



CEO's statement

Shameel Aziz Joosub

I am incredibly proud of how Vodacom held steadfast in its purpose of connecting people for a better future throughout the year. This purpose continues to drive a powerful strategy that, we believe, can support economic recovery in the markets where we operate, navigate macroeconomic uncertainties and create sustainable value for our stakeholders.

Living our purpose through our Social Contract

The COVID-19 pandemic exposed and exacerbated existing vulnerabilities in our society, especially in disadvantaged communities. The power of our purpose-led business model equipped us to meaningfully contribute to inclusion and recovery in the markets where we operate, and we are pleased with how we assisted governments and communities across the continent by deploying a range of "tech for good" solutions to mitigate the effects of the pandemic.

R79.9 billion

Group service revenue

up 3.0% on a reported basis and 4.6%* on a normalised basis

R102.7 billion

Group revenue

up 4.5% and a strong normalised growth of 5.8%

* We present normalised results to assist in understanding the underlying growth trends, which adjust for the impact of trading foreign exchanges; the impact of foreign currency translation on a constant currency basis; and the merger, acquisition and disposal activities during the current year. In FY2022, the South African rand appreciated by around 5% relative to a basket of our international business's currencies, which diluted reported growth. Additionally, start-up losses in Ethiopia negatively impacted reported growth in operating profit. The Group has a 6.2% direct stake in the Safaricom-led consortium Safaricom Telecommunications Ethiopia Plc (STEP), which is rolling out mobile services in Ethiopia. Additionally, the Group has indirect exposure through Safaricom's 55.7% effective interest in STEP.

One of the most impactful "tech for good" initiatives was our partnership with the South African government to support the COVID-19 vaccine rollout through our mVacciNation technology platform. We also partnered with the African Union Development Agency to make the platform available across the rest of Africa. Furthermore, Vodacom and Vodafone made an R87 million financial pledge to provide logistics support and cold-chain technology to deliver COVID-19 vaccines to underprivileged and rural communities in the DRC, Lesotho, Mozambique, South Africa and Tanzania.

Beyond the pandemic, Vodacom launched a fund with the Vodafone Foundation to support communities in the DRC devastated by the volcanic eruption of Mount Nyiragongo. In South Africa, we donated R7 million to assist communities affected by the July 2021 social unrest and accelerated efforts to support SMEs impacted by the resultant economic fallout. We recognise the role of SMEs in supporting economic growth, and continue to provide innovative solutions driven by technology and Big Data analytics to foster financial and digital inclusion. One such innovation is the launch of V-Hub, an online resource portal specifically designed for SMEs to unlock their full potential as they embark on a digital transformation journey.

Consistent investment in our world-class network is paramount and, over the past five years, the Group has spent over R65.7 billion to expand our capacity and increase our resilience. In a big win for the Group, in March 2022, Vodacom South Africa acquired 110MHz HDS for

R5.4 billion as part of ICASA's auction and assignment process. The licence duration of 20 years provides much-needed certainty to invest in next-generation mobile infrastructure such as 5G. This investment will broaden coverage, increase speeds and enhance network quality to unlock South Africa's digital economy and reduce the costs to communicate.

We understand the potential of internet access as a powerful enabler for economic and financial inclusion. To unlock this potential, we aim to balance price transformation with ongoing investment and product development. Notably, over the last two years, we materially reduced mobile data prices in South Africa – including a 43% reduction in the 1GB data bundle price point – along with zero-rating our ConnectU platform and providing discounted offers to disadvantaged communities. In addition to scaling our ConnectU platform across our international markets in the coming financial year, we will accelerate our CVM and Big Data capabilities to shrink "sachet" sizes to meet the challenges of rising inflation and pressure on consumer spend.

Delivering on our system of advantage

Our evolution from a TelCo to a data-driven TechCo is well on track, and we continue to leverage our scale, connectivity and ecosystem of partnerships to grow our relationships with customers. Through our multi-product strategy – called the system of advantage – we deliver diversified, differentiated offerings through three primary strategic ambitions and 10 drivers of success to create sustainable value.



Ambition 1: Africa's leading communications company

Vodacom is in the business of connecting people, places and things. As the market leader in mobile across the countries where we operate, we intend to also establish a more meaningful foundation in fixed to support our position as the connectivity partner of choice for consumer and enterprise customers alike. This ambition is underpinned by investing in the best infrastructure and technology while driving data adoption. Market leadership and scale provide us with the platform we need to deploy our system of advantage, including digital and financial services, and evolve the conversation we have with customers to one focused on the value we can deliver to their homes and businesses.

As we invest in deepening the quality and penetration of mobile and fixed connectivity services across our footprint, we unlock the potential of a digital society. In March 2022, as part of the International Telecommunication Union's (ITU) Partner2Connect programme, Vodafone and Vodacom committed to investing significantly in sub-Saharan Africa's 4G population coverage. As part of this commitment, Vodacom will drive efforts to increase 4G population coverage by an additional 70 million people across our footprint over the next five years. Furthermore, to support data adoption, we will leverage our strategic partnerships and implement innovative financing options to provide affordable devices to our customers. With smartphone penetration at just 53%, this is an exciting opportunity for the Group.

For Vodacom, market leadership reflects the quality and depth of the service we offer consumers and enterprises in our selected markets rather than the size of our footprint. Because of this, we rarely announce major M&A deals – however, this year, we identified two transformative acquisitions to complement our strategy and further enhance the Group's growth and return profile.

Firstly, we are in the process of acquiring a 55% shareholding in Vodafone Egypt for an equity consideration of R41.1 billion. Vodafone Egypt has a strong growth outlook, and our investment presents a unique opportunity to combine synergies and advance the Group's strategic connectivity and financial services ambitions in one of Africa's premier telecom operators. Vodafone Egypt's growth outlook is supported by leadership across both the consumer and enterprise segments, a clear network and spectrum advantage in comparison to peers, a brand synonymous with technology leadership, and a software factory that facilitates

leading Big Data and AI capabilities. Significantly, with over 80% of the population unbanked, we see a compelling opportunity to leverage our financial services platforms across Egypt.

Separately, in South Africa, we proposed a strategic 30% investment in CIVH's leading assets – with an option to increase our stake to 40% – as a major step in scaling our fibre offerings in the country. Through this investment, Vodacom will gain exposure to South Africa's largest open fibre access players, including Vumatel and DFA, enabling us to further diversify our connectivity offering and optimise our assets through sharing costs. Vodacom's capital and asset injection and strategic support are expected to accelerate fibre penetration in South Africa, reaching more consumers and providing internet service providers (ISPs) with greater open-access infrastructure to leverage.

Safaricom is a strategic partner of the Group. In support of Safaricom's long-term growth outlook, we participated as a minority investor in a Safaricom-led consortium that obtained a mobile telecom licence in Ethiopia. Safaricom is currently setting up operations and preparing detailed plans for operational readiness ahead of the launch in FY2023. While cognisant of the evolving situation in Ethiopia, we are proceeding with our plans, adapting and assessing the situation on the ground as it evolves.



Ambition 2: Diversify and differentiate with our digital ecosystem

Our digital ecosystem is integral to our system of advantage and provides us with a foundation from which to create deeper customer engagement and build a 360-degree customer view where we compete on value rather than price. Powered by Big Data, our digital ecosystem includes capabilities across financial and digital services to IoT platforms that span smart medicine, agriculture and buildings. These capabilities build on our connectivity leadership to diversify and differentiate our offerings. In doing so, we unlock opportunities to enhance growth and diversify revenue streams.

A key measure of our success in diversifying growth will be the contribution of new services, which include financial and digital services, IoT and fixed. In the medium term, we aim to generate between 25% and 30% of the Group's service revenue from new services, which reached 17.9% in FY2022. Our financial services business is expected to remain the most significant component of this measure, already contributing 9.5% to service revenue.

We have built a formidable financial services business, with customers reaching 60.6 million in FY2022 (including Safaricom on a 100% basis).

Our scale in financial services is underpinned by Africa's fintech leader by transaction volumes, M-Pesa, which recently celebrated its 15th anniversary. M-Pesa processes over 52 million transactions daily, which amounted to US\$324.6 billion over the year. In South Africa, our Big Data-led Airtime Advance and insurance products supported another year of strong growth, with financial services revenue up 12.4% to R2.7 billion.

Building on our success in financial services, we are implementing a two-way ecosystem through the launch of the VodaPay super-app in South Africa and M-Pesa super-app across our international markets to empower consumers and merchants with comprehensive financial services, entertainment and e-Commerce. The launch of our South African super-app, VodaPay, was a major strategic milestone in this regard. VodaPay combines the best in global technology with our investments across the fintech value chain to revolutionise our customer proposition and support greater digital and financial inclusion. M-Pesa Africa, our innovation hub, will leverage this super-app approach, along with our portfolio of financial service offerings, to ensure we build once and replicate across the markets. In this way, we can leverage our success in markets like Kenya and Tanzania while also setting up other markets to accelerate customer and service adoption. Over and above this, Egypt and Ethiopia – each with populations exceeding 100 million people – will provide transformational opportunities for our financial services business.

In the enterprise segment, our tailored service offerings enable large enterprises and SMEs, as well as governments and universities, to release productivity efficiencies through our flexible fixed, IoT, cloud and hosting and managed security solutions. Notably, in IoT, we have unique scale and capabilities supported by Vodafone and the global reach of Vodacom's local solutions, such as IoT.nxt. Our subsidiary Mezzanine is scaling smart healthcare solutions, which include mVacciNation and smart agriculture platforms. For example, our Connected Farmer platform already supports over 230 000 small-scale farmers across our footprint.

To maintain our position as a leading pan-African TechCo, we continue to enhance our Big Data capabilities. We already leverage Big Data to drive personalisation and nano-sized products at scale. In South Africa, we complete 5 million Airtime Advance transactions a day. We see Big Data as the engine that powers our digital ecosystem and will accelerate our capabilities across CVM, loyalty and financial services. By focusing on advancing digital, data-driven solutions, we can consistently expand our understanding of customers and create propositions where decisions are not simply based on price, but rather on the benefits of personalised products and services that promote accessibility and inclusion.

CEO's statement continued



Ambition 3: Optimised, future-ready TechCo

Our connectivity reach and digital ecosystem position us to drive digital and financial inclusion. Mindful that we need to deliver on our purpose while also optimising shareholder returns, we are leveraging partnerships and sharing models to support the buildout of best-in-class networks and platforms that broaden our reach and overall customer proposition. Furthermore, by embedding our agile employee culture, the Spirit of Vodacom, across the organisation, we can accelerate our transition to a TechCo and build one of Africa's most trusted and loved brands.

Delivering on our strategy and medium-term targets while still dealing with the effects of COVID-19 is a testament to the skills depth and strength of our employees. To further accelerate our system of advantage, we understand the need to develop our employees' digital capabilities to ensure each person within the Group can grow into targeted roles that support our ambitions. Our #1MoreSkill strategy continues to drive this development, and this year we established a skills transformation team at Group level to accelerate the initiative, focusing on software engineering, cloud computing, robotic process automation (RPA), cyber security and 5G. Pleasingly, our ongoing efforts to create a nurturing environment where employees can thrive continue to be externally recognised, and Vodacom was certified as Africa's Top Employer for the sixth consecutive year by the Top Employer Institute.

The health, safety and well-being of each employee continue to be a priority and key focus area across our markets. Sadly the lives of two members of the public were lost as a result of a road accident in Mozambique.

We continue to explore opportunities for sharing infrastructure and scaling platforms to maximise the Group's existing capital and operational efficiencies. In South Africa, we are carving out our tower portfolio into a separate TowerCo business to create a strategic asset for future partnerships. Separately, we established the Group Big Data and Analytics Centre of Excellence to leverage best-in-class shared capabilities across our footprint.

We remain committed to operating responsibly to preserve our natural resource base, and have the right resources in place to drive our ESG ambitions across the Group. Pleasingly, we were again recognised by leading ESG rating agencies: in October 2021, Sustainalytics ranked Vodacom first out of more than 200 companies in its Telecommunications Service industry grouping. We also maintained our AAA rating from MSCI. Our success should not come at a cost to the environment, and we continue to invest in climate-smart networks and solutions to play our part in protecting the planet for future generations.

My appreciation and outlook

In what has been both a challenging and transformative year for Vodacom, I am deeply grateful for the ongoing resilience and innovation demonstrated by our leadership and people. I would like to thank our business partners, shareholders and other stakeholders for their continued support as we take steady strides to deliver on our purpose.

Looking ahead, we will focus on developing our diverse service offerings and completing our M&A deals as we continue our exciting evolution from a TelCo to a TechCo. In the face of the uncertainty brought about by the ongoing pandemic and recent geopolitical disruptions, we remain optimistic but realistically cautious. We are committed to reducing barriers to financial and digital inclusion, and believe the many strategic milestones achieved during FY2022 will meaningfully enhance the Group's growth potential while connecting people for a better future.

Shameel Aziz Joosub

CEO
01 June 2022

What value creation means to us

Our operating context

We recognise that our footprint across Africa provides us with the opportunity to play a significant role in the continent's socioeconomic development, particularly with regard to inequality, unemployment and poverty. The COVID-19 pandemic exacerbated these challenges and created a context for corporates such as Vodacom Group to play an even more active role in driving positive change.

The Spirit of Vodacom

How we operate

01

Earn customer loyalty

02

Create the future

03

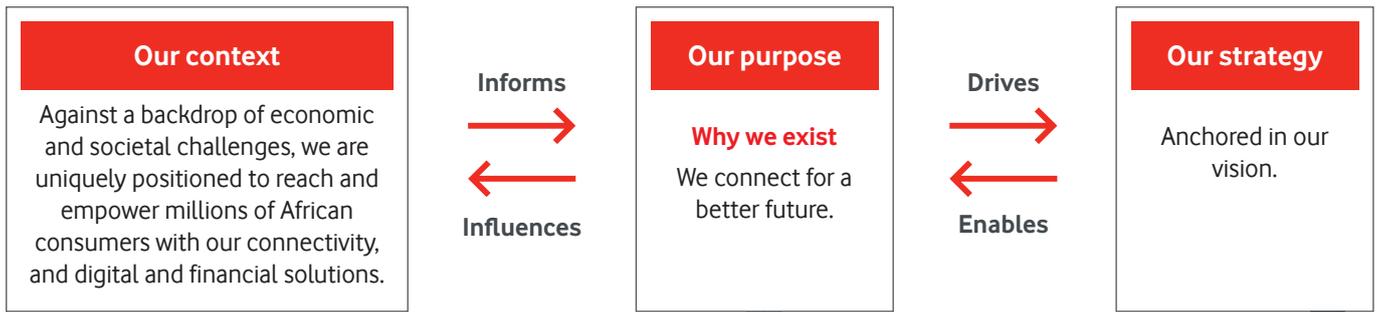
Experiment, learn fast

04

Get it done, together



<https://www.vodacom.com/presentations.php>



For more information refer to the integrated reporting boundary **page 02**.

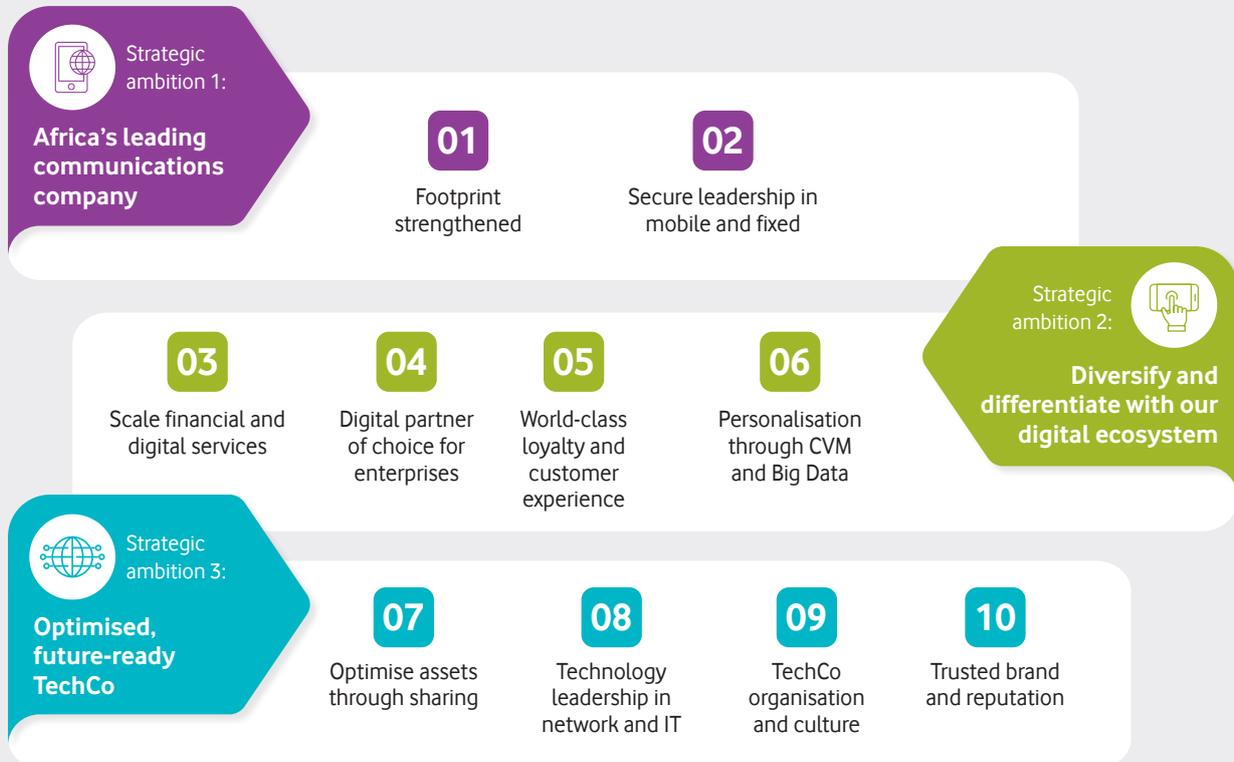
Our purpose pillars

- Digital society**
Connecting people and things to the internet
- Inclusion for all**
A digital future that is accessible to all
- Planet**
Reducing our environmental impact

For more information refer to our Sustainability value creation on **page 13**.

How we will achieve our vision

A leading African TechCo with a clear system of advantage



For more detail on our strategic ambitions and pillars, refer to **pages 36 to 69**.