pre-tax ROCE (controlled)	Page 43	ROCE calculated using GAAP measures	Pages 43 and 44
Post-tax ROCE (controlled and associates/joint ventures)	Page 43	ROCE calculated using GAAP measures	Pages 43 and 44
Financing and Taxation metrics			
Adjusted net financing costs	Page 45	Net financing costs	Page 18
Adjusted profit before taxation	Page 45	Profit before taxation	Page 46
Adjusted income tax expense	Page 45	Income tax expense	Page 46
Adjusted effective tax rate	Page 45	Income tax expense	Page 46
Adjusted share of results of equity accounted associates and joint ventures	Page 45	Share of results of equity accounted associates and joint ventures	Page 46
Adjusted share of results of equity accounted associates and joint ventures used in post-tax ROCE	Page 45	Share of results of equity accounted associates and joint ventures	Page 46

Non-GAAP measures

Performance metrics

Non-GAAP measure	Purpose	Definition
Adjusted EBITDAaL	Adjusted EBITDAaL is used in conjunction with financial measures such as operating profit to assess our operating performance and profitability. It is a key external metric used by the investor community to assess performance of our operations. It is our segment performance measure in accordance with IFRS 8 (Operating Segments).	Adjusted EBITDAaL is operating profit after depreciation on lease-related right of use assets and interest on lease liabilities but excluding depreciation, amortisation and gains/losses on disposal of owned assets and excluding share of results of equity accounted associates and joint ventures, impairment losses, restructuring costs arising from discrete restructuring plans, other income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Group.

Adjusted EBITDAaL margin is Adjusted EBITDAaL divided by Revenue.

Organic growth

All amounts marked with an '*' in this document represent organic growth which presents performance on a comparable basis, excluding the impact of foreign exchange rates, mergers and acquisitions, the hyperinflation adjustments in Turkey and other adjustments to improve the comparability of results between periods.

Organic growth is calculated for revenue and profitability metrics, as follows[1]:

- Adjusted EBITDAaL;
- Revenue;
- Group service revenue excluding Turkey[2];
- Group Adjusted EBITDAaL excluding Turkey[2];
- Service revenue;
- Mobile service revenue;
- Fixed service revenue;
- Vodafone Business service revenue; and
- Financial services revenue in South Africa.

Whilst organic growth is not intended to be a substitute for reported growth, nor is it superior to reported growth, we believe that the measure provides useful and necessary information to investors and other interested parties for the following reasons:

- It provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- It is used for internal performance analysis; and
- It facilitates comparability of underlying growth with other companies (although the term 'organic' is not a defined term under GAAP and may not, therefore, be comparable with similarly-titled measures reported by other companies).

We have not provided a comparative in respect of organic growth rates as the current rates describe the change between the beginning and end of the current period, with such changes being explained by the commentary in this document. If comparatives were provided, significant sections of the commentary for prior periods would also need to be included, reducing the usefulness and transparency of this document.

Notes:
1. Organic growth in retail service revenue in Germany, a non-GAAP metric, is no longer reported. Other performance metrics are considered more relevant for performance commentary.
2. This is a new non-GAAP measure for FY23 and has been included because of the hyperinflationary environment in Turkey.

Non-GAAP measures

Year ended 31 March 2023

	FY23 €m	FY22 €m	Reported growth %	M&A and Other pps	Foreign exchange pps	Organic growth* %
Service revenue[1]						
Germany	11,433	11,616	(1.6)	–	–	(1.6)
Mobile service revenue	5,060	5,124	(1.2)	–	–	(1.2)
Fixed service revenue	6,373	6,492	(1.8)	–	–	(1.8)
Italy	4,251	4,379	(2.9)	–	–	(2.9)
Mobile service revenue	2,972	3,141	(5.4)	–	–	(5.4)
Fixed service revenue	1,279	1,238	3.3	–	–	3.3
UK	5,358	5,154	4.0	–	1.6	5.6
Mobile service revenue	3,928	3,697	6.2	–	1.8	8.0
Fixed service revenue	1,430	1,457	(1.9)	–	1.6	(0.3)
Spain	3,514	3,714	(5.4)	–	–	(5.4)
Other Europe	5,005	5,001	0.1	2.1	0.6	2.8
Vodacom	4,849	4,635	4.6	–	(1.1)	3.5
Other Markets	3,300	3,420	(3.5)	(2.2)	36.4	30.7
Common Functions	530	522				
Eliminations	(271)	(238)				
Total service revenue	**37,969**	**38,203**	**(0.6)**	**0.2**	**2.6**	**2.2**
Other revenue	7,737	7,377				
Revenue	**45,706**	**45,580**	**0.3**	**–**	**2.7**	**3.0**
Other growth metrics						
Group service revenue excluding Turkey	36,563	36,773	(0.6)	0.3	1.3	1.0
Group adjusted EBITDAaL excluding Turkey	14,264	14,717	(3.1)	0.7	1.3	(1.1)
Vodafone Turkey - Service revenue	1,440	1,460	(1.4)	(7.2)	56.2	47.6
Vodafone Business - Service revenue	10,332	10,316	0.2	0.7	1.7	2.6
South Africa - Financial services revenue	167	155	7.7	–	2.9	10.6
Adjusted EBITDAaL						
Germany	5,323	5,669	(6.1)	–	–	(6.1)
Italy	1,453	1,699	(14.5)	–	–	(14.5)
UK	1,350	1,395	(3.2)	–	1.8	(1.4)
Spain	947	957	(1.0)	(0.1)	–	(1.1)
Other Europe	1,632	1,606	1.6	2.5	0.6	4.7
Vodacom	2,159	2,125	1.6	–	(0.2)	1.4
Other Markets	1,145	1,335	(14.2)	6.7	29.7	22.2
Vantage Towers	795	619	28.4	(21.0)	0.5	7.9
Common Functions	(139)	(197)				
Eliminations	–	–				
Group	**14,665**	**15,208**	**(3.6)**	**(0.1)**	**2.4**	**(1.3)**
Percentage point change in Adjusted EBITDAaL margin						
Germany	40.6%	43.2%	(2.6)	–	–	(2.6)
Italy	30.2%	33.8%	(3.6)	–	–	(3.6)
UK	19.8%	21.2%	(1.4)	–	0.1	(1.3)
Spain	24.2%	22.9%	1.3	–	–	1.3
Other Europe	28.4%	28.4%	–	–	–	–
Vodacom	34.2%	35.5%	(1.3)	–	0.1	(1.2)
Other Markets	29.9%	34.9%	(5.0)	2.3	(1.1)	(3.8)
Vantage Towers	59.4%	49.4%	10.0	(9.7)	(0.1)	0.2
Group	**32.1%**	**33.4%**	**(1.3)**	**(0.1)**	**–**	**(1.4)**

Note:
1. Prior to disposal, Vantage Towers revenue was reported by the Group as other revenue, not service revenue.

Non-GAAP measures

Quarter ended 31 March 2023

	Q4 FY23 €m	Q4 FY22 €m	Reported growth %	M&A and Other pps	Foreign exchange pps	Organic growth* %
Service revenue[1]						
Germany	2,821	2,903	(2.8)	-	–	(2.8)
Mobile service revenue	1,235	1,282	(3.7)	-	–	(3.7)
Fixed service revenue	1,586	1,621	(2.2)	0.1	–	(2.1)
Italy	1,055	1,085	(2.8)	0.1	–	(2.7)
Mobile service revenue	715	758	(5.7)	0.3	–	(5.4)
Fixed service revenue	340	327	4.0	(0.4)	–	3.6
UK	1,319	1,341	(1.6)	–	5.4	3.8
Mobile service revenue	948	972	(2.5)	–	5.3	2.8
Fixed service revenue	371	369	0.5	–	5.8	6.3
Spain	874	908	(3.7)	-	–	(3.7)
Other Europe	1,178	1,242	(5.2)	8.6	0.2	3.6
Vodacom	1,143	1,192	(4.1)	–	6.7	2.6
Other Markets	777	801	(3.0)	(12.0)	55.0	40.0
Common Functions	128	134				
Eliminations	(53)	(60)				
Total service revenue	**9,242**	**9,546**	**(3.2)**	**0.4**	**4.7**	**1.9**
Other revenue	1,896	1,861				
Revenue	**11,138**	**11,407**	**(2.4)**	**0.3**	**4.7**	**2.6**
Other growth metrics						
Group service revenue excluding Turkey	8,821	9,262	(4.8)	1.2	4.1	0.5
Vodafone Turkey - Service revenue	430	290	48.3	(33.5)	43.5	58.3
Vodafone Business - Service revenue	2,582	2,626	(1.7)	1.0	3.6	2.9
South Africa - Financial services revenue	40	40	–	–	14.2	14.2

Quarter ended 31 December 2022

	Q3 FY23 €m	Q3 FY22 €m	Reported growth %	M&A and Other pps	Foreign exchange pps	Organic growth* %
Service revenue[1]						
Germany	2,882	2,936	(1.8)	–	–	(1.8)
Mobile service revenue	1,279	1,301	(1.7)	–	–	(1.7)
Fixed service revenue	1,603	1,635	(2.0)	–	–	(2.0)
Italy	1,071	1,107	(3.3)	–	–	(3.3)
Mobile service revenue	750	794	(5.5)	(0.2)	–	(5.7)
Fixed service revenue	321	313	2.6	0.1	–	2.7
UK	1,327	1,292	2.7	–	2.6	5.3
Mobile service revenue	977	928	5.3	–	2.8	8.1
Fixed service revenue	350	364	(3.8)	–	2.2	(1.6)
Spain	858	940	(8.7)	–	–	(8.7)
Other Europe	1,275	1,257	1.4	–	0.7	2.1
Vodacom	1,234	1,172	5.3	–	(1.8)	3.5
Other Markets	802	867	(7.5)	4.0	37.6	34.1
Common Functions	134	136				
Eliminations	(63)	(60)				
Total service revenue	**9,520**	**9,647**	**(1.3)**	**0.3**	**2.8**	**1.8**
Other revenue	2,118	2,037				
Revenue	**11,638**	**11,684**	**(0.4)**	**0.3**	**2.8**	**2.7**
Other growth metrics						
Group service revenue excluding Turkey	9,193	9,299	(1.1)	–	1.6	0.5
Vodafone Turkey - Service revenue	334	355	(5.9)	10.6	48.2	52.9
Vodafone Business - Service revenue	2,602	2,604	(0.1)	0.5	2.0	2.4
South Africa - Financial services revenue	45	39	15.4	(3.3)	0.4	12.5

Note:
1. Prior to disposal, Vantage Towers revenue was reported by the Group as other revenue, not service revenue.

Non-GAAP measures

Other metrics

Non-GAAP measure	Purpose	Definition
Adjusted profit attributable to owners of the parent	This metric is used in the calculation of adjusted basic earnings per share.	Adjusted profit attributable to owners of the parent excludes restructuring costs arising from discrete restructuring plans, amortisation of customer bases and brand intangible assets, impairment losses, other income and expense and mark-to-market and foreign exchange movements, together with related tax effects.
Adjusted basic earnings per share	This performance measure is used in discussions with the investor community.	Adjusted basic earnings per share is Adjusted profit attributable to owners of the parent divided by the weighted average number of shares outstanding. This is the same denominator used when calculating basic earnings per share.

Adjusted EBITDAaL and Adjusted profit attributable to owners of the parent

The table below reconciles Adjusted EBITDAaL and Adjusted profit attributable to owners of the parent to their closest equivalent GAAP measures, being Operating profit and Profit attributable to owners of the parent, respectively.

	FY23			Re-presented[1] FY22		
	Reported €m	Adjustments €m	Adjusted €m	Reported €m	Adjustments €m	Adjusted €m
Adjusted EBITDAaL	**14,665**	**–**	**14,665**	**15,208**	**–**	**15,208**
Restructuring costs	(587)	587	–	(346)	346	–
Interest on lease liabilities	436	–	436	398	–	398
Loss on disposal of property, plant & equipment and intangible assets	(36)	–	(36)	(28)	–	(28)
Depreciation and amortisation on owned assets[2]	(9,649)	555	(9,094)	(9,858)	509	(9,349)
Share of results of equity accounted associates and joint ventures[3]	433	220	653	389	263	652
Impairment loss	(64)	64	–	–	–	–
Other income	9,098	(9,098)	–	50	(50)	–
Operating profit	**14,296**	**(7,672)**	**6,624**	**5,813**	**1,068**	**6,881**
Investment income	248	–	248	254	–	254
Financing costs[4]	(1,728)	(399)	(2,127)	(1,964)	28	(1,936)
Profit before taxation	**12,816**	**(8,071)**	**4,745**	**4,103**	**1,096**	**5,199**
Income tax expense[5]	(481)	(591)	(1,072)	(1,330)	61	(1,269)
Profit for the financial year	**12,335**	**(8,662)**	**3,673**	**2,773**	**1,157**	**3,930**
Profit attributable to:						
– Owners of the parent	11,838	(8,668)	3,170	2,237	1,153	3,390
– Non-controlled interests	497	6	503	536	4	540
Profit for the financial year	**12,335**	**(8,662)**	**3,673**	**2,773**	**1,157**	**3,930**

Notes:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. Operating profit and profit for the financial year have both increased by €149 million and adjusted operating profit and adjusted profit for the financial year have both increased by €191 million compared to amounts previously reported. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.
2. Depreciation and amortisation excludes depreciation on leased assets and loss on disposal of leased assets included within adjusted EBITDAaL. Refer to Additional Information on page 47 for an analysis of depreciation and amortisation. The adjustments of €555 million (FY22: €509 million) relate to amortisation of customer bases and brand intangible assets.
3. See page 46 for a breakdown of the adjustments to share of results of equity accounted associates and joint ventures to derive adjusted share of results of equity accounted associates and joint ventures.
4. See 'Net financing costs' on page 18 for further analysis.
5. See 'Adjusted tax metrics' on page 46 for further analysis.

Non-GAAP measures

Adjusted basic earnings per share

The reconciliation of adjusted basic earnings per share to the closest equivalent GAAP measure, basic earnings per share, is provided below.

	FY23 €m	Re-presented[1] FY22 €m
Profit attributable to owners of the parent	11,838	2,237
Adjusted profit attributable to owners of the parent	3,170	3,390
	Million	Million
Weighted average number of shares outstanding - Basic	27,680	29,012
	eurocents	eurocents
Basic earnings per share	**42.77c**	**7.71c**
Adjusted basic earnings per share	**11.45c**	**11.68c**

Note:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. This has resulted in an increase in profit attributable to owners of the parent and adjusted profit attributable to owners of the parent of €149 million and €191 million, respectively. As a consequence, basic earnings per share has increased by 0.51c from 7.20c to 7.71c and adjusted basic earnings per share has increased by 0.65c from 11.03c to 11.68c. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.

Cash flow, funding and capital allocation metrics

Cash flow and funding

Non-GAAP measure	Purpose	Definition
Free cash flow	Internal performance reporting. External metric used by investor community. Assists comparability with other companies, although our metric may not be directly comparable to similarly titled measures used by other companies.	Free cash flow is Adjusted EBITDAaL after cash flows in relation to capital additions, working capital movements in respect of capital additions, disposal of property, plant and equipment and intangible assets, integration capital additions and working capital related items, licences and spectrum, interest received and paid, taxation, dividends received from associates and joint ventures, dividends paid to non-controlling shareholders in subsidiaries and payments in respect of lease liabilities.
Adjusted free cash flow	Internal performance reporting. External metric used by investor community. Setting director and management remuneration. Key external metric used to evaluate liquidity and the cash generated by our operations.	Adjusted free cash flow is Free cash flow before licences and spectrum, restructuring costs arising from discrete restructuring plans, integration capital additions and working capital related items, M&A and Vantage Towers growth capital expenditure and other. Growth capital expenditure is total capital expenditure excluding maintenance-type expenditure.
Gross debt	Prominent metric used by debt rating agencies and the investor community.	Non-current borrowings and current borrowings, excluding lease liabilities, collateral liabilities and borrowings specifically secured against Indian assets.
Net debt	Prominent metric used by debt rating agencies and the investor community.	Gross debt less cash and cash equivalents, short-term investments, derivative financial instruments excluding mark-to-market adjustments and net collateral assets.

Non-GAAP measures

Cash flow and funding (continued)

The table below presents the reconciliation between Inflow from operating activities and Free cash flow.

	FY23 €m	FY22 €m
Inflow from operating activities	**18,054**	**18,081**
Net tax paid	1,234	925
Cash generated by operations	**19,288**	**19,006**
Capital additions	(8,378)	(8,306)
Working capital movement in respect of capital additions	(215)	157
Disposal of property, plant and equipment and intangible assets	98	27
Integration capital additions	(287)	(314)
Working capital movement in respect of integration capital additions	(23)	(34)
Licences and spectrum	(2,467)	(896)
Interest received and paid[1]	(1,536)	(1,615)
Taxation	(1,234)	(925)
Dividends received from associates and joint ventures	617	638
Dividends paid to non-controlling shareholders in subsidiaries	(400)	(539)
Payments in respect of lease liabilities	(4,087)	(3,943)
Other	66	53
Free cash flow	**1,442**	**3,309**

Note:
1. Includes interest on lease liabilities of €372 million (FY22: €361 million).

The table below presents the reconciliation between Borrowings, Gross debt and Net debt.

	Year-end FY23 €m	Year-end FY22 €m
Borrowings	**(66,390)**	**(70,092)**
Lease liabilities	13,364	12,539
Bank borrowings secured against Indian assets	1,485	1,382
Collateral liabilities	4,886	2,914
Gross debt	**(46,655)**	**(53,257)**
Collateral liabilities	(4,886)	(2,914)
Cash and cash equivalents	11,705	7,496
Short-term investments	4,305	4,795
Collateral assets	239	698
Derivative financial instruments	4,702	2,954
Less mark-to-market gains deferred in hedge reserves	(2,785)	(1,350)
Net debt	**(33,375)**	**(41,578)**

Non-GAAP measures

Return on Capital Employed

Non-GAAP measure	Purpose	Definition
Return on Capital Employed ('ROCE')	ROCE is a metric used by the investor community and reflects how efficiently we are generating profit with the capital we deploy.	We calculate ROCE by dividing Operating profit by the average of capital employed as reported in the consolidated statement of financial position. Capital employed includes borrowings, cash and cash equivalents, derivative financial instruments included in trade and other receivables/payables, short-term investments, collateral assets, financial liabilities under put option arrangements and equity.
Pre-tax ROCE (controlled) Post-tax ROCE (controlled and associates/joint ventures)	As above	We calculate pre-tax ROCE (controlled) by dividing Operating profit excluding interest on lease liabilities, restructuring costs arising from discrete restructuring plans, impairment losses, other income and expense, the impact of hyperinflationary adjustments in Turkey and the share of results of equity accounted associates and joint ventures. On a post-tax basis, the measure includes our adjusted share of results from associates and joint ventures and a notional tax charge. Capital is equivalent to net operating assets and is calculated as the average of opening and closing balances of: property, plant and equipment (including leased assets and lease liabilities), intangible assets (including goodwill), operating working capital (including held for sale assets and excluding derivative balances) and provisions, excluding the impact of hyper-inflationary adjustments in Turkey and significant impacts resulting from business combinations and disposals. Other assets that do not directly contribute to returns are excluded from this measure and include other investments, current and deferred tax balances and post employment benefits. On a post-tax basis, ROCE also includes our investments in associates and joint ventures.

ROCE using GAAP measures

The table below presents the calculation of ROCE using GAAP measures as reported in the consolidated income statement and consolidated statement of financial position.

	FY23 €m	Re-presented[1] FY22 €m
Operating profit[2]	**14,296**	**5,813**
Borrowings[3]	66,390	70,092
Cash and cash equivalents	(11,705)	(7,496)
Derivative financial instruments included in trade and other receivables	(6,124)	(4,626)
Derivative financial instruments included in trade and other payables	1,422	1,672
Short-term investments	(4,305)	(4,795)
Collateral assets	(239)	(698)
Financial liabilities under put option arrangements	485	494
Equity	64,483	57,073
Capital employed at end of the year	**110,407**	**111,716**
Average capital employed for the year	**111,062**	**112,830**
ROCE using GAAP measures	**12.9%**	**5.2%**

Notes:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. This has resulted in an increase of €149 million in operating profit and an increase of €96 million in capital employed at the end of the year. Consequently, ROCE using GAAP measures has increased by 0.2pps from 5.0% to 5.2% compared to amounts previously reported. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.
2. Operating profit includes Other income, which includes merger and acquisition activity that is non-recurring in nature. The results for the year ended 31 March 2023 include a gain on disposal of Vantage Towers A.G. of €8,607 million, a gain on disposal of Vodafone Ghana of €689 million and a loss on disposal of Vodafone Hungary of €69 million.

Non-GAAP measures

Return on Capital Employed ('ROCE') : Non-GAAP basis

The table below presents the calculation of ROCE using non-GAAP measures and reconciliations to the closest equivalent GAAP measure.

	Excluding Vantage Towers[2] FY23 €m	Re-presented[1] FY22 €m
Operating profit	**14,296**	**5,813**
Interest on lease liabilities	(436)	(398)
Restructuring costs	587	346
Other income	(9,098)	(50)
Share of results of equity accounted associates and joint ventures	(433)	(389)
Impairment loss	64	–
Other adjustments[2]	(413)	–
Adjusted operating profit for calculating pre-tax ROCE (controlled)	**4,567**	**5,322**
Adjusted share of results of equity accounted associates and joint ventures[3]	430	401
Notional tax at adjusted effective tax rate[4]	(1,309)	(1,597)
Adjusted operating profit for calculating post-tax ROCE (controlled and associates/joint ventures)	**3,688**	**4,126**
Capital employed for calculating ROCE on a GAAP basis	**110,407**	**111,716**
Adjustments to exclude:		
- Leases	(13,364)	(12,539)
- Deferred tax assets	(19,316)	(19,089)
- Deferred tax liabilities	771	520
- Taxation recoverable	(279)	(296)
- Taxation liabilities	457	864
- Other investments	(1,781)	(1,855)
- Investments in associates and joint ventures	(11,079)	(5,323)
- Pension assets and liabilities	(71)	(274)
- Other adjustments[2]	(877)	–
Adjusted capital employed for calculating pre-tax ROCE (controlled)	**64,868**	**73,724**
Investments in associates and joint ventures[2]	5,223	5,323
Adjusted capital employed for calculating post-tax ROCE (controlled and associates/joint ventures)	**70,091**	**79,047**
Average capital employed for calculating pre-tax ROCE (controlled)	**66,959**	**74,279**
Average capital employed for calculating post-tax ROCE (controlled and associates/joint ventures)	**72,232**	**79,880**
Pre-tax ROCE (controlled)	**6.8%**	**7.2%**
Post-tax ROCE (controlled and associates/joint ventures)	**5.1%**	**5.2%**

Notes:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. This has resulted in an increase of €128 million in adjusted operating profit for calculating post-tax ROCE (controlled and associates/joint ventures) and an increase of €96 million in adjusted capital employed for calculating post-tax ROCE (controlled and associate/joint ventures). Consequently, post-tax ROCE (controlled and associates/joint ventures) has increased by 0.2pps from 5.0% to 5.2% compared to amounts previously reported. There is no impact on pre-tax ROCE (controlled). See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.
2. Comprises adjustments to exclude the results of Vantage Towers following its disposal on 22 March 2023 and hyperinflationary accounting in Turkey. Consequently, FY22 capital employed for calculating pre-tax ROCE (controlled) and capital employed for calculating post-tax ROCE (controlled and associates/joint ventures) have been adjusted to €69,050 million and €74,373 million, respectively, for the purposes of calculating relevant FY23 averages.
3. Adjusted share of results of equity accounted associates and joint ventures used in post-tax ROCE is a non-GAAP measure and excludes restructuring costs and other income.
4. Includes tax at the Adjusted effective tax rate of 26.2% (FY22: 27.9%).

Non-GAAP measures

Financing and Taxation metrics

Non-GAAP measure	Purpose	Definition
Adjusted net financing costs	This metric is used by both management and the investor community. This metric is used in the calculation of adjusted basic earnings per share.	Adjusted net financing costs exclude mark-to-market and foreign exchange gains/losses.
Adjusted profit before taxation	This metric is used in the calculation of the adjusted effective tax rate (see below).	Adjusted profit before taxation excludes the tax effects of items excluded from adjusted basic earnings per share, including: impairment losses, amortisation of customer bases and brand intangible assets, restructuring costs arising from discrete restructuring plans, other income and expense and mark-to-market and foreign exchange movements.
Adjusted income tax expense	This metric is used in the calculation of the adjusted effective tax rate (see below).	Adjusted income tax expense excludes the tax effects of items excluded from adjusted basic earnings per share, including: impairment losses, amortisation of customer bases and brand intangible assets, restructuring costs arising from discrete restructuring plans, other income and expense and mark-to-market and foreign exchange movements. It also excludes deferred tax movements relating to tax losses in Luxembourg as well as other significant one-off items.
Adjusted effective tax rate	This metric is used by both management and the investor community.	Adjusted income tax expense (see above) divided by Adjusted profit before taxation (see above).
Adjusted share of results of equity accounted associates and joint ventures	This metric is used in the calculation of adjusted effective tax rate.	Share of results of equity accounted associates and joint ventures excluding restructuring costs, amortisation of acquired customer base and brand intangible assets and other income and expense.
Adjusted share of results of equity accounted associates and joint ventures used in post-tax ROCE	This metric is used in the calculation of post-tax ROCE (controlled and associates/joint ventures).	Share of results of equity accounted associates and joint ventures excluding restructuring costs and other income and expense.

Non-GAAP measures

Adjusted tax metrics

The table below reconciles profit before taxation and income tax expense to adjusted profit before taxation, adjusted income tax expense and adjusted effective tax rate.

	FY23 €m	Re-presented[1] FY22 €m
Profit before taxation	**12,816**	**4,103**
Adjustments to derive adjusted profit before tax	(8,071)	1,096
Adjusted profit before taxation	**4,745**	**5,199**
Adjusted share of results of equity accounted associates and joint ventures	(653)	(652)
Adjusted profit before tax for calculating adjusted effective tax rate	**4,092**	**4,547**
Income tax expense	**(481)**	**(1,330)**
Tax on adjustments to derive adjusted profit before tax	(264)	(157)
Adjustments:		
- UK corporate interest restriction	15	(12)
- Tax relating to hyperinflation accounting	(309)	–
- Tax relating to Vantage Towers disposal	(66)	–
- Deferred tax following revaluation of investments in Luxembourg	–	1,468
- Deferred tax on use of Luxembourg losses in the year	33	327
- Recognition of a deferred tax asset in Luxembourg	–	(699)
- Increase in deferred tax assets in the UK as a result of a change in the corporate tax rate	–	(593)
- Revaluation of assets for tax purposes in Italy	–	(273)
Adjusted income tax expense for calculating adjusted tax rate	**(1,072)**	**(1,269)**
Adjusted effective tax rate	**26.2%**	**27.9%**

Note:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. This has resulted in an increase in profit before taxation and adjusted profit before taxation of €149 million and €191 million, respectively. This has been offset by an equivalent decrease of €191 million in the adjusted share of results of equity accounted associates and joint ventures. Consequently, there is no net impact on the adjusted profit before tax for calculating adjusted effective tax rate and therefore there is no change to the adjusted effective tax rate. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.

Adjusted share of results of equity accounted associates and joint ventures

The table below reconciles adjusted share of results of equity accounted associates and joint ventures to the closest GAAP equivalent, share of results of equity accounted associates and joint ventures.

	FY23 €m	Re-presented[1] FY22 €m
Share of results of equity accounted associates and joint ventures	**433**	**389**
Restructuring costs	6	12
Other income	(9)	–
Adjusted share of results of equity accounted associates and joint ventures used in post-tax ROCE	**430**	**401**
Amortisation of acquired customer base and brand intangible assets	223	251
Adjusted share of results of equity accounted associates and joint ventures	**653**	**652**

Note:
1. The results for the year ended 31 March 2022 have been re-presented to reflect that Indus Towers Limited is no longer reported as held for sale. This has resulted in an increase of €178 million in adjusted share of results of equity accounted associates and joint ventures used in post-tax ROCE and an increase of €191 million in adjusted share of results of equity accounted associates and joint ventures. See note 3 'Assets held for sale' in the condensed consolidated financial statements for more information.

Additional information

Analysis of depreciation and amortisation

The table below presents an analysis of the different components of depreciation and amortisation discussed in the document, reconciled to the GAAP amounts in the consolidated income statement.

	FY23 €m	FY22 €m
Depreciation on leased assets - included in Adjusted EBITDAaL	3,883	3,908
Depreciation on leased assets - included in Restructuring costs	77	36
Depreciation on leased assets	**3,960**	**3,944**
Depreciation on owned assets	5,618	5,814
Amortisation of owned intangible assets	4,031	4,044
Depreciation and amortisation on owned assets included in Restructuring costs	9	43
Depreciation and amortisation on owned assets	**9,658**	**9,901**
Total depreciation and amortisation on owned and leased assets	**13,618**	**13,845**
Loss on disposal of owned fixed assets	36	28
Loss on disposal of leased assets	(9)	2
Depreciation and amortisation - as recognised in the consolidated income statement	**13,645**	**13,875**

Analysis of tangible and intangible additions

The table below presents an analysis of the different components of tangible and intangible additions discussed in the document.

	FY23 €m	FY22 €m
Capital additions	8,378	8,306
Integration related capital additions	287	314
Licence and spectrum additions	439	901
Additions	**9,104**	**9,521**
Intangible asset additions	3,250	3,635
Property, plant and equipment owned additions	5,854	5,886
Total additions	**9,104**	**9,521**

Definitions

Key terms are defined below. See page 36 for the location of definitions for non-GAAP measures.

Term	Definition
Africa	Comprises the Vodacom Group and business in Egypt.
ARPU	Average revenue per user, defined as customer revenue and incoming revenue divided by average customers.
Capital additions	Comprises the purchase of owned property, plant and equipment and other intangible assets, other than licence and spectrum payments and integration capital additions.
Churn	Total gross customer disconnections in the period divided by the average total customers in the period.
Common Functions	Comprises central teams and business functions.
Converged customer	A customer who receives fixed and mobile services (also known as unified communications) on a single bill or who receives a discount across both bills.
Depreciation and amortisation	The accounting charge that allocates the cost of tangible or intangible assets, whether owned or leased, to the income statement over its useful life. The measure includes the profit or loss on disposal of property, plant and equipment, software and leased assets.
Eliminations	Refers to the removal of intercompany transactions to derive the consolidated financial statements.
Europe	Comprises the Group's European businesses and the UK.
Financial services revenue	Financial services revenue includes fees generated from the provision of advanced airtime, overdraft, financing and lending facilities, as well as merchant payments and the sale of insurance products (e.g. device insurance, life insurance and funeral cover).
Fixed service revenue	Service revenue (see below) relating to the provision of fixed line and carrier services.
GAAP	Generally Accepted Accounting Principles.
IFRS	International Financial Reporting Standards.
Incoming revenue	Comprises revenue from termination rates for voice and messaging to Vodafone customers.
Integration capital additions	Capital additions incurred in relation to significant changes in the operating model, such as the integration of recently acquired subsidiaries.
Internet of Things ('IoT')	The network of physical objects embedded with electronics, software, sensors, and network connectivity, including built-in mobile SIM cards, that enables these objects to collect data and exchange communications with one another or a database.
Mobile service revenue	Service revenue (see below) relating to the provision of mobile services.
MVNO	Companies that provide mobile phone services under wholesale contracts with a mobile network operator, but do not have their own licence or spectrum or the infrastructure required to operate a network.
Next generation networks ('NGN')	Fibre or cable networks typically providing high-speed broadband.
Operating expenses	Comprise primarily sales and distribution costs, network and IT related expenditure and business support costs.
Other Europe	Other Europe markets include Portugal, Ireland, Greece, Romania, Czech Republic and Albania.
Other Markets	Other Markets comprise Turkey and Egypt.
Other revenue	Other revenue principally includes equipment revenue, interest income, income from partner market arrangements and lease revenue, including in respect of the lease out of passive tower infrastructure.
Reported growth	Reported growth is based on amounts reported in euros and determined under IFRS.
Revenue	The total of Service revenue (see below) and Other revenue (see above).
Roaming and Visitor	Roaming: allows customers to make calls, send and receive texts and data on our and other operators' mobile networks, usually while travelling abroad. Visitor: revenue received from other operators or markets when their customers roam on one of our markets' networks.
Service revenue	Service revenue is all revenue related to the provision of ongoing services to the Group's consumer and enterprise customers, together with roaming revenue, revenue from incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls.
SME	Small and medium sized enterprises.
Vodafone Business	Vodafone Business is part of the Group and partners with businesses of every size to provide a range of business-related services.
WACC	Weighted average cost of capital.

Notes

1. References to Vodafone are to Vodafone Group Plc and references to Vodafone Group are to Vodafone Group Plc and its subsidiaries unless otherwise stated. Vodafone, the Vodafone Speech Mark Devices, Vodacom and Together we can are trade marks owned by Vodafone. Other product and company names mentioned herein may be the trade marks of their respective owners.
2. All growth rates reflect a comparison to the year ended 31 March 2022 unless otherwise stated.
3. References to "Q1", "Q2", "Q3" and "Q4" are to the three months ended 30 June, 30 September, 31 December and 31 March, respectively. References to "H1" and "H2" are to the six month periods ended 30 September and 31 March, respectively. References to the "last year", "last financial year" or "FY22" are to the financial year ended 31 March 2022. References to "FY23" are to the financial year ended 31 March 2023.
4. Vodacom refers to the Group's interest in Vodacom Group Limited ('Vodacom') as well as its operations, including subsidiaries in South Africa, DRC, Tanzania, Mozambique and Lesotho. On 13 December 2022, Vodafone completed the transfer of its 55% shareholding in Vodafone Egypt to Vodacom. Vodafone Egypt will be included within the Vodacom reporting segment from 1 April 2023.
5. Quarterly historical information is provided in a spreadsheet available at investors.vodafone.com/results
6. This document contains references to our and our affiliates' websites. Information on any website is not incorporated into this update and should not be considered part of this update.

Forward-looking statements and other matters

This document contains 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group's financial condition, results of operations and businesses, and certain of the Group's plans and objectives.

In particular, such forward looking statements include statements with respect to: the Group's expectations and guidance regarding its financial and operating performance, the performance of associates and joint ventures, other investments and newly acquired businesses and expectations regarding customers; intentions and expectations regarding the development of products, services and initiatives, including the Group's strategy, introduced by, or together with, Vodafone or by third parties; expectations regarding the global economy and the Group's operating environment and market position, including future market conditions and other trends; revenue and growth expected from Vodafone Business; mobile penetration and coverage rates, the Group's ability to acquire spectrum and licences, including 5G licences, expected growth prospects across our regions and growth in customers and usage generally; anticipated benefits to the Group from cost-efficiency programmes, possible future acquisitions, including increases in ownership in existing investments, the timely completion of pending acquisition transactions and pending offers for investments; expectations and assumptions regarding the Group's future revenue, operating profit, cash flow depreciation and amortisation charges, foreign exchange rates, tax rates and capital expenditure; expectations regarding the Group's access to adequate funding for its working capital requirements and share buyback programmes, and the Group's future dividends or its existing investments; the impact of regulatory and legal proceedings involving the Group and of scheduled or potential regulatory changes; and climate change, including emissions targets and other ESG goals, commitments, targets and ambitions, climate-related scenarios or pathways and methodologies we use to assess our progress in relation to these.

Forward-looking statements are sometimes but not always identified by their use of a date in the future or such words as 'anticipates', 'could', 'will', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'estimates', or 'targets'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to the following: general economic and political conditions in the jurisdictions in which the Group operates and changes to the associated legal, regulatory and tax environments; increased competition; levels of investment in network capacity and the Group's ability to deploy view technologies, products and services; evolving cyber threats to the Group's services and confidential data; the Group's ability to embed responses to climate-related risks into business strategy and operations; rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations; the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Group's ability to generate and grow revenue; slower than expected impact of new or existing products, services or technologies on the Group's future revenue, cost structure and capital expenditure outlays; slower than expected customer growth, reduced customer retention, reductions or changes in customer spending and increased pricing pressure; the Group's ability to extend and expand its spectrum resources, to support ongoing growth in customer demand for mobile data services; the Group's ability to secure the timely delivery of high-quality products from suppliers; loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets; changes in the costs to the Group of, or the rates the Group may charge for. terminations and roaming minutes; the impact of a failure or significant interruption to the Group's telecommunications. networks, IT systems or data protection systems; the Group's ability to realise expected benefits from acquisitions, partnerships. joint ventures, associates, franchises, brand licences, platform sharing or other arrangements with third parties; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities; the Group's ability to integrate acquired business or assets; the extent of any future write-downs or impairment charges on the Group's assets, or restructuring charges incurred as a result of an acquisition or disposition; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account in determining the level of dividends; the Group's ability to satisfy working capital requirements; changes in foreign exchange rates; changes in the regulatory framework in which the Group operates; the impact of legal or other proceedings against the Group or other companies in the communications industry; changes in statutory tax rates and profit mix; climate change projection risk including, for example, the evolution of climate change and its impacts, changes in the scientific assessment of climate change impacts, transition pathways and future risk exposure and limitations of climate scenario forecasts; amendments to or new ESG reporting standards, models or methodologies; changes in ESG data availability and quality which could result in revisions to reported data going forward; and climate scenarios and the models that analyse them have limitations that are sensitive to key assumptions and parameters, which are themselves subject to some uncertainty.

A review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found in the summary of our principal risks in the Group's Annual Report for the year ended 31 March 2022 and half-year results for the six months ended 30 September 2022. The Annual Report and the half-year results can be found on the Group's website (https://investors.vodafone.com/reports-information). All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

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