Diversify and differentiate with our digital ecosystem

Innovation is at the heart of our diversification beyond core connectivity as we prepare for an integrated digital future. Our financial services and digital lifestyle platforms are key differentiators for the Group as we build our fintech capabilities. To support this transition, we provide positive, unique customer experiences across our multi-product digital ecosystem, leveraging our investment in advanced analytics and behavioural loyalty.

CAPITALS IMPACTED

SRC | IC | MC | FC

How this supports our system of advantage

We strive to create diverse and innovative products and solutions that drive financial and digital inclusion. Key to this ambition is our digital ecosystem, which is powered by Big Data and builds on our connectivity leadership to diversify and differentiate our offerings. In doing so, we create a deeper customer engagement with a 360-degree view where we compete on value rather than price.

FY2022 at a glance

PILLAR 3

Launched the **VodaPay and M-Pesa super-apps**

60.6 million financial services customers, with
US$6.1 billion
in microloans granted

Processed
US$324.6 billion M-Pesa transactions, a 29.2% year-on-year growth

PILLAR 4

Vodacom Business **contributed**
25.2%
to Group service revenue
(FY2021: 23.2%)

Vodacom Business South Africa **service revenue up**
11.6%

Group IoT revenue increased by
32.1%
with IoT connections up **13.1% to 6.8 million**

Partnered with the African Union Development Agency to accelerate COVID-19 vaccine rollout through our **mVacciNation** technology platform

Smart agriculture platform delivering Connected Farmer and MyFarmWeb solutions
Farmers using the Connected Farmer platform:
235 000 across the DRC, Tanzania and South Africa

PILLAR 5

TOBi had **13.3 million** interactions with customers

VodaBucks, our loyalty programme, has attracted **over 8.9 million** customers since its launch in September 2020

Our digital workforce is now **54% larger** than our call centres

PILLAR 6

Personalised offers make up >50% of total bundles sold in South Africa

Customer participation on the **Just4U platform** reached 54% in Tanzania, 28% in Mozambique, 27% in Lesotho and 11% in the DRC

03

Scale financial and digital services

How this supports our purpose

We develop and scale affordable and accessible digital financial solutions to promote inclusion and provide platforms for consumers and merchants to grow. An exciting evolution in our strategy to scale financial and digital services and enable the financial inclusion of these customers is the launch of the VodaPay super-app in South Africa and M-Pesa super-app across our international markets.

These platforms aim to enhance and improve the lifestyles of our customers, delivering innovative and cost-effective personal finance and business solutions in payments, savings, investments, lending and insurance. Accordingly, financial solutions that were previously difficult and cumbersome to acquire are now easily accessible – further supporting us in connecting the next 100 million African customers to ensure no one is left behind.

We also leverage our technology capabilities to monetise data in both consumer and enterprise markets by growing our digital music, video, gaming and entertainment services platforms. We continue to encourage digital literacy and the development of digital communities with our various educational and informative platform offerings.
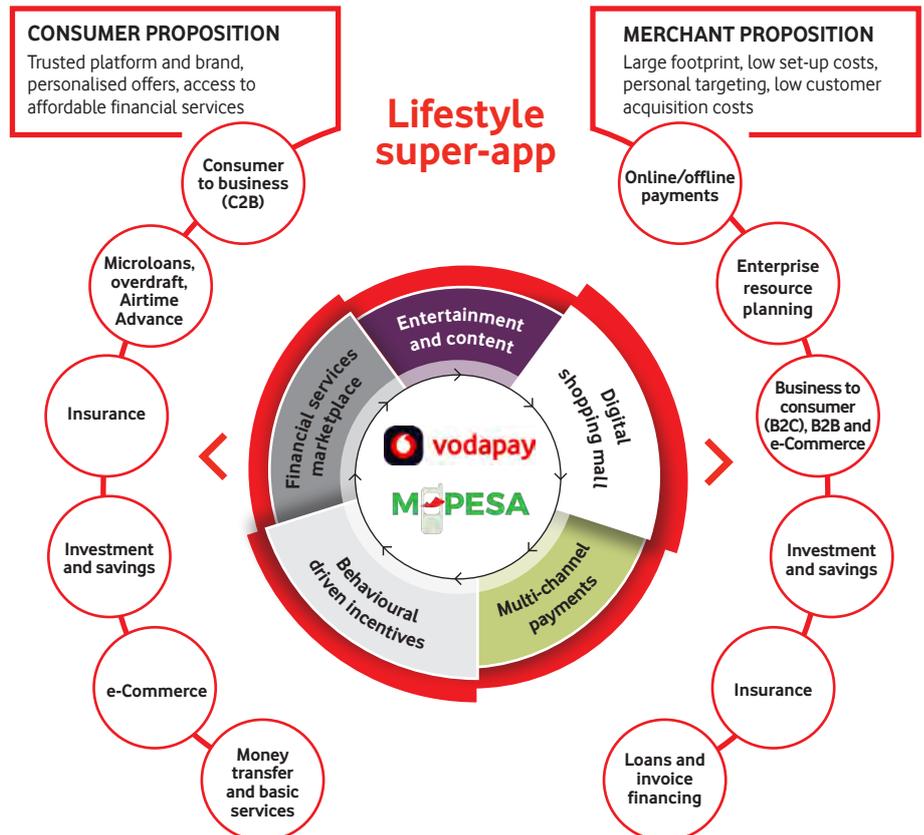
Financial services – Group

We have built a formidable financial services business across our existing markets, with products that cut across consumers and markets. This achievement reflects our strategic focus on scaling the breadth and value of our financial services products as we leverage Big Data, ML and world-class technology. We believe our financial services ambitions will diversify and materially enhance the Group's growth and returns profile.

Our dual financial services strategy

Our financial services strategy is supported by a two-way ecosystem across consumers and merchants, bringing these segments together through exceptional and personalised experiences relating to entertainment, e-commerce, payments, savings, investments, lending and insurance services. As key drivers of this strategy, our two super-apps – VodaPay and M-Pesa – integrate our own, Vodacom-built products and services with the best offerings from our partners.

Our super-app approach, which leverages the best in global technology, gives us the ability to expand our ecosystem of products from a few partners to thousands of service providers. It removes the barrier of physical limitations for both consumers and merchants alike, allowing them to expand well beyond their geographic boundaries. In this way, we provide consumers with a seamless, engaging and

hyper-personalised experience driven by Big Data and advanced analytics, while building a digitised ecosystem for merchants that is anchored in innovative payment processing services and new ways to access and engage with customers. Ultimately, we aim to create deeper customer engagement with a 360-degree view where we compete on value rather than price.

CONSUMER PROPOSITION
Trusted platform and brand, personalised offers, access to affordable financial services

MERCHANT PROPOSITION
Large footprint, low set-up costs, personal targeting, low customer acquisition costs

Lifestyle super-app

Consumer to business (C2B)

Microloans, overdraft, Airtime Advance

Insurance

Investment and savings

e-Commerce

Money transfer and basic services

Online/offline payments

Enterprise resource planning

Business to consumer (B2C), B2B and e-Commerce

Investment and savings

Insurance

Loans and invoice financing

Entertainment and content

Financial services marketplace

Digital shopping mall

Multi-channel payments

Behavioural driven incentives

vodapay

M-PESA

Africa's leading fintech player

Our financial services business is integral to our purpose-led business model, the largest component of our new services revenue and a clear strategic priority. The VodaPay and M-Pesa super-apps, strategic partnerships and African expansion are key enablers to scaling our financial services and building a pan-African fintech ecosystem that supports e-Commerce, banking and financial services that offer a single customer experience.
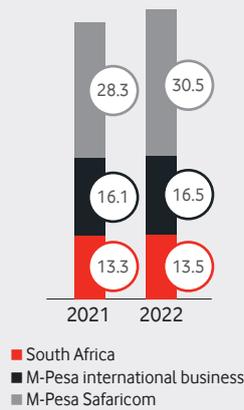
Expanding our addressable market

Our existing financial services business is scaled and provides an increasingly meaningful contribution to Group revenue. This revenue is largely a function of our core payment services, which is volume based and largely orientated towards a feature phone user. As we scale our super-app strategy, which is orientated more towards smartphone users, we will meaningfully expand our addressable market opportunities to support long-term revenue growth.
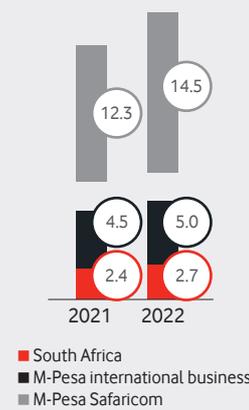
Continuing to scale our fintech platform

The Group has over

60.6 million

financial services customers
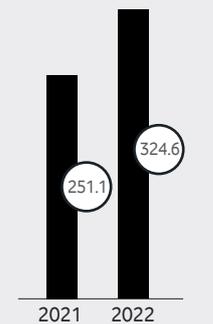
Strong underlying growth in financial services revenue

Vodacom **14.4%*** growth

Safaricom **30.3%*** growth

Annual M-Pesa transactions increased by

29.2%

Financial services customers (millions)

	2021	2022
M-Pesa Safaricom	28.3	30.5
M-Pesa international business	16.1	16.5
South Africa	13.3	13.5

Revenue from financial services (Rbn)

	2021	2022
M-Pesa Safaricom	12.3	14.5
M-Pesa international business	4.5	5.0
South Africa	2.4	2.7

Annual M-Pesa transactions value ($bn)

	2021	2022
M-Pesa international business and Safaricom	251.1	324.6

- South Africa
- M-Pesa international business
- M-Pesa Safaricom

- M-Pesa international business and Safaricom

High-growth and scalable financial services model, with attractive returns

Expanding our product set to capture growth opportunities + **Scalable platform** + **Multiple revenue drivers** = **Attractive margins and returns**

Payments and e-commerce
- Services and bill payments
- P2P transfers
- Scan to pay
- International money transfer (IMT)
- C2B
- e-Commerce payments

Lending
- Prepaid handset finance
- Airtime Advance
- Voucher Advance
- Microloans
- Overdraft facility
- Instant/virtual credit card
- Instalments

Insurance
Short-term
- Device
- Home and road assist

Long-term
- Life and funeral
- Group schemes
- Contract cover

Third-party
- Car
- Home

Savings and investments
- Savings
- Fractional ownership of shares and commodities
- Unit trusts
- Money market

Merchant services
- Online (e-Commerce) and offline POS payments
- B2B
- B2C (e.g. salaries)
- Enterprise resource planning
- Invoice financing
- SME lending

Super-app (VodaPay and M-Pesa)
- Fintech marketplace
- Entertainment and content
- Personalised offers
- Digital mall
- Behavioural loyalty

Fee per transaction
(P2P, cash out, C2B, B2B, B2C and e-Commerce)

Service fee
(Airtime Advance, content, loans)

Commissions
(investment products, third-party services)

Platform hosting fees

Advertising fees

c.40% PBT margin with further opportunities, including digitalising inflows and outflows, and increased use of shared services

Maintain low capex intensity as we leverage global tech partnerships (i.e. Alipay) and Centres of Excellence (i.e. M-Pesa Africa) to deliver highly attractive ROCE

Vodacom Financial Services – South Africa

VodaPay super-app

✔ A significant highlight of FY2022 was the successful launch of the VodaPay super-app, which has 2.2 million downloads and 1.6 million customers completing the wallet registration process. The super-app brings together our capabilities across consumers and merchants in payments, lending, insurance and e-Commerce, and provides exposure to new growth verticals like savings and investments. VodaPay service and merchant offerings are provided through unique mini-apps, including for brands such as Makro, Builders Warehouse, iStore and Clicks. We also enabled several SMEs looking to access the market to be part of the ecosystem. At year end, we had 85 mini-apps as part of the digital mall, with over 100 partners in the pipeline to join the ecosystem. We will continue to grow the merchant base to provide VodaPay users with an even more comprehensive lifestyle and shopping experience across various categories and services.

Payments

✔ Payments increased by 62% across Vodacom's acquiring and digital payments businesses. This was fuelled by deploying over 3 500 devices in the market. Direct airtime distribution through Vodacom's digital channels remains a key contributor of growth. We processed R882 million through these channels in FY2022.

✔ In October 2021, we launched the Kwika mobile point of sale device aimed at the SME merchant segment, enabling them to process debit and credit card payments. Kwika also gives business owners access to an expanding range of Vodacom Financial Services products and solutions – including merchant reporting, which is done via the online merchant portal and will later be accessible via the VodaPay super-app. To date, Vodacom processes over R250 million per month in payments through these devices.

Lending

✔ Airtime Advance continued to assist our customers when they needed it the most. In FY2022, we extended R13 billion in airtime – an 8.7% increase – growing our customer base to over 10.5 million. Additional channels made it even more convenient for our customers to obtain airtime. We are also actively rolling out Airtime Advance across our international markets.

✔ We also launched a marketplace to facilitate lending on the VodaPay super-app called VodaLend Compare. This feature allows customers to obtain quotes for personal loans from up to 11 different lenders through one seamless process.

✔ Our SME-focused lending solutions – VodaLend Business Term Advance and Business Cash Advance – continued to achieve steady growth during the year. The solutions advanced over R185 million in funding to 330 SMEs during FY2022 – an increase of over 155%.

CASE STUDY

The Bread Box Bakery was one of the first businesses to receive funding from VodaLend. The company's founder, Matlhogonolo Ledwaba, needed to expand her business but faced challenges in obtaining the right financing. After approaching VodaLend, she was able to build her business and can now provide crucial assistance to her community by feeding more than 100 impoverished children in Midrand in South Africa.

Insurance

✔ Through VodaSure, we provide life, funeral and various short-term insurance offerings to our customer base. In FY2022, revenue increased steadily by 13.1% to R1 048 million and profit by 12.1% to R303 million because of continued growth in device insurance, contract cover and funeral cover, as well as the launch of the new theft cover-only product.

✔ Sales of our funeral insurance product improved to 7 000 units per month (FY2021: 5 000). There is also increased uptake of our contract cover, which reached over one million active policies in FY2022. Our device insurance and funeral cover products are also available on the VodaPay platform.

Trading Bridge

✔ Our Trading Bridge portfolio services many enterprise and SME customers, enabling annual trade of R270 billion. During FY2022, Trading Bridge achieved 17.6% year-on-year revenue growth, despite difficult trading conditions amplified by COVID-19.

✔ Given the increased need for a cashless ecosystem in the informal market, VodaTrade introduced a cashless solution for a major fast-moving consumer goods brand this year. This means payments can be made digitally, removing several risks from the value chain.

Overall, FY2022 was an excellent year of progress for Vodacom Financial Services. Looking into FY2023, we will build on this success and look forward to expanding our portfolio of services to meet the needs of our customers.

M-Pesa – International

✔ Since its launch in 2007, M-Pesa has evolved into a payments platform that offers access to life-enhancing personal services and e-Commerce. At year end, it serviced more than 47 million customers (including Safaricom) – a 5.8% year-on-year increase – and processed over US$324.6 billion in transactions.

✔ The platform's financial services offering is a key driver of socioeconomic growth and a gateway to the digital economy. Revenue from M-Pesa increased 15.4% to R19.4 billion (FY2021: 4.5% to R16.9 billion), including Safaricom. Our international markets contributed R5.0 billion (FY2021: R4.5 billion) of this revenue. Including Safaricom, M-Pesa is used by more than 2.6 million enterprises to collect and disburse payments, and over 550 000 retail and online merchants accept M-Pesa.

✔ Value created   ✖ Value eroded

= Value sustained

Tanzania's M-Pesa performance and progress on financial inclusion were stalled by mobile money transaction levies introduced in July 2021. These levies diluted revenue by an estimated R601 million. Following engagement with the government we were grateful for a 30% reduction in the levy from September 2021. However, given that the levies still represent a material increase in end user charges, we will continue to engage with the government on a further reduction to promote financial inclusion.

M-Pesa super-app

In line with our commitment to enhancing digital inclusion, we have the M-Pesa app live in our four international markets. Led by our super-app rollout in Kenya, where we have incorporated mini-app capabilities, we have a clear roadmap for an intelligent, cloud-based platform as a single point of integration between consumers and merchants. It also provides customers with a modern, intuitive and secure way to transact on their smartphones. Including Kenya, we have 2.8 million active monthly app users, and we remain committed to expanding the M-Pesa ecosystem to further democratise financial services.

Insurance

In Tanzania, we launched VodaBima, a service that enables customers to access insurance products through the M-Pesa super-app for the first time.

Lending and consumer

In Tanzania, revenue from our lending product Songesha grew 22.7%, with the equivalent of R3.3 billion in loans disbursed in the year. Over 1.8 million customers accessed our Songesha facility during the financial year.

In the DRC, we enhanced our microloan and savings product developed with FINCA Microfinance Bank. The service offers customers the opportunity to save and earn interest via M-Pesa and to obtain microloans, which are repayable weekly or monthly based on their credit score. With these solutions, people in remote areas can access payment, loans and savings on their mobile devices without travelling significant distances to traditional banking services. Over 3.4 million customers have used this service since its launch.

We launched the Ntlatse overdraft facility in Lesotho in partnership with Redeem Financial Services, allowing consumers to complete transactions despite having insufficient balances.

Lending agents

Songesha, our overdraft facility in partnership with Tanzania Postal Bank, continued to provide cash for our agents to ensure liquidity and their availability to our customers.

New-generation payment solutions

In Tanzania, M-Pesa and Connected Farmer continued introducing digital solutions to the agriculture sector by integrating key industry players. Over 140 000 farmers are using the Connected Farmer platform, with the target of 1.8 million farmers by FY2025.

Our IMT business scaled meaningfully in the year. IMT values were up 57% to US$4 billion, including Safaricom.

Across our markets, we are working to ensure all markets are at the same level of product offering, payments and lending ecosystem.		Kenya	Tanzania	DRC	Mozambique	Lesotho
Money transfer and basic services	Cash-in/cash-out (including ATM)	●	●	●	●	●
	P2P transfer	●	●	●	●	●
	GSM service top-up	●	●	●	●	●
	Bank transfers/digital top-up	●	●	●	●	●
	IMT	●	◐	◔	◐	◔
Consumer payments and enterprise services	C2B, e.g. bill payments	●	●	●	●	●
	B2C, e.g. salary disbursements	●	●	●	●	●
	B2B, e.g. cashless distribution	◐	◐	◔		
Financial services	Microloans	◐	◐	◐		◔
	Overdraft	●	◐			◐
	Insurance	◔				
	Investments and savings	◐	◐	◐	◐	◐
	Super-app mini apps	◐		◔		
Merchant payments	In-store merchant payments	●	◐	◔	◐	◔
	e-Commerce/online payments	◐	◔			

Digital lifestyle services

We continued to develop customer-centric solutions to enhance the user experience and digital journey across our markets. At the same time, we encouraged participation through a range of educational, informative and entertainment services. We continued to expand our digital lifestyle services by enhancing our existing portfolio and introducing new products – we believe our super-apps will be catalysts for growth in this space.

Enhancing digital accessibility and literacy

To date, over 22 million unique users have visited the zero-rated ConnectU platform, with 14 million sessions initiated per month. Vodacom provided support packages for job seekers through ConnectU by combining discounted voice and data offers and continued access to learning and skills through Udemy with access to six zero-rated job sites and its Future Jobs Finder tool.

Vodacom's e-School platform has 1.6 million registered learners accessing digital education content to increase their digital literacy and performance.

In FY2022, our zero-rated Mum & Baby platform provided over 1.9 million registered subscribers with educational information about maternal and child health and well-being. We plan to enhance the platform by introducing Medi-Assist, a digital health

platform that provides Vodacom customers with medical assistance services based on two different packages. Some of the benefits will include referrals to the closest medical facilities, doctors and specialists and a 24-hour WhatsApp line allowing customers to send pictures of their medical condition for triage and preliminary diagnosis. Mum & Baby is currently available in five languages – isiZulu, Sesotho, isiXhosa, English and Afrikaans – to ensure the service is relevant and accessible to a broad audience.

✓ In the DRC, Mum & Baby expanded to 150 000 registered users. In Tanzania, the Healthy Pregnancy Healthy Baby (HPHB) platform – locally known as Wazazi – provides maternal health information to 1.3 million registered users.

Facilitating access to entertainment and content

= In FY2022, we continued to grow our localised content offerings through VLive, MyMuze and PlayInc, while also expanding our digital services with the launch of Kaboodle, a platform hosting videos and games for kids; Cupido, a dating app; and Glow, a one-stop destination portal for women in South Africa that offers news and trends in fashion, beauty, career, money and

entertainment. We invested in strategic digital partners such as VuClip and Gameloft across the Group, while enabling local partner services such as Muska in the DRC, Mozik in Mozambique, Mdundo in Tanzania and a Premier League video offering in Lesotho.

✓ We designed our super-app ecosystem to seamlessly integrate with the best partners in the industry. With the VodaPay and M-Pesa super-apps as our foundation, we will scale our entertainment offering and provide consumers with access to a range of affordable content services. Furthermore, we consistently enhance our offerings through partnerships, unlocking new revenue streams and channels for consuming content. In this way, consumers across our footprint will be able to access both Vodacom-owned products and third-party services through a dedicated entertainment hub accessible through our super-apps.

Partnerships

We continue to drive a high-growth and scalable financial services model, unlocking strategic opportunities with our key partners in line with Vodacom's Vision 2025. As a key differentiator for the Group, we leverage global tech partnerships and Centres of Excellence to deliver attractive ROCE for our shareholders while creating exciting propositions for our customers.

✓ Our landmark deal with technology leader Alipay provided an excellent opportunity to reinvent the mobile fintech ecosystem for consumers and merchants. Through this partnership, we could leverage the world-class technology of Alipay to develop the VodaPay super-app and promote greater financial inclusion for all South Africans.

✓ On Facebook, weblinks enabled customers to access direct links to Vodacom channels such as the My Vodacom App or VodaBucks. This led to an increase of over 3.6 million unique customers, with no additional marketing. We also continue to provide customers across all our markets with free access to Facebook Flex.

✓ We have entered into a strategic partnership with Visa to introduce virtual cards linked to VodaPay and M-Pesa across our markets to accelerate the merchant payments ecosystem.

Looking ahead

	Priorities for FY2023
SHORT-TERM	• Scale VodaPay and M-Pesa super-apps across our footprint. • Further democratise access to affordable lending products, including the integration of VodaLend and buy-now-pay-later solutions into the super-apps. • Launch cash-in and cash-out services for VodaPay South Africa. • Extend our zero-rated ConnectU platform into our international markets to provide access to a wide range of websites, including job portals, online learning platforms and discounted offers, for disadvantaged communities to support digital inclusion.

	Vodacom Vision 2025
	Combine the power of connectivity with financial and digital services to:
MEDIUM-TERM	Enhance our system of advantage to create deeper relationship with our customers.
	Scale affordable financial services across lending, insurance, payments, savings and insurance offerings.
	Expand our e-commerce capabilities to drive inclusion, promote SME growth and better serve our customers through digital channels.
	Provide consumers and merchants with exceptional and personalised experiences driven by Big Data insights.
	Partner with local and global service developers and brands to deliver a compelling ecosystem of third-party propositions.

04

Digital partner of choice for enterprises

How this supports our purpose

We partner with enterprises to accelerate their growth and transform their operations through digital technology. Our tailored service offerings enable large enterprises and SMEs — as well as governments and universities — to release productivity efficiencies through our flexible mobile, fixed IoT, cloud and hosting, and managed security solutions. By enhancing enterprise growth and productivity, particularly among SMEs, we support livelihoods and help society connect for a better future.

Accelerating and scaling new services

Vodacom Business is committed to becoming the digital transformation partner of choice for all enterprises, including those in the public sector. By combining our market-leading connectivity solutions with our digital ecosystem, Vodacom Business is positioned to deliver on this objective while accelerating growth in new services such as IoT, cloud and hosting, managed security, financial services and fixed.

		Key growth drivers	Enablers
1	Fixed	• Complement software-defined wide area network (SD-WAN) with fibre. • Accelerate fibre to the home and business (FTTx) through CIVH fibre deal. • SME and single office/home office provider of choice. • Establish new partnership to accelerate fibre to the business in all markets.	Community Investment Venture Holdings / D.F.A / VUMA
2	Cloud and hosting, and security	• Global tech partnership with AWS and Microsoft. • 7 000m² of data centre space in South Africa. • 23 data centres in our international markets. • Leverage subsidiaries such as Nexio.	aws / nexio / Azure
3	IoT	• Vodafone as the global leader in IoT connectivity. • Centre of Excellence accelerator for rapid incubation. • Horizontal platforms via subsidiaries, unlocking software opportunity.	mezzanine / IoT.nxt / GDSP

Broadband for enterprises, including fixed

✔ Our business connectivity infrastructure provides a resilient platform for enterprises, which was particularly essential during COVID-19-related lockdowns. Our access point name (APN) solution offers enterprise clients a sustainable gateway to keep their workforce connected.

✔ We were the first African TelCo to attain the MEF 3.0 SD-WAN certification. SD-WAN offers intelligent connectivity, along with high-speed dedicated or broadband connection, with greater efficiencies and control, through a management portal that provides complete network visibility. Our SD-WAN customer base grew year on year and, by year end, we sold 7 854 connections.

✔ Our transformational South Africa fibre deal with CIVH will enhance our FTTx footprint and accelerate the provision of high-speed connectivity solutions to businesses and SMEs in secondary towns and rural areas.

= We sustained our Connected Education platform, with more universities and schools using our services to enable a hybrid learning model. We continued to collaborate with governments, focusing on supporting their digital transformation journey through connectivity, solutions, content, devices and funding.

End-to-end cloud and hosting, and managed security services

Growing our Vodacom Enterprise Technology capabilities and services

✔ More than 80% of our enterprise customers are opting for a hybrid cloud technology strategy, using multi-cloud deployment models to take advantage of scalability and flexibility in their workloads. During the year, Vodacom Business became an AWS Outposts partner, enabling the Group to offer a fully managed service that extends AWS infrastructure, services, application programme interfaces (APIs) and tools.

✔ Over the past year, we experienced almost 40% growth in the number of customers using Vodacom's Enterprise Cloud – Microsoft Cloud, Office 365, Modern Workplace and Azure – hosting and domain services, managed software services and security services.

= As more businesses demand higher bandwidth, there is also a proportionate increase in potential cyber attacks. Our managed security services continue to protect large enterprises and SMEs, with our solutions encompassing secure networks to protect customers' online trading and e-Commerce.

CASE STUDY

Over the past few years, cloud computing quickly became critical to businesses, which had to adjust to remote working while staying agile, cost-effective and innovative. The majority of enterprises embrace a hybrid strategy of adopting cloud technology, using multi-cloud deployment models to take advantage of scalability and flexibility. To assist these enterprises, Vodacom Business is now an AWS Outposts Ready consulting partner in South Africa. This means that our enterprise clients – both SMEs and larger businesses – can benefit from a deep heritage in data centre-managed services from both Vodacom and AWS by choosing to adopt cloud flexibility at their own speed. This enables Vodacom to support businesses as they drive their cloud strategies to become more resilient in an uncertain world.

World-class IoT services

✔ We have unique scale and capabilities in the IoT segment, supported by Vodafone – the global leader in IoT[1] – as well as the global reach of Vodacom's local solutions.

✔ The acquisition of IoT.nxt continued to support positive performance for our IoT business. IoT.nxt was recognised by MachNation – a leading independent benchmarking firm – as best-in-class among IoT platforms. The platform continues to expand, opening new markets globally – including Tanzania, Mozambique, the United Kingdom (UK) and the Netherlands to name a few – and expanding the United States of America (USA) sales and operations footprint. This global expansion is underpinned by IoT.nxt's raptor energy management solution, which can drive energy savings of up to 25% per mobile network site, office buildings and many more innovative solutions using AI.

✔ Value created   ✘ Value eroded   = Value sustained

1. Number of IoT connections by mobile network operators (MNOs), excluding China. Data for competitors sourced from Berg Insight as at December 2020.

✓ Beyond Mezzanine's smart healthcare solutions, which include mVacciNation, our subsidiary is scaling smart agriculture platforms. Connected Farmer is a digital platform that improves productivity, revenue and resilience for small-scale farmers by connecting them to information, inputs, credit and buyers at scale. More than 200 000 farmers use Connected Farmer in Kenya, Tanzania, Uganda and Zambia. MyFarmWeb supports commercial farms which adopt precision agriculture practices, leveraging IoT to enhance data-driven decision-making.

Driving digital transformation in the public sector

✓ Vodacom partnered with the South African Department of Education to provide discounted data to pupils to ensure online teaching and learning continued uninterrupted. This was expanded to all nine provinces, reaching over 500 000 pupils.

✓ Our healthcare platform, mVacciNation, supported the South African government's vaccine rollout programme. At year end, over 17.5 million people over the age of 18 were fully vaccinated. This initiative was crucial in helping the country strengthen its healthcare ecosystem in the fight against COVID-19. In addition, the Mpilo app – a platform developed by Vodacom that supports improved service delivery and improved patient experience in Gauteng health facilities – had over 50 110 active users. This mobile app is zero-rated on Vodacom's network, further enhancing our contribution to digital inclusion.

= The South African government's core mobile communication contract, referred to as RT15-2021, was awarded to four different service providers. To mitigate the potential impact of market share pressure related to RT15-2021, our Public Enterprise vertical portal continues to drive adjacent government-related services – particularly those that relate to the health and education sectors. We also launched our new RT15 solutions to ensure all government employees remain connected to work applications, resulting in improved productivity.

✓ We partnered with Statistics South Africa (Stats SA) to conduct South Africa's first digital census. Over 160 000 field workers were issued devices using Vodacom APN connectivity and the Vodacom One Net Business solution. In addition, the IoT mobile device management solution provided STATS SA with real-time visibility as the field workers conducted the census. By implementing IoT.nxt Commander, we integrated all critical components within Stats SA into a single, interactive, real-time, operational matrix.

SME champion

✓ In FY2022, we launched V-Hub, an online resource portal specifically designed for SMEs to unlock their full potential as they embark on a digital transformation journey. By adopting the right digital solutions, SMEs can become more agile and resilient which, in turn, will enable them to respond to customers' evolving needs quickly. Over 3 000 SMEs have accessed this portal at year end.

✓ We offered a series of seminars and webinars called Fast Forward, and hosted SMEs on the platform to enable the discovery of digital innovation for their businesses. The Fast Forward series was extended to the V-Hub platform, providing access to the material SMEs need to operate in the digital economy and expand their businesses.

✓ The launch of our VodaPay super-app also provides SMEs with access to potential customers and offers several merchant trading solutions. In addition, we provide customised lending solutions to SMEs.

Looking ahead

Priorities for FY2023

SHORT-TERM

- Scale IoT.nxt and IoT Centre of Excellence.
- Expand SME offerings in collaboration with financial services.
- Accelerate our cloud offerings.
- Together with CIVH, expand our broadband coverage to support further SME inclusion.
- Secure resources to digitalise Vodacom Business's internal processes to provide digital-first solutions to our clients.

Vodacom Vision 2025

MEDIUM-TERM

Extend our SME propositions by delivering an online experience through our super-apps.

Develop customer-centric propositions by leveraging Big Data insights.

Continue to drive digital transformation to deliver a superior customer experience.

Scale our fixed network and SD-WAN capabilities.

Further build our end-to-end IoT solutions.

Build our intelligent business and digital transformation capability to unlock cloud and hosting services.

Expand our wholesale offering to empower more partners.

Grow our managed services and partnerships to sell with, and sell through, to assist corporates with their digitisation.
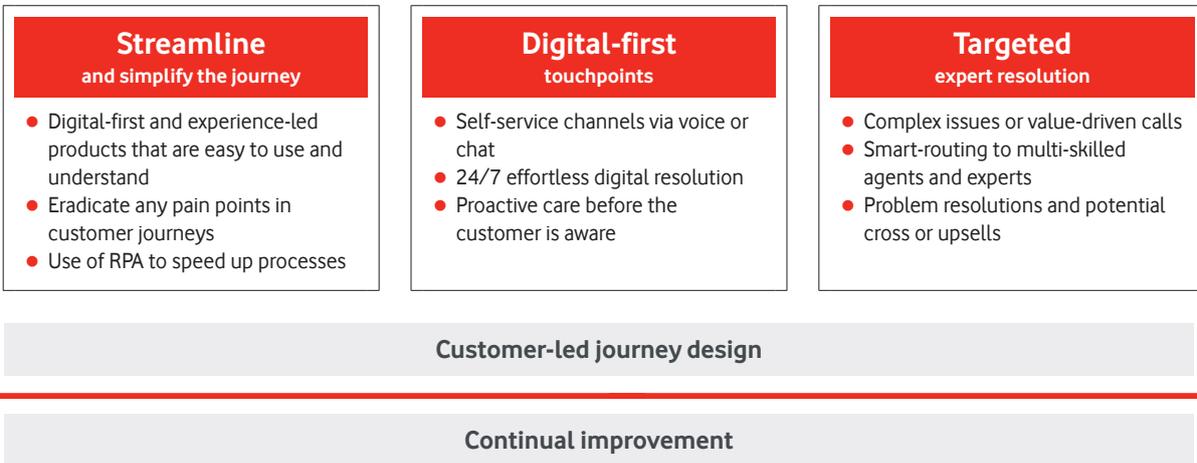
05

World-class loyalty and customer experience

How this supports our purpose

In a connected world, customer-centricity is top of mind. Our purpose relies on maintaining and growing our customer base, ensuring they have positive interactions with Vodacom across our multi-product ecosystem. We refine and evolve our customer experience strategy based on the current and future needs of our customers, striving to deliver a personalised omni-channel digital experience, and to promote inclusion and generate loyalty to our brand.

Vodacom is transforming customer experience

Streamline and simplify the journey	**Digital-first** touchpoints	**Targeted** expert resolution
• Digital-first and experience-led products that are easy to use and understand • Eradicate any pain points in customer journeys • Use of RPA to speed up processes	• Self-service channels via voice or chat • 24/7 effortless digital resolution • Proactive care before the customer is aware	• Complex issues or value-driven calls • Smart-routing to multi-skilled agents and experts • Problem resolutions and potential cross or upsells

Customer-led journey design

Continual improvement

Engaged, loyal customer base

✓ Vodacom's digital channel for self-service, the My Vodacom App (MVA), now generates over R2 billion in annual revenue, with five million active customers. Key initiatives such as storing, as well as recurring and combination card payments and radically simplified journeys, were pivotal in driving bundle revenue growth — which increased by 34.95% in FY2022. Prepaid customers who use the My Vodacom App increased by 28.6%, while the number of contract and hybrid customers increased by 8.8% and 11.5%, respectively. This year, we also introduced airtime transfer to the My Vodacom App.

✓ The My Vodacom App continued to be an area of focus across our international markets in FY2022, with the launch of My Vodacom App Lite expanding the reach of the app to attract customers with lower-end smartphones and smart feature phones. MVA Lite was launched in Lesotho, Mozambique and Tanzania, and will launch in the DRC early in Q1 of FY2023. In Tanzania, the deployment of features of the My Vodacom App has accelerated from 16 to 48, aligning with the market demand to drive usage. We have seen a massive growth of +300% in monthly active users.

✓ Value created   ✗ Value eroded   ═ Value sustained

✓ Our VodaBucks loyalty programme, which has over 1 000 partner networks, rewards customers for using our services with a unified currency to spend in our VodaBucks store. The programme attracted over 8.9 million active rewards customers, who earn, bank and spend their VodaBucks via our My Vodacom App.

✓ The Vodacom 2021 Unlock Summer campaign rewarded loyalty through the VodaBucks channel, as well as for downloading the new VodaPay super-app. This campaign generated high levels of engagement, with over 400 million plays.

✓ We are evolving VodaBucks into the underlying behavioural loyalty programme spanning the customer experience. Importantly, we are extending the programme to reach non-Vodacom customers through our VodaPay super-app.

✓ In Tanzania, our loyalty programme engages about 2.2 million customers per month. We are also scaling our third-party rewards programme, Vodacom Deals Coupon, based on special discounts from selected merchants in categories such as food and beverages, fashion, lifestyle and travel.

CASE STUDY
The VodaBucks rewards programme supports Vodacom's strategy of becoming a leading TechCo

In the past, Vodacom had diverse loyalty offerings spanning multiple programmes. It became increasingly important to innovate around these programmes to compete and generate the levels of success seen by some of the modern loyalty schemes in the market.

Accordingly, we launched the VodaBucks rewards programme in September 2020. The programme is now one of South Africa's biggest loyalty programmes – it has transformed the lives of over 26 million engaged customers by rewarding them with more than R3.3 billion in lifestyle rewards and cash prizes. In addition to the rewards given away, over 2.1 billion VodaBucks were redeemed, and customers completed more than 147 million personalised goals during FY2022. Customers can earn, bank and spend the unified VodaBucks currency on products and services from more than 3 000 brands in the ground-breaking, digital-first VodaBucks store.

World-class customer experience in all journeys, channels and touchpoints

= We improved customer access by including the option to speak to an agent at every point of our interactive voice response. About 60% of our agents have returned to the office, while the remainder continue to work from home to manage our customers through various support channels. We will retain this flexible model moving forward.

= Through project Inikezo – a specialised training programme for agents living in rural areas – we continued to enhance the traditional outsourced provider model. We recruited agents from a bigger geographic area, enabling us to source the best talent across South Africa.

✗ While Vodacom strives to deliver a world-class customer experience, we do receive customer complaints. In the year, there was a notable increase in fibre-related complaints in South Africa. We see complaints as an opportunity to address our customer experience, but nevertheless recognise that customer frustration is a source of value erosion.

CASE STUDY
Launching Vodacom's first green store

As part of our efforts to preserve the environment and drive sustainable development, in November 2021 we launched new, first-of-its-kind stores of the future in Fourways and Midrand in Gauteng province in South Africa. The stores integrate design with customer experience to ensure we design and build retail environments that deliver on and reinforce our brand promise of being customer-focused. This Store 2.0 is digital-first and energy-efficient while also driving a seamless retail experience for our customers. The new stores are also in line with Vodacom's RedLovesGreen philosophy, which encapsulates our belief that business success and consumer satisfaction can run in tandem with a commitment to the environment and our purpose-led business model.

We use innovative digital technology to provide seamless, paperless customer journeys, with over 15 unique capabilities showcasing Vodacom products and services. Each store uses design principles to reduce waste and minimise the maintenance of furniture, shop fittings and assets. We used sustainable materials like responsibly sourced timber and low-toxic paints, while sensors were installed to locate any water leaks. During the build stage, 80% of all waste was recycled, and a dedicated waste and recycling management plan was applied.

Providing digital-first touchpoints

✓ Our chat and voice digital channels are growing exponentially. Since launching in January 2021, TOBi Voice, TOBi Chat and TOBi Assist handled 13.3 million transactions, compared with 8.6 million calls routed to live agents during the year. TOBi Assist, specifically, increased from about 703 000 transactions in FY2021 to 5.5 million in FY2022 – a significant increase of 687%.

✓ TOBi Assist also contributed to a 3% improvement in first-call resolution, empowering our frontline agents to resolve customer problems as quickly as possible. This further supported a structural reduction in average handle time of 18%, and a 28% reduction in back-office service requests.

Through optical character recognition, TOBi Assist is identifying our financial services customers' documentation, automating the loading of new banking details to our system from email. TOBi also assists with recommendations to the contact centre agent to speed up calls and accurately capture customer information.

We continue to leverage our Big Data assets to solve customer pain-points. For example, the Touch-point Net Promoter Score (tNPS) model individually evaluates the probability of each customer being either a promoter or detractor and triggers a supportive action.

We are expanding the voice capability of TOBi. More than 1 000 Vodacom employees are undergoing TOBi training to understand and learn different dialects within the African and South African languages. We launched TOBi Voice and TOBi Chat in isiZulu in the second half of the year – a first in South Africa.

TOBi has a tNPS of 42, the same score as our live agents a year ago. TOBi is approaching the same level of efficiency as our live agents, and growing. Our **resolution rates** have reached 87% for first-contact resolution, which is also an all-time high.

Targeted expert resolution

To further differentiate and personalise the customer experience, we are transforming how we resolve queries for our postpaid customer base through smart routing. In partnership with Tech Mahindra, we are building a resolution hub aimed at reducing or eliminating multiple handover points to different agents or departments. By using a multi-skilled team to manage customer issues, queries are managed by a single team of experts. At year end, 484 agents had been skilled in this approach. We hope to expand this during FY2023.

Raising the bar for NPS

We continue to use NPS to quantify the quality of our customers' experience with our brand in comparison with our competitors. In FY2022, we changed how we measured NPS to a combined online and face-to-face approach to ensure compliance with the Protection of Personal Information Act, 2013 (POPI Act) and **futureproof our study** for the digital future. While this temporarily affected perceived market leadership, we continue to see pockets of excellence. In South Africa, our live agent tNPS score is at an all-time high of 56.

Enhanced experience for our customers with special needs

We continued to drive the digital inclusion of customers living with disabilities to ensure they remain connected. Vodacom's Specific Needs Office works closely with various operational divisions to create accessible solutions suitable for persons living with disabilities.

During the year, we launched the Nokia 2720 – a smartphone designed to provide easier access to senior citizens, people living with disabilities and those who experience other barriers to communication. The phone is pre-loaded with WhatsApp and Facebook, and has a dedicated emergency button that will send an SMS with location information to five pre-loaded contacts.

In celebration of South Africa's annual Disability Rights Awareness Month, we donated 5GB of data to all registered customers with disabilities for three months.

Looking ahead

	Priorities for FY2023
SHORT-TERM	• Evolve from a traditional, on-premises hardware infrastructure to a contact centre in the cloud. • Enhance journeys and processes for our fibre business in South Africa. • Scale expert resolution in partnership with Tech Mahindra. • Extend VodaBucks to all customer segments across various platforms and business segments. • Scale our VodaBucks (or equivalent) loyalty programme across all markets. • Further develop the capabilities of TOBi Voice, including more vernacular options. • Explore end-to-end RPA for financial services customer service.

|	**Vodacom Vision 2025**
MEDIUM-TERM	Steer customers to use digital channels using our Big Data and predictive analytics.
	Digitise, optimise and automate the end-to-end customer experience journey using RPA technology.
	Ensure every customer experience is unique, adding value by deploying RPA and smart-routing technologies in our call centres.

06

Personalisation through CVM and Big Data

How this supports our purpose

As a customer-centric and purpose-led business, we develop propositions for our various customer segments based on their unique needs. Over the past five years, we have invested significantly in world-class, flexible Big Data technology to enable deeper, textured layers of understanding of our customers — including their day-to-day behaviours, motivations and aspirations. By meeting specific needs we can segment, personalise and offer nano-sized connectivity offerings and financial services to promote accessibility and inclusion.

Big Data powering our digital ecosystem

Big Data is the engine that powers our digital ecosystem and underpins our CVM, loyalty and financial services capabilities. By investing in Big Data and analytics, we have expanded our customer view to over 3 000 attributes — providing us with a 360-degree customer lens. With these insights, we generate "next-best offers" for our customers, which are further enhanced by behavioural loyalty rewards. Importantly, by creating a ring around the customer with both connectivity and financial and digital services, our customer proposition moves beyond just a decision on price.
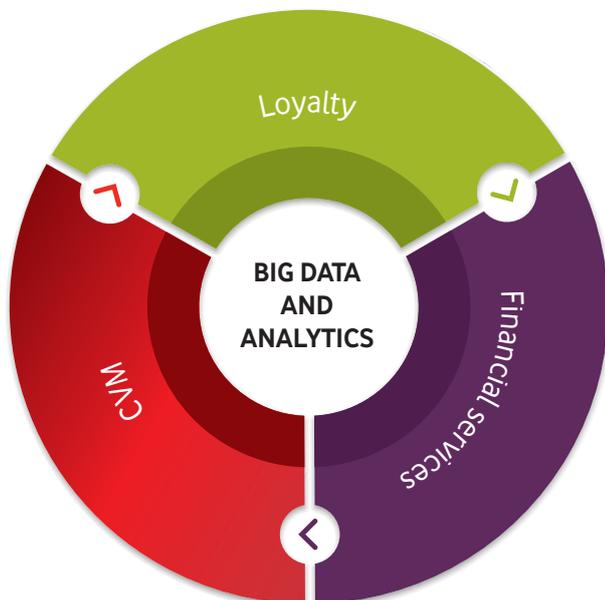
Enhancing customer experience through personalisation

In today's hyper-competitive, multi-SIM markets, customers make daily decisions on which SIMs to recharge. These factors have led to prepaid consumers having multiple different prepaid SIM cards from different MNOs, allowing them to constantly hunt for preferred pricing, promotions and free allocations. Reducing duality is a cornerstone in the continued growth of revenue from the prepaid consumer segment, as this would lead to consumer spend consolidation and increased revenue for Vodacom if achieved at scale. In response, we are working on a proactive CVM strategy — supported by Big Data — for our markets to deepen customer relationships and drive growth.

- In the prepaid business, bundle sales of personalised offers make up more than 50% of total bundles sold in South Africa, reflecting our CVM capabilities. This mass adoption of personalised data offers allows us to manage network resources, effective data rates and revenue carefully.

- Just4U, our flagship personalised offering, continues to be a key differentiator as our customers benefit from unique and personalised deals on airtime, data and text messages. Our customer participation on the Just4U platform reached 54% in Tanzania, 28% in Mozambique, 27% in Lesotho and 11% in the DRC.

- Our Big Data and CVM capabilities are deeply integrated into our behavioural loyalty programme, VodaBucks. (For more information, refer to "World-class loyalty and customer experience" on page 51). By leveraging these capabilities, our VodaBucks programme increased active customer days on our network by 1.3 days in South Africa, reflecting enhanced customer engagement and more frequent purchases.

Reaching the most vulnerable communities

✓ In South Africa, our geographically targeted offers and campaigns proved successful in FY2022, allowing for deeper consumer insights and improved usage of underutilised network resources. One such offer, Just4U Town, aims to reach the most vulnerable communities to ensure all customers have access to affordable voice and data services. Through this platform, the discounts offered are determined by the location, income levels and available network capacity of a specific customer base. During the year, revenue from the Just4U Town platform increased by over 40% year on year, and now accounts for 27% of all revenue from personalised offers. Additional spectrum will provide an opportunity to enhance these initiatives as coverage, capacity and penetration allow for underlying cost structures to improve.

Big Data empowering financial services and our super-apps

The advanced integration of Big Data with our financial services products provides alternate credit scoring data and personalised experiences. By leveraging the Big Data capabilities of our super-apps, we are able to generate rich customer insights used to improve customer care and, in the future, offer more personalised and relevant offers that span lending, savings, investment, entertainment and e-commerce.

Loyalty	**Credit and wealth**	**Merchant**	**Online payments**
Grow revenue incrementally	Loan marketplace, personalisation and fraud prevention	Acquisition, loyalty, churn and personalisation	Personalised marketing, fraud prevention and transaction auto-fulfilment

Insurance	**Digital**	**IMT**	**Fraud and AML**
Product recommendation, visual claims and lapse prediction	Always-on marketing, personalisation and money management	Recommendations, contextual, activity, spend, churn	Improved fraud and AML controls

Enhancing super-app capabilities

✓ Big Data already plays an important role in fraud prevention across both connectivity and financial services. In FY2022, we reduced merchant fraud within our M-Pesa ecosystem by using graph analytics-based anomaly detection at scale.

✓ Beyond our CVM, loyalty and financial services capabilities, we also leverage Big Data and analytics to support data-led decision-making and drive efficiencies within the Group. Specifically, we focus on intelligent automation to enhance our internal digital capabilities – particularly as it relates to fibre – deploying smart-routing technologies in our call centres and making smart capex-related decisions.

Looking ahead

SHORT-TERM

Priorities for FY2023

- Leverage our advanced CVM capabilities across both our connectivity and financial services to increase our focus on segmentation and localisation, while also focusing on smaller "sachet" sizes to meet the challenges of rising inflation and pressure on consumer spend.
- Grow Big Data use cases and 360-degree customer attributes.
- Roll out Big Data capabilities in all markets and embed these in our super-apps.
- Mature Big Data sophistication in financial services.
- Radically simplify offerings in the core mobile business.

MEDIUM-TERM

Vodacom Vision 2025

Reduce the digital divide and enable access for more South Africans to ensure everyone can connect affordably.

Enable a seamless system for customers to use their mobile phones to connect, access entertainment, pay bills, invest, lend and insure.

Humanise technology and simplify and transform the customer experience to achieve true convergence of our multi-product offerings.

Democratise data design compelling customer propositions, embed our loyalty programme and enhance regional execution.