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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

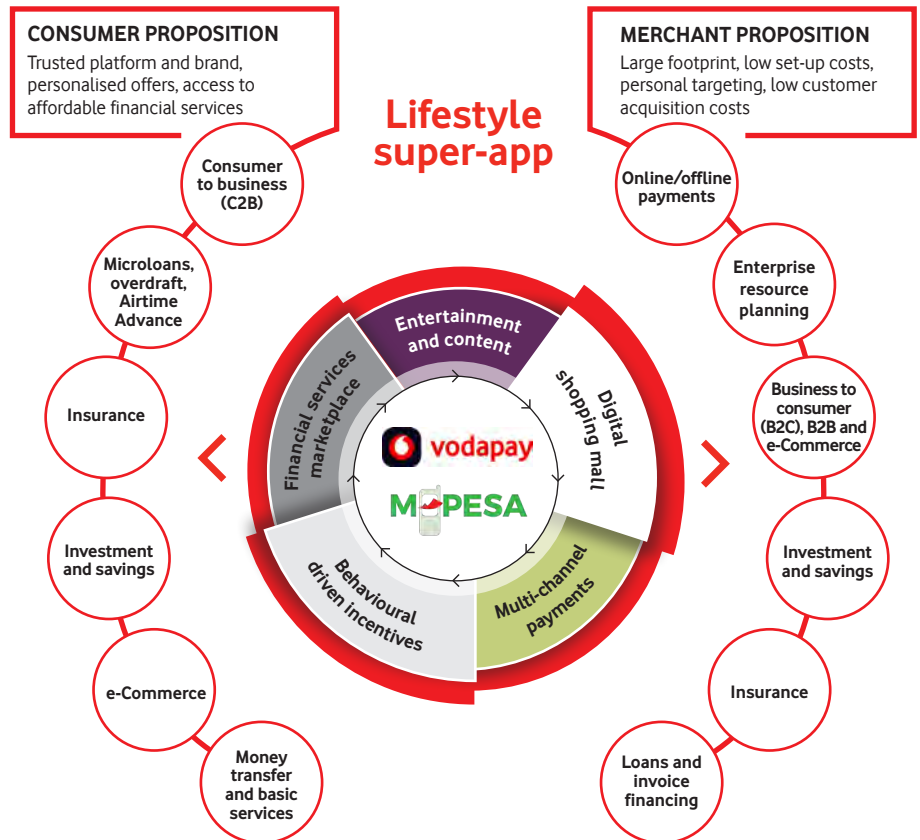
We have built a formidable financial services business across our existing markets, with products that cut across consumers and markets. This achievement reflects our strategic focus on scaling the breadth and value of our financial services products as we leverage Big Data, ML and world-class technology. 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.





Diversify and differentiate with our digital ecosystem continued

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.

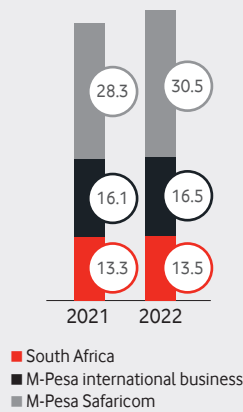
Expanding our addressable market

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

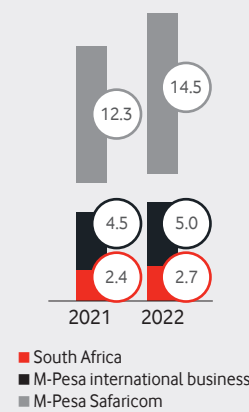
The Group has over **60.6 million** financial services customers

Financial services customers (millions)



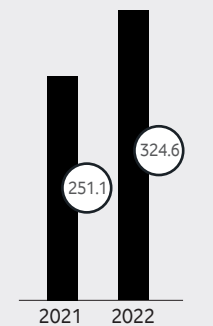
Strong underlying growth in financial services revenue
 Vodacom **14.4%*** growth
 Safaricom **30.3%*** growth

Revenue from financial services (Rbn)



Annual M-Pesa transactions increased by **29.2%**

Annual M-Pesa transactions value (\$bn)



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

Insurance

- Short-term**
- Device
 - Home and road assist
- Long-term**
- Life and funeral
 - Group schemes
 - Contract cover
- Third-party**
- Car
 - Home

Lending

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

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



Diversify and differentiate with our digital ecosystem continued

- ✗ 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



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.

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

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.