

Our business model

Our key inputs

The resources and relationships we rely on:

Financial capital

FC

Vodacom's strong capital base, supported by long-term investors.

- R205 billion market capitalisation (FY2023: R254 billion)
- Flexible balance sheet with net debt to EBITDA at 0.9x (FY2023: 1.1x)
- Borrowings incurred of R18.2 billion
- Finance income received of R1.4 billion

Manufactured capital

MC

Vodacom's network footprint across Africa, including mobile base stations, transmission infrastructure, fibre and our distribution channels.

- 46 273 network sites (FY2023: 42 650)
- R20.4 billion invested in network (FY2023: R16.5 billion)
- 1.0 million M-Pesa merchants (FY2023: 0.8 million) and 617 000 M-Pesa agents (FY2023: 553 000)
- Around 9 100 retail stores in South Africa, 640 retail stores in Egypt and 300 000 retail points of presence in International business

Intellectual capital

IC

Our brand, reputation and investment in the latest technologies and modern digital systems.

- A clear and powerful strategy with implementation timelines
- Intelligent decision-making driven by Big Data capabilities
- Transparent governance systems
- Appropriate cyber security baseline controls

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 203.1 million customers across our eight markets (FY2023: 185.8 million)
- Regular interactions with tax authorities and regulators
- Relationships of trust with our suppliers
- Transparent reporting and interactions with investors
- Strategic partnerships to reduce the cost to connect

Natural capital

NC

The natural resources the Group uses during the normal course of business.

- Radio spectrum (700MHz, 800MHz, 900MHz, 1 800MHz, 2 600MHz, 3 500MHz bands)
- Consumed 1 922.6GWh total energy (FY2023: 1 862.2GWh)¹
- Used 271.0 megalitres of water (FY2023: 224.5 megalitres)¹
- Used 70.0 million litres of diesel (FY2023: 67.0 million litres)¹

Human capital

HC

Our high-performing, customer-focused, engaged leaders and people.

- Permanent employees: 13 716 (FY2023: 13 605 or 7 946 excluding Egypt)
- Contractors: 3 549 (FY2023: 4 293)
- Investment in employees through development programmes (Discover Graduate programmes, Women in Leadership programmes, #1MoreSkill)
- R0.5 billion invested in employee training and leadership (FY2023: R0.5 billion)
- An innovative and agile company culture – the Spirit of Vodacom
- Leading remuneration and reward practices
- Experienced and diverse leadership team and strong Board

Our business activities

Our purpose

Why we exist

Connecting for a better future

Our business activities are guided by our strategy – the **System of Advantage** – which consists of three ambitions and 10 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, hosting and data security
- IoT offerings
- Digital services
- Financial services

Refer to **Page 36** for a detailed breakdown of what we offer

Our business model is purpose-driven. We aim to create sustainable value as we connect for a better future by delivering on our strategy – the **System of Advantage**. To create value, we effectively manage the resources and relationships available to our business – the six capitals, as referred to in the Integrated Reporting Framework.

Who we are

- ▷ Our brand
- ▷ Our people
- ▷ Our culture



PG 06

Where we operate

Our markets



PG 06

Our growth formula

Key differentiators



PG 38



Refer to **Page 29** for more details on our **System of Advantage**



Waste

Our waste outputs include our GHG emissions and network waste.

618.7 thousand tCO₂e scope 1 and 2 market-based GHG emissions (FY2023: 855.2 thousand tCO₂e)¹

1 372.0 tonnes of network waste (FY2023: 1 2035.2 tonnes)¹



Refer to **Page 107** for a detailed breakdown of our waste

Our outcomes

FC

- Revenue up 26.4% to R150.6 billion (FY2023: R119.2 billion)
- EBITDA up 24.3% to R56.1 billion (FY2023: R45.1 billion)
- Free cash flow of R18.2 billion (FY2023: R18.5 billion)
- R7.7 billion paid to debt funders in funding costs (FY2023: R5.3 billion)
- HEPS of 846 cents (FY2023: 948 cents)
- Dividend per share declared of 590 cents (FY2023: 670 cents)
- ROCE of 23.1% (FY2023: 21.8%)

MC

- Leading network NPS in four of our six OpCos
- 36.2% data traffic growth in South Africa, 44.0% in our International business and 41.8% in Egypt
- 2 306 new 4G sites added across the Group (FY2023: 2 352)
- 668 new rural sites added in the year (FY2023: 384)
- Our smartphone customer base has reached 74.4 million, up 9.1%

IC

- Top ranked TelCo in the Ask Afrika Orange Index
- Maintained our lead in the IT for customers (IT4C) independent benchmark exercise
- Leveraging Big Data to increase CVM personalised offers across all OpCos, with South Africa achieving the highest at 78% penetration
- Processed US\$381.2 billion mobile wallet transactions, up 4.5% (FY2023: US\$364.8 billion)
- Scaled our super-apps, VodaPay, M-Pesa and Vodafone Cash
- Ranked first for developmental impact within South Africa according to Trialogue's Corporate Development Impact rating

SRC

- 78.9 million financial services customers (FY2023: 70.6 million)
- R8.4 billion in B-BBEE SME procurement spent, R1.8 billion in early payments
- 16 000 girls trained to date in the Code like a Girl programme
- R36.7 billion contributed to public finances (FY2023: R25.4 billion)
- 9.6 million farmers registered on our smart agriculture platforms, with 15 million Agri-vouchers issued to farmers in South Africa and Kenya (FY2023: 2 million)
- Improved our RepTrak index score for the Group to 74.4 (FY2023: 70.8)
- Maintained our MSCI AAA ESG rating and improved our Institutional Shareholder Services ESG rating to Prime
- Entered into a long-term strategic partnership with Microsoft, including generative AI capabilities

NC

- Awarded an A- rating in the latest CDP climate change assessment
- Reduced our scope 1 and scope 2 market-based GHG emissions by 28%
- 48% reduction in GHG emissions per terabyte of data (FY2023: 35% reduction)
- 1 773 solar-powered sites across our markets (FY2023: 1 525)
- 93% of network waste (excluding hazardous waste) recycled (FY2023: 97%)¹

HC

- Remuneration and benefits paid:
 - Permanent employees: R10.1 billion (FY2023: R7.7 billion)
 - Contractors: R627 million (FY2023: R533 million)
- Recognised as the top employer in Africa
- 78% black Board members and 56% black female representation on the Board in South Africa (FY2023: 80% black and 50% female)
- Received a Gold Tier ranking in the South African Workplace Equality Index
- Achieved a Spirit engagement index score of 87% (FY2023: 80%)

1. FY2023 data restated to include Egypt for comparability.