



Chairman's statement

Saki Macozoma

As the world emerges from the turmoil caused by the COVID-19 pandemic and navigates economic recovery, we continue to explore the transformative effect the past two years had on our lives – both personally and professionally. Given the developments unfolding in our external environment and the strategic milestones we delivered during the year, there has never been a more pertinent time for Vodacom to centre ourselves on our purpose of connecting for a better future.

Purposefully driving economic transformation

FY2022 marked many milestones for Vodacom and, in the context of the socioeconomic inequalities highlighted by the pandemic, we find ourselves at a defining point in history where good business and social responsibility are demonstrably no longer mutually exclusive pursuits. In fact, we are driven to deliver future-ready products and services that translate into sustainable socioeconomic development across our markets by enhancing financial inclusion and promoting equal digital access.

We are guided by our Social Contract to deliver broad societal value and enhance customer trust, improve our offerings to consumers and enterprises, and collaborate with government, regulators and other key stakeholders. As part of our commitment to being a purpose-led business, we continue to maintain our reputation for responsible leadership in building a digital society accessible to all.

This commitment is an important element of our comprehensive COVID-19 response strategy. This year, we focused on embedding the second phase of our six-point plan, aiming to restart the economy and stimulate employment in the countries where we operate. To truly see positive change, governments, businesses and communities will have to work together. As such, we ensured our approach was strategic, systematic and aligned with our three purpose

pillars – digital society, inclusion for all, and planet. Towards the end of the year, we saw some positive changes, including increased vaccine coverage, improved treatments and reduced mortality. While the road to recovery might be long, we remain committed to assisting our customers and societies during these tough economic times and driving financial and digital inclusion for all.

 For more information on our Social Contract and COVID-19 response, refer to [page 12](#).

FY2022 was indeed a remarkable year for Vodacom – one where we leveraged the power of scale to deliver on a clear and powerful strategy that, ultimately, delivers superior returns to our shareholders and exceptional products and services to our customers. The Group announced two transformational M&A deals during the year – a rare occurrence within Vodacom given the high benchmark we have for the assets we target. Firstly, we took a major step forward in scaling our fibre offering in South Africa by announcing the proposed acquisition of an up to 40% stake in Community Investment Ventures Holdings (CIVH), the holding company of Vumatel and Dark Fibre Africa (DFA). We also announced our intention to acquire a 55% shareholding in Vodafone Egypt, signifying a unique opportunity to advance Vodacom's strategic connectivity and financial services ambitions in one of Africa's premier telecom operators. In addition, we participated as a direct minority and strategic investor in a consortium controlled by Safaricom,

which obtained a licence to provide mobile telecom services in Ethiopia, Africa's second most populous country.

These transactions mark a major step in diversifying our connectivity offering, optimising our assets through sharing costs and accelerating fibre reach to help bridge the digital divide. We believe these deals advance the Group's strategic ambitions and will diversify and materially enhance our growth and returns profile. Now, we focus on extending the depth of our services in our markets, preparing to provide the digital and financial platforms to enable inclusion and spur economic growth.

Another far-reaching highlight of the year was the acquisition of 110MHz high-demand spectrum (HDS) as part of the Independent Communications Authority of South Africa's (ICASA's) auction and assignment process. Our contribution to the auction was R5.38 billion and is expected to support the South African government to unlock the country's digital economy. We see this as a win for Vodacom, the sector and our customers who, in the years to come, will benefit from expanded coverage, faster speeds and enhanced network quality.

Finally, we launched our highly anticipated VodaPay super-app to support greater digital and financial inclusion and, together with the rollout of the M-Pesa super-app, we have cemented our position as Africa's largest fintech platform by subscribers.

Navigating a difficult regulatory and political landscape

Our regulatory environment continues to be challenging, driven by sometimes unpredictable changes and complex requirements that vary across the countries where we operate.

In Tanzania, for example, the government introduced new levies relating to mobile money transfers and airtime transactions. The introduction of these levies presents a material barrier to financial inclusion, and we continue to engage with the relevant authorities to assess the impact of these levies on the industry and wider economy. In the DRC, a prime ministerial decree is being drafted to impose new fees relating to quality of service, data protection, traffic monitoring and equipment control. We continue to examine this landscape to ensure the Group remains compliant and positioned for success.

The conflict in Ethiopia impacted our plans for operational readiness, but we are encouraged by the government's recent efforts to foster a truce with the northern region. We anticipate launching commercial services in FY2023 and look forward to building a world-class network in Ethiopia that will unlock its economic potential and build a positive future for people across the country.

Sustainable value creation supported by good governance

In our transition from a traditional TelCo to a fully fledged TechCo, the Board remains committed to ensuring a culture of ethics and good governance is extended across our organisation. I truly believe Vodacom's Board and management team – along with the leadership of our OpCos and subsidiaries – have the necessary skills and experience to drive the Group's transformation into a market leader in technology and communication. We also conducted a Board evaluation this year, which found that the Board continues to function effectively. More details of this evaluation can be found in the Nomination Committee (NomCo) report, included in our governance report.

Vodacom has a self-imposed 10-year tenure for independent board members. Accordingly, having served on the Board since 2012, David Brown will retire as lead independent director of the Board, chairman of ARCC and member of the Remuneration Committee (RemCo) at the Group's AGM in July 2022. On behalf of the Board, I extend my appreciation to David for his leadership and contribution to Vodacom and wish him much success in his future endeavours. Khumo Shuenyane will be appointed as lead independent director following David's retirement. Furthermore, following the conclusion of our AGM, Nomkhita Nqweni will withdraw as alternate director to Phuthi Mahanyele-Dabengwa and be appointed as independent director to the Board.

Simplified dividend policy provides scope to accelerate growth

Since the financial year ended 31 March 2013, the Board has maintained its dividend policy of paying at least 90% of adjusted headline earnings, excluding the contribution of the attributable net profit from Safaricom and any associated intangible amortisation. In addition, the Group distributed any dividend it received from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

Looking ahead, the proposed M&A deals provide a compelling opportunity to accelerate our system of advantage and the Group's growth profile. Mindful that these deals will utilise debt

the advancements in technology and digital platforms, the ICT industry also faces increased cyber security-related threats.

At Vodacom, we remain focused on mitigating external uncertainties and ultimately look forward to consolidating our position as a purpose-led organisation, adding value across our markets in Africa as we navigate the future together.

Appreciation

Considering the Group's recent M&A activity, it was indeed a very busy year for Vodacom. I want to extend my sincere thanks to the Board – especially our independent directors – for their diligence and the long hours devoted to Vodacom to finalise these deals. Their insights and guidance

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capacity and while also wanting to retain headroom to invest in growth areas, the Board considered it appropriate to review the current dividend policy. Accordingly, on completion of the Vodafone Egypt acquisition, the Group intends to amend and simplify its dividend policy and institute a policy of paying dividends of at least 75% of Group headline earnings. The simplified policy and proposed acquisitions combine to provide a high pay-out on enhanced growth prospects. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies on the JSE.

Outlook

In a time of post-pandemic recovery inspired by technology and innovation, there are many exciting possibilities to consider. As with any change, however, some factors cannot be ignored. Around the world, geopolitical tensions are becoming more apparent, mostly due to the Ukraine-Russia war, which will exacerbate supply constraints, increase foreign exchange volatility and drive inflationary pressures. Ongoing regulatory uncertainties could further hinder financial and digital inclusion. Furthermore, with

were extremely valuable during an exceptional transformational year.

My appreciation also goes to Vodacom's executive team, as well as our employees, for their extended resilience in seeing us all through to connecting for a better future. To other stakeholders – our investors and shareholders, governments and regulators, customers, communities, suppliers and business partners – thank you for your continued support.

It is a particularly exciting time in Vodacom's history, and I believe the Group is optimally positioned to deliver sustainable value to our stakeholders.

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Chairman
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