Responding to hot topics and emerging risks impacting our operating context

Hot topics and emerging risks in our operating context are the key external issues that affect our ability to create value in the short, medium or long term. They shape stakeholder discussions and play a critical role in our understanding of, and approach to, material matters. In FY2026, our hot topics and emerging risks reflect both continuity and change as we accelerate our transition to Vision 2030.

A shifting landscape

The following table summarises our hot topics and emerging risks for the current and prior financial years, making it easier to compare and reference.

	FY2026 topic	Complexity		FY2025 topic
Macroenvironmental context	Leveraging demographic shifts in Africa	Stable	Pg 37	Leveraging demographic shifts in Africa
	Navigating political developments, electoral dynamics and operational risk	Reduced	Pg 37	Navigating the impact of national elections and political uncertainty
	Managing economic conditions amid regional conflicts	Evolved	Pg 38	Navigating macroeconomic shocks, with hopes of a more stable outlook
Industry context	Leveraging AI and emerging technologies	Evolved	Pg 39	Leveraging emerging technologies, with increased focus on barriers to adoption
	Supporting customer data privacy and protection, cyber security and trust	Stable	Pg 41	Consumer privacy, data protection and cyber security
	Scaling technology through partnerships, sharing and new sources of funding	Evolved	Pg 41	Leveraging emerging technologies while addressing barriers to adoption
	Increasing connectivity while managing our network resilience and climate transition plan	Stable	Pg 42	Responding to the global climate crisis
	Growing fibre footprint through strategic partnerships	Resolved	Pg 42	South Africa fibre deal prohibited by competition authorities
Company context	Please Call Me legal resolution	Resolved		Please Call Me
	Proposed acquisition of a controlling interest in Safaricom	New	Pg 42	

Evolved New Stable Reduced Resolved

Forces shaping our macroenvironmental context

Our footprint extends across diverse markets, each shaped by unique economic, political and social forces. Our ability to adapt in this shifting macroenvironment is critical to creating stakeholder value and maintaining our momentum.

Leveraging demographic shifts in Africa

Context and key developments

Africa's youthful, urbanising population continues to present opportunities for connectivity, digital services and financial inclusion.

Population growth and rising urbanisation across our footprint underscore the region's strong long-term potential. These trends are driving demand for new infrastructure, improved connectivity, and enhanced rural reach, reinforcing the need for targeted, strategic investment to fully capture the demographic dividend.

SMEs and a growing low-to-middle-income consumer base are creating demand for affordable smartphones, data, fibre and embedded digital services.

These dynamics underpin rising smartphone penetration, increased fibre penetration, accelerating data traffic and strong uptake of digital and financial services – from mobile money to e-Commerce and cloud solutions – continuing to expand the addressable market across our footprint.

Affected stakeholders

Principal risks and associated opportunities

2 3 4 8 9

Strategic pillars

S2 S5

Material matters

MM 3 MM 4 MM 5

Our response

We see favourable demographics supporting sustained customer growth aligned to our Vision 2030 targets of 275 million customers (upgraded from 260 million) and 130 million financial services customers (upgraded from120 million).

Read more about how we are **scaling technology through partnerships** to grow while effectively managing costs on page 41

Key trade-off

Balancing growth aspirations with capital efficiency and environmental consideration

In pursuit of our purpose and to deliver sustainable long-term growth, Vodacom will continue to expand coverage and capacity, including into underserved areas. As we prioritise digital and financial inclusion, our net zero and climate transition plans will be challenged.

Navigating political developments, electoral dynamics and operational risk

Context and key developments

Political stability has improved in key markets like South Africa and Kenya, although the operating environments remain dynamic. Political and regulatory complexity is still topical, driven by policy shifts, including external factors like US tariffs.

Tanzania's October 2025 elections brought a period of uncertainty that has since stabilised, allowing us to maintain our focus on connecting for a better future. Throughout FY2026, our Tanzania business continued to drive meaningful progress in digital and financial inclusion, empowering communities across the country.

In DRC, ongoing security challenges in the eastern region of Kivu impacted local communities and operations. Peace efforts have eased immediate risk, though this region remains a security focus.

Ethiopia held general elections in June 2026, against a backdrop of continued post-conflict recovery and institutional reform. In South Africa, local elections scheduled for November 2026, are anticipated to reflect the continued evolution of the Government of National Unity governance model.

Affected stakeholders

Principal risks and associated opportunities

2 3 7

Strategic pillars

S2

Material matters

MM 2 MM 4 MM 5

Our response

The Group mitigates political and operational risk through geographic diversification, strong regulatory engagement and compliance, enhanced resilience in higher-risk markets, and continued service delivery and inclusion efforts during periods of political uncertainty.

Read more about our **principal risks and opportunities** on page 29

Key trade-off

Market diversification versus regulatory and operational complexity

Operating across multiple jurisdictions provides diversification and growth opportunities but also introduces political, regulatory and security complexity. Elections, policy shifts and geopolitical developments can influence market structure, pricing dynamics and taxation and may result in temporary operational disruption during elections.

Managing economic conditions amid regional conflicts

Context and key developments

Vision 2025 unfolded in a challenging external environment marked by post-COVID recovery, elevated exchange rate volatility and hyperinflation in several markets. These pressures required disciplined cost management and operational resilience to preserve value and maintain stability across the Group.

Toward the end of Vision 2025, macroeconomic conditions improved, with inflation easing, supply chain constraints normalising and trading activity recovering. This shift created a more supportive backdrop for disciplined growth as we transitioned into our Vision 2030 strategy.

As we conclude the first year of Vision 2030, the operating environment reflects early signs of stabilisation, although global uncertainty remains elevated. The evolving conflict in the Middle East represents a key flashpoint risk, with potential implications for energy prices, transport routes and financial market volatility.

These dynamics reinforce the need for continued agility and proactive risk management as we navigate an environment where stabilising fundamentals coexist with heightened geopolitical uncertainty.

South Africa's consumer inflation and interest rates have moderated, supported by renewed power stability. This has provided some relief for households, even as structural constraints around water and municipal services persist. Egypt's International Monetary Fund (IMF)-supported reforms continued to stabilise the macroeconomic landscape and support meaningful real currency service revenue growth. Ethiopia's inflation path and policy normalisation have eliminated the risk of hyperinflation, although some foreign exchange rate pressures persist.

Operationally, the Group continues to focus on value-led investment, as evidenced by our recent strategic milestones: the acquisition of a 30% stake in Maziv and the announced increase in our shareholding in Safaricom, subject to closing. These actions strengthen our fibre, FinTech and pan-African scale going forward.

Our response

The Group delivered a strong start to our Vision 2030 strategy, reflecting the benefits of our revenue and geographic diversification even amid a dynamic macroeconomic environment. We intend to stay true to the strengths that have served us well, while confidently stepping into the next phase of our growth journey.

Read more about our **principal risks and opportunities** on page 29
Read more about our **financial position** on page 46
Read more about our **customer-centric propositions** on page 70
Read more about **how we scale our financial services** on page 74

Key trade-off

Balancing proactive risk management with our long-term growth aspirations

We aim to harness demographic and economic tailwinds to support sustainable free cash flow and shareholder return growth. However, flashpoint geopolitical risks may require us to buy fuel and other inventory in advance, which increases pressure on near-term working capital and free cash flow. As we execute on two milestone transactions, Maziv and the pending Safaricom acquisition, we will increase our focus on capital allocation.

Affected stakeholders

Strategic pillars

S2 S3 S6

Principal risks and associated opportunities

2 3 7

Material matters

MM 2 MM 4 MM 5

Forces shaping our industry context

The connectivity and financial services landscape continues to shift as digitalisation accelerates alongside economic and climate pressures. We actively assess and address risks associated with industry and societal transformation to ensure that we sustain our market leadership position.

Leveraging AI and emerging technologies

Context and key developments

We are strengthening our role as a catalyst for inclusive digital societies by expanding connectivity, promoting responsible AI adoption and deploying emerging technologies that enhance customer experience and operational resilience. As AI reshapes how networks operate and customers engage with our services, we aim to ensure that technological advancements translate into meaningful and accessible opportunities for individuals, businesses and communities.

The implementation of our platform, AI Booster Plus, enables responsible AI deployment across markets. This past year, we standardised and shared 35 generative and agentic AI use cases, supporting a marketplace-style vision for reusable AI solutions across the Group. Increased access to AI tools, such as Copilot, empowers employees while reinforcing governance safeguards.

Our investments in emerging technologies are transforming network performance and planning and optimising network build, site selection and customer experience outcomes. These capabilities align financial and technical decision-making, ensuring targeted investment in high-growth 5G areas and improved service delivery. Emerging technologies are also extending into our sustainability and platform businesses. Examples include award-winning FinTech and cyber security solutions recognised across Africa Tech Festival platforms.

Digital inclusion initiatives, responsible AI and emerging technologies reflect our commitment to shaping an equitable digital future while enhancing customer experience, increasing opportunities for revenue generation and optimising cost efficiencies. We are not only building the infrastructure of tomorrow but also the intelligence layer of the digital economy, advancing progress that is sustainable, secure and accessible to all.

Affected stakeholders

Principal risks and associated opportunities

1 3 5

Strategic pillars

S2 S6 S7

Material matters

MM 2 MM 4

This past year, we standardised and shared

35 generative and agentic AI use cases,

supporting a marketplace-style vision for reusable AI solutions across the Group.

Our response

Vodacom has scaled responsible AI through shared governance platforms, embedded its use across core operations and services, and enabled productivity through controlled tools. These capabilities, including the case studies that follow, create clear opportunities to enhance customer care, drive revenue growth and improve operational efficiency across the Group.

Read more about how we are **managing the AI transformation within human capital** from page 84

ESG Read more about our AI use cases in our **ESG report**

GOV Read more about AI governance in our **corporate governance report**

Key trade-off

Balancing speed of transformation with responsible, inclusive adoption of emerging technologies

AI and emerging technologies deliver step-change improvements in efficiency, customer experience and decision-making. However, rapid deployment without sufficient governance could increase ethical, operational and reputational risk.

Robust governance structures and ethical AI oversight require additional time and specialist expertise to ensure a responsible and balanced approach to AI deployment.

AI-powered solutions driving impact

CASE STUDIES

Intelligent automation in customer care delivering on Ask Once strategy

Unresolved or repeatedly escalated customer issues can impact trust and increase operational costs. To address this, we integrated multiple AI systems to resolve queries more efficiently, aligning with our Ask Once promise.

We have developed GenAI solutions that support our agents and automate key processes. Our digital assistant, TOBi, automatically authenticates account details and provides agents with synthesised summaries of customer sentiment and interaction history. This gives agents immediate visibility of previous complaints and provides real-time guidance to resolve issues during the first point of contact.

For complex queries, TOBi facilitates a seamless handover to the most appropriate human agent, providing them with the full context of the customer's journey. Additionally, predictive models allow our teams to pre-empt potential network issues before a customer calls. This integrated approach reinforces trust by ensuring our customers feel heard and understood.

Revenue growth through AI-powered personalisation

Traditional mass-market approaches often fail to capture the nuances of individual customer needs, leading to missed opportunities and lower engagement. To unlock high-quality and diversified revenue streams, we use AI to drive intelligent, real-time personalisation. By implementing agentic CVM and advanced analytics, we offer customers, merchants and businesses products and services tailored to their specific needs.

This approach extends across our ecosystem, from hyper-personalised loyalty rewards to AI-driven financial services, such as in-house credit-scoring and digital finance robo-advisers. In our customer care channels, we use AI to identify the best cross-sell or upsell opportunities during support interactions.

Additionally, our SmartCare platform uses AI-driven fraud detection to protect our income. This strategy ensures we meet customer needs more effectively while creating sustainable revenue growth.

Fraud defence driving operational and cost efficiency

Increasingly sophisticated, multi-channel fraud networks often outpace traditional manual controls, which can lead to financial loss and time-consuming investigations, as well as reduced trust in digital services. In response, we developed the Deep Risk Analytics & Graph Observability Network (DRAGON) engine, an AI-powered platform that identifies and stops fraud in real time.

DRAGON uses smart technology to link suspicious mobile numbers to larger fraud networks and proactively flag high-risk accounts in real time. By triggering autonomous actions, such as blocking accounts or preventing suspicious transactions, the system prevents scams before they result in financial and emotional harm to customers.

This automated approach reduces the burden on our forensic teams and prevents the need for costly manual corrections, making our operations more efficient and secure.

ESG Read more about AI-driven energy efficiency and our environmental footprint in our **ESG report**

Supporting customer data privacy and protection, cyber security and trust

Context and key developments

The rapid expansion of digital and financial services raises the scale and sensitivity of customer data. As integrated digital services like super-apps, mobile wallets, agent networks and cloud platforms expand, companies have access to higher volumes of personally identifiable information and financial data, increasing exposure to more cyber threats.

As digital services scale, the intersection of regulatory complexity, institutional concern and heightened sensitivity to data practices creates a critical risk landscape for companies operating within the connectivity and financial services ecosystems. Regulators continue to broaden rules on data protection, payment systems and critical infrastructure security, increasing compliance complexity; for example, South Africa's modernisation of the National Payment System to allow non-bank FinTech participation. Egypt's new licensing framework for electronic payment system operators and digital payment service providers, issued by the Central Bank of Egypt in June 2025, establishes comprehensive requirements for market participation and compliance.

Affected stakeholders

Strategic pillars

S6

Principal risks and associated opportunities

1 5

Material matters

MM 1 MM 3 MM 4

Our response

We strengthen data privacy and cyber security through enhanced governance, embedded screening, reinforced monitoring and compliance, the use of AI tools and continuous customer education to build and sustain trust.

Read more about **how we manage data security, privacy and cyber threats** on page 70

Key trade-off

Rapid product innovation balanced against investment in robust security, regulatory compliance and customer assurance

As digital platforms, super-apps and financial services expand, customer engagement and monetisation opportunities increase. At the same time, the scale, sensitivity and regulatory scrutiny of data grow significantly.

Scaling technology through partnerships, sharing and new sources of funding

Context and key developments

Digital transformation across Africa is accelerating, driven by rising smartphone penetration, growing demand for data and cloud services, and the expansion of digital and financial services. However, the pace of adoption remains uneven, constrained by affordability barriers, infrastructure gaps and limited digital literacy in underserved communities. The telecommunications sector faces the challenge of scaling infrastructure rapidly while managing capital intensity, particularly as 4G/5G rollout, fibre expansion and data centre investment converge with climate and energy challenges.

Partnerships, infrastructure sharing and shared platforms remain critical catalysts in building a more inclusive and digitally enabled society, providing the scale, expertise and reach required to modernise networks, expand digital services and improve capital efficiency across our footprint. We complement commercial collaboration with development finance partnerships, including Development Finance Institution grant funding such as the EIB, to support digital inclusion, energy resilience and affordability outcomes while accelerating rollout and reducing upfront capital intensity. Through collaboration with global technology leaders, ecosystem partners and cross-market teams, we build resilient, future-ready platforms and unlock new opportunities and capabilities.

Technological advancements, including 5G and developing non-terrestrial networks such as low-Earth orbit (LEO) satellites, are progressively enhancing connectivity and extending access to hard-to-reach areas. At the same time, 4G, 3G and 2G networks remain essential to ensuring broad coverage, particularly in rural and remote regions where infrastructure sharing and blended funding models are most effective in bridging the digital divide.

Affected stakeholders

Strategic pillars

S2 S6 S7

Principal risks and associated opportunities

1 3 5

Material matters

MM 2 MM 4

Our response

We take a pragmatic, value-focused approach to partnerships, selectively working with like-minded partners to scale impact, accelerate growth and improve capital efficiency.

Read more about how we **scale manufactured capital through partnerships** on page 54

ESG Read more about doing business ethically in our **ESG report**

GOV Read more about our digital ethics leadership in our **corporate governance report**

Key trade-off

Control and economics versus speed, scale and inclusion

Partnerships enable faster rollout of infrastructure and services, particularly in capital-intensive or challenging environments. However, they require shared control, shared economics and alignment of standards and governance.

CASE STUDIES

Infrastructure sharing in DRC

High deployment costs and logistical barriers in remote regions like DRC often leave large populations without reliable connectivity. We have prioritised infrastructure-sharing models to accelerate coverage and reduce capital intensity. Through Esengo Towers, a joint venture with Orange launched in April 2026, we plan to invest approximately US$179 million over four years to deploy 1 000 telecommunications towers across DRC to expand mobile coverage.

This is part of a broad er six-year ambition to reach 2 000 sites by FY2031. Complementing this, our infrastructure-sharing agreement with Airtel spans international submarine capacity, in-country mobile networks and cross-border fibre connectivity. By leveraging shared assets, we enhance operational resilience while embedding green technology capabilities within the local workforce.

Multi-layered satellite partnerships

Terrestrial infrastructure is often unfeasible or too slow to deploy in geographically challenging regions, leaving remote communities without reliable 4G or 5G access. We are integrating LEO satellite technology as a complementary layer to our core network, ensuring "unbreakable" connectivity regardless of location. In FY2026, we progressed our collaboration with satellite providers, successfully completing a LEO satellite backhaul proof of concept in DRC to connect rural mobile sites. This allows for faster site deployment and improved network resilience in areas previously deemed unreachable. In parallel, through our partnership with Amazon LEO, we are preparing to scale high-bandwidth cellular backhaul across our African footprint as production satellites come online. We also continue to lead in direct-to-smartphone technology via AST SpaceMobile. By strengthening network reach in remote areas, we enable digital and financial inclusion across underserved communities.

ESG Read more about AI-driven energy efficiency and our environmental footprint in our **ESG report**

Increasing connectivity while managing our network resilience and climate transition plan

Context and key developments

The global climate outlook continues to pose material risks to people, infrastructure and operations across our footprint. Ageing municipal water and energy systems, combined with more frequent droughts and floods, increasingly threaten site availability – raising operating costs and heightening business continuity risk, particularly in South Africa, Mozambique and parts of East Africa. Rising temperatures also shorten equipment lifecycles, disrupt maintenance schedules and amplify power instability, increasing reliance on backup generation.

At the same time, delivering on our purpose of connecting for a better future requires extending coverage into remote and underserved areas where grid power and renewable alternatives are often unavailable or unreliable. In these contexts, diesel-based power remains essential to enable inclusion, economic participation and access to digital and financial services.

Affected stakeholders

Principal risks and associated opportunities

3 6 7

Strategic pillars

S2 S6

Material matters

MM 1 MM 4

Our response

We proactively strengthen network resilience by anticipating and mitigating climate-related risks through energy diversification, resilient infrastructure investment and rapid disaster response, ensuring reliable connectivity for customers and communities even amid increasingly severe weather events.

Read more about our **scope 3 GHG emissions** on page 80

Read more about our **efforts** on page 79

ESG Read more about how we support communities through disaster relief in our **ESG report**

Key trade-off

Driving inclusion can weigh on short-term natural capital outcomes

While investing in resilient power, hardened sites and diversified energy sources protects service continuity, it increases upfront capital requirements and can slow rollout. Additionally, as we meet our rural connectivity ambitions, we may invest ahead of grid and renewable power sources. This places short-term reliance on diesel-based power generation, eroding natural capital and testing our net zero timeframes.

Growing fibre footprint through strategic partnerships

Context and key developments

Following four years of regulatory proceedings, the Maziv transaction was approved and implemented on 01 December 2025. Vodacom South Africa acquired a 30% interest in Maziv (the entity that houses Vumatel, DFA and other fibre assets) by injecting fibre assets valued at R4.9 billion and providing R7.9 billion in cash, funded via preference shares.

Maziv's footprint has passed 2.3 million homes. The capital injection positions the open-access fibre business to accelerate FTTH rollout into lower-income and historically underserved areas, assisting in bridging South Africa's digital divide. We have accounted for Maziv as an associate from 01 December 2025.

On 22 December 2025, the Competition Tribunal conditionally approved a merger in which Vumatel will acquire control of Herotel, an entity in which Vumatel currently holds a non-controlling stake of 49.96%. On 14 May 2026, ICASA approved the licence transfer application of Herotel to Maziv's subsidiary, Vumatel. As the transaction is now effective, the Group expects to pay at least R0.8 billion into Maziv, subject to a fair market value exercise and consistent with our 30% shareholding in Maziv. Strategically, the transaction reduces barriers to scaling fixed connectivity and strengthens our wholesale and retail fibre strategy.

Affected stakeholders

Principal risks and associated opportunities

5 9

Strategic pillars

S2 S6

Material matters

MM 1 MM 2 MM 3 MM 4

Our response

We pursued the Maziv transaction to accelerate fibre rollout in South Africa through shared infrastructure, lowering the cost to serve and helping expand affordable, high-quality connectivity into underserved and lower-income communities, thereby narrowing the digital divide.

Key trade-off

Sharing economics to unlock connectivity leadership

Fibre represents a significant growth opportunity for Vodacom. We decided to invest in an established fibre business to avoid diluting returns through infrastructure overbuilding in South Africa. While this approach preserves capital efficiency and accelerates market entry, it requires sharing infrastructure with other stakeholders and introduces dependency on partner execution.

Forces shaping our company context

In FY2026, the Group made significant strategic progress, including the announced acquisition of a controlling stake in Safaricom. The transaction is expected to complement Vision 2030.

Proposed acquisition of a controlling interest in Safaricom

Context and key developments

In December 2025, we announced an agreement to acquire an additional 20% stake in Safaricom, reinforcing our commitment to the high-growth East African markets of Kenya and Ethiopia. By combining Vodacom's existing growth engines and free cash flow generation potential with Safaricom, the Group is well positioned to accelerate growth and deliver attractive returns.

The transaction is currently subject to a conservatory order issued by the High Court of Kenya (constitutional division). On 18 May 2026, the Court extended the conservatory order until judgement on the matter. The matter is scheduled to be heard on 29 June 2026.

Affected stakeholders

Principal risks and associated opportunities

5 7 9

Strategic pillars

S2 S4 S6 S7

Material matters

MM 1 MM 3 MM 4

Our response

We believe that the transaction will strengthen our ability to scale digital and financial inclusion and deepen our impact across Africa, helping us to deliver on our purpose pillar – empowering people.

Key trade-off

The transaction will be financed with debt and is expected to increase Group leverage towards management's threshold of 1.5x net debt to EBITDA.