

Our business model

Our business model is designed to deliver on our purpose – to connect for a better future. We aim to create sustainable value by delivering on our **System of Advantage**. Accordingly, we need to ensure we effectively manage the resources and relationships available to our business – the six capitals, as referred to in the integrated reporting framework.

Our key inputs

The resources and relationships we rely on:

Human Capital HC

- Our high-performing, customer-focused, engaged leaders and people.**
- Permanent employees: 7 946 (FY2022: 8 132). Contractors: 4 263 (FY2022: 3 154).
 - Investment in employees through development programmes (Discover Graduate programmes, Women in Leadership programmes, #1MoreSkill).
 - R553 million invested in employee training and leadership (FY2022: R493 million).
 - An innovative and agile company culture, called the **Spirit of Vodacom**.
 - Leading remuneration and reward practices.
 - Experienced and diverse leadership team and strong Board.

Social and relationship capital SRC

- The quality and strength of our relationships with a diverse group of stakeholders.**
- Our Social Contract with communities and governments.
 - Served 185.8 million customers across the Group (FY2022: 129.6 million).
 - Improved investor confidence.
 - Positive supplier relationships.

Financial capital FC

- Vodacom's strong capital base, supported by long-term investors.**
- R254 billion market capitalisation (FY2022: R294 billion).
 - Flexible balance sheet with net debt to EBITDA at 1.1x (FY2022: 0.9x) on a pro-forma basis, including Vodafone Egypt at 0.8x.

Intellectual capital IC

- Our brand, reputation and investment in the latest technologies and modern digital systems.**
- A clear and powerful strategy with implementation timelines.
 - Brand refresh with new tagline, Further Together.
 - Intelligent decision-making driven by Big Data capabilities.
 - Transparent governance systems.

Manufactured capital MC

- Vodacom's network footprint across Africa, including base stations and masts, fibre and microwave distribution channels.**
- 42 650 network sites (FY2022: 23 492).
 - Self-provided fibre and microwave connections:
 - 98.3% South Africa (FY2022: 98.3%).
 - 92.2% International (FY2022: 88.0%).
 - R16.5 billion invested in network (FY2022: R14.6 billion).
 - 803 000 active M-Pesa merchants.
 - 9 109 retail stores in South Africa and 240 065 retail stores in International business.

Natural capital NC

- The natural resources the Group uses during the normal course of business¹.**
- Radio spectrum (700, 800, 900, 1 800, 2 600, 3 500 MHz bands).
 - Consumed 1 194 GWh total energy (FY2022: 1159 GWh).
 - Used 170 megalitres of water (FY2022: 153.6 megalitres).
 - Used 45 million litres of fuel (FY2022: 40.5 million litres).

1. Data for Egypt will be reported in FY2024.

Our business activities



Our business activities are guided by our strategy – the **System of Advantage** – which consists of three ambitions and ten pillars that ensure we grow, diversify and differentiate our business.

Our outputs

Products and services

Our outputs include the products and services we offer aimed at individual consumers and enterprises. These products and services range from

- mobile and fixed connectivity
- cloud and hosting
- digital services
- data security and IoT offerings
- financial services

Waste

Our waste outputs include our emissions and electronic waste.

599 648
metric tonnes GHG emissions (mtCO₂e)
(FY2022: 725 317 mtCO₂e)



Our outcomes

- Remuneration and benefits paid
 - Permanent employees: R7.7 billion (FY2022: R7.3 billion and Contractors: R533 million (FY2022: R499.5 million).
- 80% black board members and 50% female representation on the board in Vodacom South Africa (FY2022: 80% black and 50% female).
- Received a Gold Tier ranking in the South African Workplace Equality Index.
- Employees increased to 13 605, including 5 659 employees in Vodafone Egypt.
- 10.5% voluntary staff turnover (FY2022: 6.8%).
- Recognised as the third top employer in Africa, having been certified in the DRC, Lesotho, Mozambique, Tanzania and South Africa.
- 82 262 online training programmes completed.
- Acquired 110 MHz of spectrum in Tanzania, and secured additional spectrum in Mozambique.
- Accelerated investment in Big Data and Analytics to power our digital ecosystem, with >65% of bundles sold in South Africa personalised to the segment of one.
- Trusted brand and reputation.
- Maintained our lead in the IT for Customers (IT4C) independent benchmark exercise.
- Vodacom Business became an Amazon Web Services (AWS) Outpost partner.
- Added 8.5 million customers to serve a total of 185.8 million customers across Africa.
- 70.6 million financial services customers (FY2022: 60.6 million).
- 5.7 million downloads and 3.3 million registered VodaPay users in South Africa.
- Processed US\$364.8 billion M-Pesa transactions, including Safaricom, up 13.0% (FY2022: US\$324.6 billion).
- Government levies on M-Pesa withdrawals and P2P payments in Tanzania reduced, positively scaling financial inclusion.
- R57 billion in SMEs procurement spent R2.2 billion in early payment.
- >29 million ConnectU (zero-rated access) platform unique users.
- >4 000 girls trained in #CodeLikeaGirl programme in South Africa, Tanzania, Mozambique and Lesotho.
- 5 million farmers registered on our smart agriculture platforms, with 4.6 million farmers registered on e-vouchering.
- >1.4 million registered e-School users in South Africa, with 185 000 Instant School users in Tanzania and 200 000 in the DRC.
- R25.4 billion contributed to public finances (FY2022: R22.1 billion).
- Ranked second telecommunications company globally in the Sustainability ESG Risk Ranking, maintained our MSCI AAA ESG rating and improved our ISS ESG rating to Prime.
- Leading in network NPS across all our markets and Co-Lead in Lesotho.
- Our markets cover a population of over 500 million people (including Safaricom at 100%) (FY2022: 300 million people).
- 35.5% data traffic growth in the year (FY2022: 22.8%), SA 36.6% and IB 33.1%, respectively.
- 2 352 new 4G sites added across the Group (FY2022: 1 410).
- 919 new 5G sites launched in South Africa (FY2022: 434).
- 6 996 rural sites, with 384 rural sites added in the year (FY2022: 6 612).
- 165 000 fibre end points passed (FY2021: 155 903).
- R18.1 million in new revenue streams (fixed, IoT and cloud), comprising 19.3% of Group service revenue.
- Revenue up 16.0% to R119.2 billion (FY2022: R102.7 billion).
- EBITDA up 13.2% to R45.1 billion (FY2022: R39.9 billion).
- Cash generated from operations totalled R48.3 billion (FY2022: R41.2 billion).
- R5.0 billion paid to debt funders in interest (FY2022: R4.2 billion).
- Dividend per share declared of 670 cents (FY2022: 850 cents).
- HEPS of 948 cents (FY2022: 1 013 cents).
- ROCE of 21.8% (FY2022: 23.4%).
- Reduced our scope 1 and scope 2 market-based carbon emissions by 16%.
- Scored B in the Carbon Disclosure Project (CDP) environmental disclosure.
- 0.4 mtCO₂e GHG emissions per terabyte of data (FY2022: 0.6 mtCO₂e).
- Leading global ESG ratings with Sustainalytics and MSCI.
- 1 088 solar-powered sites across our markets.
- 100% of network waste (excluding hazardous waste) reused or recycled (FY2022: 96%).