

Chairman's statement

FY2023 will be remembered as the year Vodacom made significant progress in implementing our multiproduct strategy – the **System of Advantage** – particularly in strengthening our footprint and securing leadership in mobile and fixed. These milestones have positioned us for growth as we live our purpose of connecting for a better future.

Strengthening our footprint

The Group made significant progress in finalising the transformational transactions announced in FY2022. The Group concluded the acquisition of a 55% shareholding in Vodafone Egypt, and now we can proudly say our reach stretches from Cape to Cairo.

In South Africa, our proposed acquisition of a joint venture stake in MAZIV (Proprietary) Limited (MAZIV), that will house the material fibre assets of Vodacom South Africa and CIVH, received conditional approval from ICASA to proceed. In addition, the Safaricom-led consortium, in which we participate as a minority strategic investor, launched commercial operations in Ethiopia.

These milestones highlight Vodacom's ability to execute its strategic ambitions and build on its reputation of action and implementation. In the long-term, these transactions will enable Vodacom to deliver superior returns to shareholders and exceptional products and services to our customers across Africa.

Navigating a complex operating environment

Globally, geopolitical tensions remain high, driving inflationary pressures and increasing foreign exchange volatility, which impacts the Group's strategic decisions. At an operational level, developing network resilience in the face of unstable electricity supplies remains a key challenge in many OpCos. This is particularly true in South Africa, where loadshedding reduced average monthly grid availability. Despite these challenges, Vodacom South Africa maintained network availability above 95%, due to increased investment in building battery capacity and onsite power-generation capabilities.

Vodacom, along with its consortium partners, successfully navigated supply chain challenges in Ethiopia to secure the launch of commercial services. This lays the foundation for building a world-class network that will unlock economic potential and increase opportunities for people across the country. In Tanzania, a reduction in the mobile money transaction levies, initially imposed in FY2022, was supportive of financial

inclusion. In the DRC, management is progressing with negotiations related to ongoing tax disputes.


The regulatory landscape in Africa continues to evolve. We stay abreast of these changes to ensure the Group remains compliant and positioned for success. Our ability to engage with governments and regulators on complex issues, such as spectrum and the launch of commercial services, illustrates our commitment to working with our stakeholders to create sustainable and inclusive value across the African continent.

As new challenges arise, we acknowledge that a number of our headwinds have eased. Vodacom's spectrum standing across our OpCos improved after years of internal work and engagement with governments and regulators to secure access to spectrum for broadband users. In addition to spectrum secured in South Africa at the end of FY2022, we acquired spectrum in Tanzania and Mozambique during the financial year, which will contribute to bridging the digital divide through our connectivity services.

Creating value by focusing on customer needs

Vodacom's success is built around its ability to address customer needs through its products and services. A customer focus is embedded in how we operate and is seen as a competitive imperative. As we increase our footprint and grow market share, we unlock new opportunities and synergies that can transform customers' lives once implemented at scale across our markets.

To tailor our response to customer needs at an individual level, we leveraged our intellectual capital and new technologies. The Board's oversight of our transition from a TelCo to a TechCo increasingly enables Vodacom to meet individual customer needs. Examples of this are our success with our chatbot, TOBi, and our use of data to personalise our products and services offerings. Our super-apps, VodaPay and M-Pesa, continue to scale, supporting greater digital and financial inclusion and cementing our position as Africa's largest FinTech platform by subscribers.

 Read more about our digital and financial services in our intellectual capital chapter on [Page 72](#).

Our relentless pursuit of purpose

Our relentless pursuit of connecting for a better future encapsulates where we intend to make a difference in our markets. In line with this and our focus on ESG, the Board oversees the Group's efforts to continue developing future-ready products and services that connect Vodacom customers for a better future; the contributions made to sustainable socio-economic development across our markets; the enhancement of financial inclusion; and the promotion of equal digital access.

Living our purpose includes focusing on the roles of technology and connectivity in promoting equality regardless of geography, race and gender and providing support in critical sectors such as education and food security to help build capacity and resilience. While we acknowledge a company cannot remedy all societal challenges on its own, the Board believes Vodacom's strategy and core capabilities in technology and connectivity enables Vodacom's purpose across the areas of digital society, inclusion for all and the planet – in a responsible and ethical manner. We were pleased to showcase this purpose-led strategy to the Vodafone Group Board during an in-country visit to South Africa in January 2023.

 For more information on our purpose pillars, refer to our [ESG report](#).

Sustaining good governance

The Board is committed to ensuring a culture of ethics and good governance across the business. I believe the Board's diversity of skills and experience provides valuable insights that informs business decisions. The Board is also confident that Vodacom's management team, along with the leadership of our OpCos and subsidiaries, have the necessary skills and experience to drive the Group's transformation from a traditional TelCo to a fully fledged TechCo.

During the year we bid farewell to Anne O'Leary who served as non-executive director (NED).

On behalf of the Board, I would like to thank Anne for her contributions to the Group. Following Anne's resignation, Anna Dimitrova was appointed to the Board as an NED in September 2022. Anna brings a wealth of experience in finance, M&A, integration, corporate development, strategy formulation, operational excellence, IT, digital, marketing and consumer relations, and product development. We welcome her to the Board and look forward to her continued contributions.

In FY2023, the Board provided oversight of the execution of key strategic projects aimed at delivering the **System of Advantage**, monitored regulatory compliance and proactive stakeholder engagement across markets, supported Vodacom's ongoing expansion into financial services and the enhancement of relevant controls and compliance, and continued to oversee the integration of ESG into business practices at a Group level. The Board further monitored the macroeconomic impact of the war in Ukraine on Vodacom's markets.



For more information on the work of the Board and its committees, refer to our Governance report.

Implementing our simplified dividend policy to accelerate growth

Our Vodafone Egypt acquisition and the progress in the joint venture with CIVH provide a compelling opportunity to accelerate our **System of Advantage** and the Group's growth profile. Given the progress made in FY2023, the Board considered it appropriate to implement the simplified dividend policy it proposed with the acquisitions in November 2021. The simplified policy of paying at least 75% of headline earnings combines a high pay-out with enhanced growth prospects. Notwithstanding

the change in dividend policy, the Group will still have one of the highest dividend pay-out policies on the JSE. The policy continues to allow the Group to invest within its 13.0% to 14.5% capital intensity target, deliver the Group and accommodate Safaricom and Vodafone Egypt's upstreaming and dividend pay-out profiles.

Appreciation

FY2023 has been another demanding year, and I would like to thank every stakeholder involved in Vodacom's success. Each of you make a unique and valuable contribution to our business, and we are grateful for the role you play. I want to extend my sincere thanks to the Board for its continued support in seeing through our M&A transactions and its support and deliberation in crucial areas. Thank you to Vodacom's executive team for its drive to execute our strategy as we continue to connect individuals and businesses across the continent for a better future.

We were saddened by the untimely loss of David Brown, one of our independent NEDs, in June 2022. David was highly regarded and respected for his invaluable leadership, contributions and sound judgement in Board deliberations during his tenure. He will be sorely missed.

After 14 years as the Group Company Secretary, Sandi Linford retired in July 2022. Sandi contributed immensely to Vodacom's ethics and corporate governance standing, and we extend our gratitude to her. Karen Robinson was appointed as Sandi's successor from 1 August 2022, as planned.

Outlook

Reflecting on a turbulent yet rewarding year, we are reminded that we cannot control uncertainties in the external environment.

However, we can put plans and contingencies in place to mitigate the impact of the external environment on our ability to create value and explore opportunities that arise.

Looking ahead, we will continue our integration of Vodafone Egypt into our operations. This process kicked off in FY2023, and we are optimistic about the potential for synergies. We are excited about the role Vodafone Egypt will play in the Group's earning profile, which was previously heavily weighted towards our South African operations, and by the potential that its financial services profile presents. We look forward to the continued operationalisation of network connectivity in Ethiopia and sharing in its success. However, we remain aware of the currency devaluation risks that Egypt and Ethiopia face and will continue to monitor developments in this regard. We will also closely monitor the regulatory approval process related to the South African fibre transaction.

In the short- to medium-term, we will deepen, diversify and differentiate our offering across our existing markets. We remain committed to developing products and services that provide customers with connectivity and tools to innovate so that, in turn, their activity positively impacts economic activity. However, this contribution is impacted by the energy crisis, and we encourage a shared approach to find solutions to this crisis and the economic growth that it impacts. We believe Vodacom's purpose-led business model will continue to set us apart as we strive to become Africa's leading TechCo.

Saki Macozoma
Chairman
12 June 2023

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