Vodacom Group Ltd

INTEGRATED REPORT

for the year ended 31 March 2022

vodacom

Further together

Contents

Where to find more information:

Find relevant information in this report

Find relevant information in our **Sustainability Report**

Read more on our website at **www.vodacom.com**.

vodafone

Visit Vodafone Group Plc's (Vodafone's) website for more information at **www.vodafone.com**.

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Reporting suite

For stakeholders to fairly assess Vodacom Group Limited's (Vodacom's or the Group's) financial and sustainability performance, we provide a range of reports to meet the diverse information needs of the Group's stakeholders.

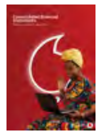
FY2022 integrated reporting

- Integrated report

Our report is our primary communication with our stakeholders and is supplemented by additional content-specific disclosures.

FY2022 environmental, social and governance disclosures

- Sustainability report
- Environmental, social and governance (ESG) data addendum
- Corporate governance report
- Remuneration report
- Tax transparency report
- Task Force on Climate-related Financial Disclosures (TCFD) report



FY2022 financial disclosures

- Annual consolidated financial statements
- Summarised consolidated annual financial statements (AFS)
- Financial results booklet and results presentation

FY2022 shareholder information

- Notice of annual general meeting (AGM)
- Form of proxy

Vodacom's integrated reporting suite is available online in PDF format.

We enable inclusive and sustainable digital societies

The United Nations Sustainable Development Goals (UN SDGs) represent a better and more sustainable future for all. Our purpose is an enabler and our strategy is delivered in a way that supports governments, communities, enterprises and individuals, and ultimately contributes towards the achievement of the SDGs.

The COVID-19 crisis continues to create significant challenges to society, particularly in developing countries, and has led to a reversal of progress on some SDGs. Digital technology is an essential tool to reduce these impacts and help progress towards delivering the SDGs. We are committed to playing our role and believe we can increase the speed and scale of delivery across several SDGs through leveraging our technology and services, and partnering with others.

We positively impact the SDGs depicted above through our business. Within these, we have prioritised eight (shown with a black square) where we can make the most meaningful contribution.

Refer to our sustainability report for more information on the UN SDGs.

Connect with us

We welcome and encourage our stakeholders to hold us accountable and share their views on our integrated report, performance and roadmap for delivering sustainable value.

For quick and easy feedback, scan the QR code on your smartphone.

You can also send any feedback to vodacomir@vodacom.co.za

The Board's support of value creation

To our investors, shareholders and other interested stakeholders

This report is our primary communication with our stakeholders, and we are pleased to present it as a reflection of our performance during the financial year ended 31 March 2022 (FY2022). We also discuss what the future could hold for the Group, and provide context on why we believe Vodacom is a sound long-term investment.

Our integrated report demonstrates how we deliver on our purpose – **to connect for a better future** – and provides the supporting qualitative and quantitative information to confirm our position for success across our markets in an evolving digital and connected landscape.

Over the years, we have built a reputable business across our countries of operation, and our market share provides us with the platform to accelerate our multi-product strategy – called the system of advantage – by launching new initiatives and partnering with leading businesses to transform our customers' lives. We are in an exciting period of Vodacom's history, one where we achieved several major strategic milestones – including obtaining a mobile licence in Ethiopia, Africa's second-most populous country, two transformational merger and acquisitions (M&A) deals and the launch of our VodaPay and M-Pesa super-apps. Our goal now is to deepen, diversify and differentiate our offering across our existing markets. We aim to stimulate economic growth by providing our customers with the tools for further innovation and connectivity based on both mobile and fixed networks. In this way, we are poised to focus on securing our role as a leading African technology communications company (TechCo) through our purpose-led business model.

This integrated report was prepared under the supervision of senior and executive management, and subject to a robust internal and external review process. However, as the Board, we acknowledge that it is our responsibility to ensure the integrity of this report and, accordingly, interrogated the content thereof to ensure it materially complies with the International Integrated Reporting Council's (IIRC's) International <IR> Framework. We believe this report addresses all material matters and presents a balanced and fair account of the Group's performance in FY2022. It also includes material events between year end and the date on which this report was approved, being 01 June 2022. We confirm it is an accurate reflection of Vodacom's strategic commitments for the short (less than one year), medium (one to three years) and long-term (beyond three years). We applied our judgment regarding the disclosure of the Group's strategic plans and ensured these disclosures do not place Vodacom at a competitive disadvantage.

Guided by the Audit, Risk and Compliance Committee (ARCC), the Board approved the FY2022 integrated report and consolidated AFS on 01 June 2022.

Sakumzi Macozoma | Shameel Joosub | Raisibe Morathi | Phuthi Mahanyele-Dabengwa | David Brown | Sunil Sood

John Otty | Leanne Wood | Khumo Shuenyane | Pierre Klotz | Clive Thomson | Anne O'Leary

For more detail on our Board, refer to page 92.

About our report

Reporting boundary and scope

Through our FY2022 integrated report, we aim to provide concise communication about how Vodacom's strategy (from page 36) and business model (page 28) impact value creation over time in the context of our external environment (page 70), material matters (page 04) and principal risks and associated opportunities (page 32). We also provide a succinct overview of our operational performance (page 80) and governance practices (page 94) for the financial year.

Driving value creation through integrated thinking

Our commitment to our purpose is fundamental to how we manage our business, develop and deliver on our strategy – the system of advantage – and create sustainable value for our stakeholders. With this in mind, and by embracing integrated thinking as a central tenet of our strategy and purpose-led business model, we can manage the effects of our business activities on the six capitals (as referred to in the International <IR> Framework) and deliver on our three purpose pillars.

The information included in this report relates to our activities at a Group level, but also includes disclosure relating to our operating companies (OpCos). We consolidate both the financial and non-financial data of our OpCos. Where only data for Vodacom South Africa is available – which represents 73.2% (FY2021: 72.7%) of service revenue and 78.9% (FY2021: 78.2%) of earnings before interest, tax, depreciation and amortisation (EBITDA) – we indicate this with #.

We use * to indicate normalised growth, which represents performance on a comparable basis. This adjusts for trading foreign exchange and foreign currency fluctuation on a constant currency basis (using the current year as a base), and excludes the impact of M&A and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.

All growth rates quoted are year on year and refer to the year ended 31 March 2022 compared with 31 March 2021, unless stated otherwise.

Integrated reporting boundary

Integrated report | Sustainability report

Integrated report		Sustainability report	
Our operating context	Page 16	Stakeholder interests considered include:	
Our material matters and principal risks	Page 04	• Business partners/franchisees; • Communities; • Customers; • Employees; • Government and regulators; • Investors and shareholders; • Media; and • Suppliers.	Page 24
Our business model and impact on the six capitals	Page 28		

Financial reporting boundary

AFS

Vodacom Group
- Vodacom South Africa
- Vodacom Democratic Republic of the Congo (DRC)
- Vodacom Tanzania
- Vodacom Mozambique
- Vodacom Lesotho
- Other subsidiaries
- Associate – Safaricom
- Joint venture – M-Pesa Africa

OpCos

Materiality

The topics discussed in this report reflect the issues that could impact the role we play in society, as well as how our business deals with evolving market dynamics and allocates resources to ensure we deliver on our system of advantage. In FY2022, we conducted a detailed assessment to identify the material matters that could, in our judgement, significantly impact the value we create for our stakeholders. The content of this report is based on the outcome of this assessment.

For more information, refer to **page 04**.

Reporting frameworks and process

The Group's integrated reporting process is owned by the entire Executive Committee (ExCo), and the content and commitments are signed off by management. The reporting suite is reviewed in detail by the Audit, Risk and Compliance Committee (ARCC), and ultimately signed off by our Board of Directors.

We align with best reporting practices and are guided by the principles and requirements in the International Financial Reporting Standards (IFRS); the International <IR> Framework; King IV[1]; the JSE Limited (JSE) Listings Requirements; the Companies Act No 71 of 2008, as amended; and the Global Reporting Initiative's (GRI's) Sustainability Reporting Standards. We also provide extracts from the consolidated AFS in this report. Vodacom's Social and Ethics Committee (SEC) fulfilled its mandate as prescribed by the regulations of the Companies Act, and there are no instances of material non-compliance to disclose.

The complete set of consolidated AFS and a suite of additional reports are available online or can be requested from investor relations.

Combined assurance

We use a combined assurance model for assurance from management and internal and external providers. Ernst & Young Inc. audited our consolidated FY2022 AFS and subsequently gave an unmodified opinion thereon. While sections of our consolidated AFS included in this report were extracted from audited information, such sections are not audited herein.

KPMG South Africa undertook an independent limited assurance engagement of selected metrics relating to Vodacom South Africa's Scope 1, 2 and 3 greenhouse gas (GHG) emissions for Vodacom South Africa. We hope to extend this assurance to Group level in FY2023. More information is included in our FY2022 ESG data addendum.

Our ARCC provides assurance to the Board annually, in line with the combined assurance plan. The Group's internal audit function assesses financial, operating, compliance and risk management controls, which are overseen by the ARCC.

Navigate our report

Throughout the report, we use the following icons to indicate the elements of our business model in terms of the International <IR> Framework:

Capitals impacted^
- FC Financial capital
- MC Manufactured capital
- HC Human capital
- SRC Social and relationship capital
- IC Intellectual capital
- NC Natural capital

^ The six capitals have been defined on page 28 of our business model.

Stakeholder groups
- Government and regulators
- Investors and shareholders
- Customers
- Business partners/Franchisees
- Employees
- Communities
- Suppliers
- Media

Strategic pillars
- 01 Footprint strengthened
- 02 Secure leadership in mobile and fixed
- 03 Scale financial and digital services
- 04 Digital partner of choice for enterprises
- 05 World-class loyalty and customer experience
- 06 Personalisation through customer value management (CVM) and Big Data
- 07 Optimise assets through sharing
- 08 Technology leadership in network and information technology (IT)
- 09 TechCo organisation and culture
- 10 Trusted brand and reputation

Material matters
- 01 Accelerating growth while enhancing returns
- 02 Complex regulatory environment
- 03 Competitive environment
- 04 Financial and digital inclusion
- 05 Network resilience and climate impact
- 06 Our people
- 07 Economic and political landscape

Value created | Value eroded | Value sustained



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Our material matters

Vodacom conducts an annual review of the material matters that could potentially affect the value we create over time and our ability to deliver on our purpose to connect for a better future. In FY2022, we enhanced our process by adopting a double materiality approach to identify and prioritise matters based on their impact on Vodacom's ability to create value (inward-focused), as well as their impact on society, communities and the environment (outward-focused). The outcome of this process guided the content of both our integrated and sustainability reports.

Below, we provide an overview of the detailed assessment we conducted in FY2022 to identify our material matters.

Our materiality determination process

Step 1
Identifying and assessing
trends impacting our business context and external environment

Step 2
Analysing
principal risks and associated opportunities

Step 3
Reviewing
stakeholder engagement reports

Step 4
Interviewing
our senior leadership team (SLT)

Step 5
Compiling
a list of material matters with the potential to impact our ability to create sustainable value for stakeholders

Step 6
Discussing and deliberating
on potential material matters at executive management level

Step 7
Receiving feedback
from internal and external stakeholders through an online survey to evaluate the importance of each potential material matter

Step 8
Validating
material matters, which is done by the ARCC

Following the above-mentioned process, we identified and ranked the following material matters from highest to lowest based on their impact on Vodacom:

01 Accelerating growth while enhancing returns
02 Complex regulatory environment
03 Competitive environment
04 Financial and digital inclusion
05 Network resilience and climate impact
06 Our people
07 Economic and political landscape

01 Accelerating growth while enhancing returns

CAPITAL IMPACTED: FC IC SRC

Why this is important:
As Vodacom transitions from a traditional telecommunications company (TelCo) to a fully fledged digital TechCo, we must deliver on our multiproduct strategy – what we call the system of advantage – to provide differentiated offerings to customers. As we combine our geographic expansion and product diversification with Big Data analytics, machine learning (ML) and world-class technology, we can distinguish ourselves from competitors and provide superior growth and returns to shareholders.

Chief Executive Officer's (CEO's) statement Page 14
Our strategy Page 17

02 Complex regulatory environment

CAPITAL IMPACTED: FC IC SRC

Why this is important:
We operate in an environment characterised by stringent regulatory and compliance requirements. These risks are driven by specific challenges in each market but could impact the Group's ability to generate profit and grow, scale and deliver quality services.

Responding to "hot topics" on a macroenvironmental, industry and company level Page 70
Our principal risks and associated opportunities Page 32

03 Competitive environment

CAPITAL IMPACTED: FC IC MC SRC

Why this is important:
As we grow our business, our competitive landscape follows suit. We face competition from new entrants and competitors as we enter new markets or industries, all competing for market share amid reductions in disposable income and growth of over-the-top (OTT) and other non-traditional players.

Forces shaping our industry context Page 72

04 Financial and digital inclusion

CAPITAL IMPACTED: FC IC SRC

Why this is important:
Driven by technology and connectivity, financial and digital inclusion can create a more equitable society. We recognise that reducing the cost of information and communication technology (ICT) services and providing affordable and accessible data is critical to addressing societal challenges in the countries we operate in. Through our commitment to our purpose and our Social Contract with stakeholders, we can connect people and things to the internet and facilitate a digital future that is accessible to everyone.

Scale financial and digital services Page 43
Trusted brand and reputation Page 65
Sustainability report: Digital society
Sustainability report: Inclusion for all

05 Network resilience and climate impact

CAPITAL IMPACTED: FC IC MC NC

Why this is important:
Vodacom's ability to maintain quality of service, increase the capacity of networks and reduce network disruptions plays a critical role in our growth strategy. We must also consider the impacts of the increasing occurrence of extreme weather events, such as heavy rainfalls and flooding, on the continuity of our services. Accordingly, we focus on preserving our natural resource base, investing in climate-smart, energy-efficient networks and solutions, developing water-wise practices and minimising waste across the value chain. In addition, given the nature of our industry, we face increased cyber security threats, and cyber resilience is essential to prevent interruption to our service or the breach of confidential customer data. We also need to manage ongoing global supply chain disruptions, while also ensuring we invest responsibly.

Responding to "hot topics" on a macroenvironmental, industry and company level Page 70
Our principal risks and associated opportunities Page 32
Secure leadership in mobile and fixed Page 38
Technology leadership in network and IT Page 59
Sustainability report

06 Our people

CAPITAL IMPACTED: HC IC

Why this is important:
To build an organisation of the future, we need appropriately skilled and capable leaders and employees who embrace the Spirit of Vodacom. We focus on fostering a digitally agile, diverse and inclusive working environment to facilitate innovation and enable a digitally connected society.

TechCo organisation and culture Page 62
Sustainability report

07 Economic and political landscape

CAPITAL IMPACTED: FC SRC

Why this is important:
While gross domestic product (GDP) growth rebounded across markets, the impact of the pandemic will persist longer in Africa. Recovery is likely to be slow, with fluctuating foreign exchange and inflation rates, high unemployment rates and reduced consumer spend all contributing to unstable economic and market conditions. The Ukraine-Russia war presents incremental macroeconomic uncertainty, and places pressure on governments, which is likely to result in higher taxation. The changing political landscape also impacts Vodacom's ability to generate revenue and contain operating costs and capital expenditure (capex).

Responding to "hot topics" on a macroenvironmental, industry and company level Page 70
Our performance Page 80

Our value creation in practice

Our commitment to being a purpose-led organisation continues to drive our performance. The past year is best described as a watershed year for Vodacom, and we made significant strides in our transition to a pan-African TechCo.

FC Financial capital

Group revenue
R102.7 billion
FY2021: R98.3 billion

Service revenue
R79.9 billion
FY2021: R77.6 billion

Capex
R14.6 billion
FY2021: R13.3 billion

Operating profit
R28.2 billion
FY2021: R27.7 billion

Distributed
R15.2 billion
in dividends to equity shareholders
FY2021: R15.1 billion

Debt service
R4.2 billion
paid in interest to debt funders
FY2021: R4.2 billion

Total shareholder return (TSR)
35.8%
FY2021: 15.2%

Headline earnings per share (HEPS)
1 013cps
FY2021: 980cps

Ordinary dividend per share
850cps
FY2021: 825cps

MC Manufactured capital

5G sites added in South Africa
434
FY2021: 190

Vodacom Group sites added:

4G sites:	1 410	FY2021: 1 883
3G sites:	519	FY2021: 885
2G sites:	441	FY2021: 787

Number of **rural network sites** increased to
9 637
FY2021: 9 280

Connected **95** deep rural sites and **61** rural communities previously without coverage

US$324.6 billion
M-Pesa transactions were processed in the year, including Safaricom
FY2021: US$251.1 billion

Vodafone Fibre passed
155 903
homes and businesses in South Africa
FY2021: 146 401

NC Natural capital

Vodacom ranked the **first** telecommunications company (out of 221 companies) globally in the Sustainalytics ESG Risk Ranking, and maintained a MSCI AAA ESG rating

14.8% reduction
in GHG emissions per terabyte of data
FY2021: 0.75 $mtCO_2e$

96%
of network waste reused or recycled
FY2021: 99%

70 715 consumer devices reused or recycled
FY2021: 63 434

76%
reduction in water consumption in South Africa since 2017

HC Human capital

Paid
R7.3 billion
to 8 132 employees
FY2021: R7.0 billion to 7 875 employees

Invested
R483 million
in employee skills development across all our markets
FY2021: R472 million

Encouraging diversity in South Africa

78%
of employees are black
FY2021: 77%

62%
of our senior managers are black
FY2021: 62%

56%
of our ExCo members are black
FY2021: 67%

37%
female representation in senior management
FY2021: 35%

44%
of our employees are women
FY2021: 44%

IC Intellectual capital

Acquired high-demand spectrum (HDS) in South Africa for
R5.4 billion

In South Africa, **VodaPay downloads** reached
2.2 million
since launch

M-Pesa across our markets has grown to serve more than
47.1 million
customers

Our **Mezzanine, IoT.nxt, X-Link and Nexio subsidiaries** enable and enhance cloud and hosting, the Internet of Things (IoT), managed security and managed service.

SRC Social and relationship capital

Customers
129.6 million
up 5.9%, including Safaricom

Contributed to vaccination rollout across Africa
Pledged
R87 million
with Vodafone to provide logistics support and cold-chain technology to deliver COVID-19 vaccines to underprivileged and rural communities

Enhanced public finances
R22.1 billion
tax paid as our total economic contribution to public finance
FY2021: R21.6 billion

Enabled financial inclusion
60.6 million
financial services customers, including Safaricom
FY2021: 58 million

Promoted digital inclusion
over **22 million**
users accessing our zero-rated ConnectU platform
FY2021: 15.5 million

Contributed to transformation in South Africa
LEVEL **1**
Broad-Based Black Economic Empowerment (BBBEE) contributor status
FY2021: Level 1

R41 billion
weighted spend on BBBEE-status suppliers
FY2021: R38 billion

Our approach to ESG

Vodacom's purpose **to connect for a better future** means using our range of services – including mobile and fixed connectivity, cloud and hosting, data security and IoT services, and digital and financial services – to enable consumers and businesses to thrive. Our approach to ESG is an integral part of our purpose and strategy to be the leading connectivity and financial services company in Africa, enabling an inclusive and sustainable digital society.

Our ESG framework

Alongside, we set out the main elements supporting the delivery of our ESG approach. Executing our strategy enables us to deliver our targets across three purpose pillars: digital society, inclusion for all, and planet, and ensures we act responsibly and ethically wherever we operate.

We are committed to supporting the delivery of the UN SDGs and, by delivering against our purpose, we aim to produce profitable solutions to challenges faced by society and the planet while not profiting from products and services that have negative impacts. We strive to minimise the negative environmental impacts arising from our operations. We are mindful that pursuing sustainable development activities without consideration of profitability can detract from our purpose. Our Social Contract activates and accelerates our purpose initiatives.

We believe operating responsibly is essential to long-term sustainability and cultivating trust with our stakeholders. For Vodacom, this means acting honestly, with integrity, and maintaining robust ethics, governance and risk management processes.

OUR PURPOSE PILLARS

Digital society

Connecting people and things and digitalising critical sectors.

Digitalising business
Providing products and services to support businesses, particularly small and medium-sized enterprises (SMEs).

Digitalising critical sectors
Supporting the digitalisation of education, healthcare and agriculture through specific products and services.

Digitalising government
Using our IoT platforms and technology to amplify productivity and efficiencies and enable better connectivity with citizens.

Inclusion for all

Ensuring everyone has access to the benefits of a digital society.

Access for all
Finding new ways to extend our network and make connectivity more accessible to all.

Propositions for equality
Providing relevant products and services to address societal challenges, such as gender equality and financial inclusion.

Workplace equality
Developing a diverse and inclusive workforce that reflects the customers and societies we serve.

Planet

Reducing our environmental impact and helping society decarbonise.

Climate change
Working to reduce our environmental impact.

Carbon enablement
Helping our customers reduce their carbon emissions.

E-waste
Driving action to reduce device waste and progressing against our target to re-use, re-sell or recycle 100% of our network waste.

OUR SOCIAL CONTRACT

To achieve our purpose, we aim to strengthen our reputation by safeguarding the trust of our stakeholders and ensuring that digital connectivity delivers on its full potential for responsible leadership and innovation. Our Social Contract is a pact to help strengthen trust across all stakeholder groups as we meet their expectations while maintaining positive relationships. Our Social Contract guides our journey as a purpose-led company, and is built on three core principles

Trust
Building trust with our customers through simplified and transparent pricing, customer-orientated solutions and reducing our planetary impact.

Fairness
To ensure fairness and promote digital inclusivity through enhanced access to digital products, services and infrastructure.

Leadership
To demonstrate responsible leadership through innovation in IoT and mobile financial services, leadership in convergence and solutions that benefit society.

RESPONSIBLE BUSINESS PRACTICES

Protecting data

Customers trust us with their data. Maintaining this trust is critical.

Data privacy
We want to respect the privacy preferences of our customers and help improve society by using data responsibly.

Cyber security
As a provider of critical national infrastructure and connectivity that is relied upon by millions of customers, we prioritise cyber and information security across everything that we do.

Protecting people

Health and safety
Creating a safe working environment for everyone working for and on behalf of Vodacom and the communities in which we operate.

Mobiles, masts and health
Operating our networks strictly within national regulations.

Human rights
Contributing to protecting and promoting human rights and freedoms and supporting socioeconomic development.

Responsible supply chain
Managing relationships with our direct suppliers and evaluating their commitments to diversity, inclusion and the environment.

Business integrity

We are committed to ensuring we do business ethically, lawfully and with integrity wherever we operate.

Tax and economic contribution
As a major investor, taxpayer and employer, we make a significant contribution to the economies of the countries in which we operate.

Anti-bribery and corruption
We have a zero-tolerance policy toward bribery or corruption. Our policy provides guidance on what constitutes a bribe and prohibits giving or receiving any excessive or improper gifts or hospitality.

TRANSPARENCY AND MEASUREMENT

Transparency is essential to our ESG approach – which we achieve through our comprehensive disclosures – along with measuring our progress, which we do using multiple mechanisms such as ESG ratings, reputation tracking and feedback from stakeholders.

For more information, refer to our sustainability report.

Chairman's statement

Saki Macozoma

As the world emerges from the turmoil caused by the COVID-19 pandemic and navigates economic recovery, we continue to explore the transformative effect the past two years had on our lives – both personally and professionally. Given the developments unfolding in our external environment and the strategic milestones we delivered during the year, there has never been a more pertinent time for Vodacom to centre ourselves on our purpose of connecting for a better future.

Purposefully driving economic transformation

FY2022 marked many milestones for Vodacom and, in the context of the socioeconomic inequalities highlighted by the pandemic, we find ourselves at a defining point in history where good business and social responsibility are demonstrably no longer mutually exclusive pursuits. In fact, we are driven to deliver future-ready products and services that translate into sustainable socioeconomic development across our markets by enhancing financial inclusion and promoting equal digital access.

We are guided by our Social Contract to deliver broad societal value and enhance customer trust, improve our offerings to consumers and enterprises, and collaborate with government, regulators and other key stakeholders. As part of our commitment to being a purpose-led business, we continue to maintain our reputation for responsible leadership in building a digital society accessible to all.

This commitment is an important element of our comprehensive COVID-19 response strategy. This year, we focused on embedding the second phase of our six-point plan, aiming to restart the economy and stimulate employment in the countries where we operate. To truly see positive change, governments, businesses and communities will have to work together. As such, we ensured our approach was strategic, systematic and aligned with our three purpose pillars – digital society, inclusion for all, and planet. Towards the end of the year, we saw some positive changes, including increased vaccine coverage, improved treatments and reduced mortality. While the road to recovery might be long, we remain committed to assisting our customers and societies during these tough economic times and driving financial and digital inclusion for all.

For more information on our Social Contract and COVID-19 response, refer to **page 12**.

FY2022 was indeed a remarkable year for Vodacom – one where we leveraged the power of scale to deliver on a clear and powerful strategy that, ultimately, delivers superior returns to our shareholders and exceptional products and services to our customers. The Group announced two transformational M&A deals during the year – a rare occurrence within Vodacom given the high benchmark we have for the assets we target. Firstly, we took a major step forward in scaling our fibre offering in South Africa by announcing the proposed acquisition of an up to 40% stake in Community Investment Ventures Holdings (CIVH), the holding company of Vumatel and Dark Fibre Africa (DFA). We also announced our intention to acquire a 55% shareholding in Vodafone Egypt, signifying a unique opportunity to advance Vodacom's strategic connectivity and financial services ambitions in one of Africa's premier telecom operators. In addition, we participated as a direct minority and strategic investor in a consortium controlled by Safaricom, which obtained a licence to provide mobile telecom services in Ethiopia, Africa's second most populous country.

These transactions mark a major step in diversifying our connectivity offering, optimising our assets through sharing costs and accelerating fibre reach to help bridge the digital divide. We believe these deals advance the Group's strategic ambitions and will diversify and materially enhance our growth and returns profile. Now, we focus on extending the depth of our services in our markets, preparing to provide the digital and financial platforms to enable inclusion and spur economic growth.

Another far-reaching highlight of the year was the acquisition of 110MHz high-demand spectrum (HDS) as part of the Independent Communications Authority of South Africa's (ICASA's) auction and assignment process. Our contribution to the auction was R5.38 billion and is expected to support the South African government to unlock the country's digital economy. We see this as a win for Vodacom, the sector and our customers who, in the years to come, will benefit from expanded coverage, faster speeds and enhanced network quality.

Finally, we launched our highly anticipated VodaPay super-app to support greater digital and financial inclusion and, together with the rollout of the M-Pesa super-app, we have cemented our position as Africa's largest fintech platform by subscribers.

Navigating a difficult regulatory and political landscape

Our regulatory environment continues to be challenging, driven by sometimes unpredictable changes and complex requirements that vary across the countries where we operate.

In Tanzania, for example, the government introduced new levies relating to mobile money transfers and airtime transactions. The introduction of these levies presents a material barrier to financial inclusion, and we continue to engage with the relevant authorities to assess the impact of these levies on the industry and wider economy. In the DRC, a prime ministerial decree is being drafted to impose new fees relating to quality of service, data protection, traffic monitoring and equipment control. We continue to examine this landscape to ensure the Group remains compliant and positioned for success.

The conflict in Ethiopia impacted our plans for operational readiness, but we are encouraged by the government's recent efforts to foster a truce with the northern region. We anticipate launching commercial services in FY2023 and look forward to building a world-class network in Ethiopia that will unlock its economic potential and build a positive future for people across the country.

Sustainable value creation supported by good governance

In our transition from a traditional TelCo to a fully fledged TechCo, the Board remains committed to ensuring a culture of ethics and good governance is extended across our organisation. I truly believe Vodacom's Board and management team – along with the leadership of our OpCos and subsidiaries – have the necessary skills and experience to drive the Group's transformation into a market leader in technology and communication. We also conducted a Board evaluation this year, which found that the Board continues to function effectively. More details of this evaluation can be found in the Nomination Committee (NomCo) report, included in our governance report.

Vodacom has a self-imposed 10-year tenure for independent board members. Accordingly, having served on the Board since 2012, David Brown will retire as lead independent director of the Board, chairman of ARCC and member of the Remuneration Committee (RemCo) at the Group's AGM in July 2022. On behalf of the Board, I extend my appreciation to David for his leadership and contribution to Vodacom and wish him much success in his future endeavours. Khumo Shuenyane will be appointed as lead independent director following David's retirement. Furthermore, following the conclusion of our AGM, Nomkhita Nqweni will withdraw as alternate director to Phuthi Mahanyele-Dabengwa and be appointed as independent director to the Board.

Simplified dividend policy provides scope to accelerate growth

Since the financial year ended 31 March 2013, the Board has maintained its dividend policy of paying at least 90% of adjusted headline earnings, excluding the contribution of the attributable net profit from Safaricom and any associated intangible amortisation. In addition, the Group distributed any dividend it received from Safaricom, up to a maximum amount of the dividend received, net of withholding tax.

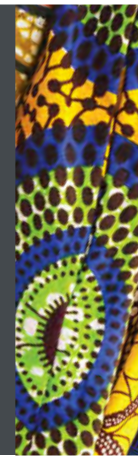
Looking ahead, the proposed M&A deals provide a compelling opportunity to accelerate our system of advantage and the Group's growth profile. Mindful that these deals will utilise debt capacity and while also wanting to retain headroom to invest in growth areas, the Board considered it appropriate to review the current dividend policy. Accordingly, on completion of the Vodafone Egypt acquisition, the Group intends to amend and simplify its dividend policy and institute a policy of paying dividends of at least 75% of Group headline earnings. The simplified policy and proposed acquisitions combine to provide a high pay-out on enhanced growth prospects. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies on the JSE.

Outlook

In a time of post-pandemic recovery inspired by technology and innovation, there are many exciting possibilities to consider. As with any change, however, some factors cannot be ignored. Around the world, geopolitical tensions are becoming more apparent, mostly due to the Ukraine-Russia war, which will exacerbate supply constraints, increase foreign exchange volatility and drive inflationary pressures. Ongoing regulatory uncertainties could further hinder financial and digital inclusion. Furthermore, with the advancements in technology and digital platforms, the ICT industry also faces increased cyber security-related threats.

At Vodacom, we remain focused on mitigating external uncertainties and ultimately look forward to consolidating our position as a purpose-led organisation, adding value across our markets in Africa as we navigate the future together.

> "We also announced our intention to acquire a 55% shareholding in Vodafone Egypt, signifying a unique opportunity to advance Vodacom's strategic connectivity and financial services ambitions in one of Africa's premier telecom operators."



Appreciation

Considering the Group's recent M&A activity, it was indeed a very busy year for Vodacom. I want to extend my sincere thanks to the Board – especially our independent directors – for their diligence and the long hours devoted to Vodacom to finalise these deals. Their insights and guidance were extremely valuable during an exceptional transformational year.

My appreciation also goes to Vodacom's executive team, as well as our employees, for their extended resilience in seeing us all through to connecting for a better future. To other stakeholders – our investors and shareholders, governments and regulators, customers, communities, suppliers and business partners – thank you for your continued support.

It is a particularly exciting time in Vodacom's history, and I believe the Group is optimally positioned to deliver sustainable value to our stakeholders.

Saki

Saki Macozoma
Chairman
01 June 2022

A Social Contract with our stakeholders

Vodacom's Social Contract – premised on trust, fairness and leadership – continues to guide us as we respond to challenges through different stages of the COVID-19 pandemic.

With this in mind, this year we implemented a range of initiatives and leveraged strategic partnerships to support economic recovery in the countries where we operate. We understand that the world will continue to grapple with the economic fallout of the pandemic. However, at year end, we saw some recovery in our South African market driven by increased vaccine coverage. While uptake is slow in our international markets, we remain committed to supporting the rollout of vaccinations across our markets.

Importantly, at Vodacom, our commitment to our stakeholders extends beyond the external pressures we face, remaining steadfast as we navigate unexpected challenges. Ultimately, we remain committed to driving digital and financial inclusion by deploying solutions that will reduce the digital divide and uplift those living in the most vulnerable communities.

Over the past two years, Vodacom implemented a comprehensive strategy in response to the pandemic. This strategy served as the foundation of the support we provided to impacted stakeholders, as well as the way in which we protected the most vulnerable and disadvantaged people in our society. During the first phase, we aimed to alleviate the immediate health crisis and drive interventions to save lives and support our societies.

Our achievements in phase 1

1. **Maintained** safety of our staff, quality of service and added capacity to our networks.
2. **Provided** support to governments, such as free phones and personal protective equipment.
3. **Improved** dissemination of information to the public.
4. **Facilitated** working from home for our clients and support for SMEs.
5. **Facilitated** e-learning.
6. **Improved** government's insights into people's movements in affected areas.

For more information on phase 1 of our six-point plan, refer to our FY2021 integrated and sustainability reports, available on our website.

We have since transitioned to phase two of this six-point response plan, which leverages off and builds on the success of our achievements to date. The second phase aims to contribute to restarting the economy and stimulating employment. As such, we strive to leverage our network, digital platforms and data analytics capabilities to deliver economic value and connect society, government and business.

Below, we list some of the interventions during FY2022.

1 Expanding and futureproofing our network infrastructure

- Invested R14.6 billion capex to enhance the resilience and quality of our network.

2 Accelerating support to government

- Worked with the South African Department of Health to support health facilities through technical solutions, such as mVacciNation, e-Labs and Stock Visibility Solution (SVS).
- Donated R10 million to fund the private sector-led, multi-sectoral Gender-Based Violence and Femicide (GBVF) Response Fund 1 in South Africa.
- Connected educators and learners through the Connected Digital Education initiative, enabling remote learning with affordable connectivity.
- Contributed to Mozambique's #Hope4Palma campaign by providing food, shelter and personal hygiene items, reaching over 5 000 families displaced by conflict in the Cabo Delgado province.
- Pledged R87 million towards logistics support and cold-chain technology to deliver vaccines to underprivileged and rural communities in the DRC, Lesotho, Mozambique, South Africa and Tanzania.

3 Enhancing digital accessibility and literacy for the most vulnerable

- Provided free access to basic internet and essential services through the ConnectU platform, with over 22 million unique visitors to date and over 14 million sessions initiated monthly. This platform is live in South Africa and was launched in the DRC during the year, with rollout to other international markets under review.
- Introduced a free online portal in Tanzania curating learning materials to students and teachers, among others, and, in Lesotho, created a digital library for blind and visually impaired persons – the first of its kind in this country.
- Launched the Nokia 2720, a smartphone designed to provide easier access for senior citizens, people living with disabilities and those who experience other barriers to communication.
- Launched the Vodacom Easy2Own proposition to drive smartphone accessibility.
- Hosted Code Like a Girl camps in Mozambique, South Africa, Tanzania and Lesotho to advance gender parity, training a total of 1 494 girls in science, technology, engineering and math (STEM)-related fields.
- Partnered with a start-up in the DRC to develop the digital skills of 200 young people and create job opportunities.
- Equipped 50 public secondary schools in Mozambique with 360 computers and over 9 720 GB of free internet, benefiting more than 24 638 students. We also supported refugee hosting schools and communities by deploying 332 150 Instant Network Schools in the country.
- Expanded broadband access to 3 000 schools in South Africa and 300 schools in Lesotho.
- In South Africa, we donated R7 million to assist with dealing with the effects of the social unrest in July 2021 and accelerated efforts to support SMEs impacted by the resultant economic fallout.

4 Promoting widespread digital adoption for businesses, particularly SMEs

- Facilitated the adoption of safe and secure digital solutions through advances in the IoT, artificial intelligence (AI), Big Data analytics and the financial services platform.
- Introduced VodaTrade, enabling small suppliers to go digital and connect with bigger business partners.
- Improved the productivity, revenue and resilience of over 91 000 small-scale farmers in the DRC and 142 996 in Tanzania by connecting them to information, inputs, credit and buyers through M-Pesa and Connected Farmer.

5 Supporting exit strategies through targeted digital adoption

- Partnered with the African Union Development Agency to accelerate the COVID-19 vaccine rollout through our mVacciNation technology platform.
- Engaged with government and local and international agencies to explore new use cases for anonymised and generalised data.

6 Enabling cashless payments and financial inclusion

- Launched VodaPay in September 2021, a powerful, all-encompassing platform aimed at driving digital and financial inclusion in South Africa and the rest of the continent. VodaPay has reached 2.2 million downloads since launch.
- Introduced Voucher Advance, a solution that facilitates lending, enabling customers to get a meal or new appliances immediately and pay for it later.
- Rolled out Airtime Advance to the DRC, Lesotho, Mozambique and Tanzania.
- M-Pesa across our markets has grown to serve more than 47.1 million customers and 550 000 merchants through 510 000 agents in Kenya, Tanzania, Mozambique, the DRC and Lesotho.

Vodacom's COVID-19 statistics as at year end

Total confirmed cases	Recoveries	Lives lost	Remaining active cases
3 178 (2021: 790)	3 149 (2021: 771)	27 (2021: 19)	2 (2021: 0)

Outlook

As a purpose-led company, Vodacom remains focused on strong governance and our three purpose pillars – digital society, inclusion for all, and planet. By integrating this approach with our Social Contract with stakeholders, we can support balanced economic progress in the countries where we operate which, in turn, will provide us with compelling growth opportunities.

Please refer to our sustainability report for more information.

CEO's statement

Shameel Aziz Joosub

I am incredibly proud of how Vodacom held steadfast in its purpose of connecting people for a better future throughout the year. This purpose continues to drive a powerful strategy that, we believe, can support economic recovery in the markets where we operate, navigate macroeconomic uncertainties and create sustainable value for our stakeholders.

Living our purpose through our Social Contract

The COVID-19 pandemic exposed and exacerbated existing vulnerabilities in our society, especially in disadvantaged communities. The power of our purpose-led business model equipped us to meaningfully contribute to inclusion and recovery in the markets where we operate, and we are pleased with how we assisted governments and communities across the continent by deploying a range of "tech for good" solutions to mitigate the effects of the pandemic.

R79.9 billion
Group service revenue
up 3.0% on a reported basis and 4.6%* on a normalised basis

R102.7 billion
Group revenue
up 4.5% and a strong normalised growth of 5.8%

* We present normalised results to assist in understanding the underlying growth trends, which adjust for the impact of trading foreign exchanges; the impact of foreign currency translation on a constant currency basis; and the merger, acquisition and disposal activities during the current year. In FY2022, the South African rand appreciated by around 5% relative to a basket of our international business's currencies, which diluted reported growth. Additionally, start-up losses in Ethiopia negatively impacted reported growth in operating profit. The Group has a 6.2% direct stake in the Safaricom-led consortium Safaricom Telecommunications Ethiopia Plc (STEP), which is rolling out mobile services in Ethiopia. Additionally, the Group has indirect exposure through Safaricom's 55.7% effective interest in STEP.

One of the most impactful "tech for good" initiatives was our partnership with the South African government to support the COVID-19 vaccine rollout through our mVacciNation technology platform. We also partnered with the African Union Development Agency to make the platform available across the rest of Africa. Furthermore, Vodacom and Vodafone made an R87 million financial pledge to provide logistics support and cold-chain technology to deliver COVID-19 vaccines to underprivileged and rural communities in the DRC, Lesotho, Mozambique, South Africa and Tanzania.

Beyond the pandemic, Vodacom launched a fund with the Vodafone Foundation to support communities in the DRC devastated by the volcanic eruption of Mount Nyiragongo. In South Africa, we donated R7 million to assist communities affected by the July 2021 social unrest and accelerated efforts to support SMEs impacted by the resultant economic fallout. We recognise the role of SMEs in supporting economic growth, and continue to provide innovative solutions driven by technology and Big Data analytics to foster financial and digital inclusion. One such innovation is the launch of V-Hub, an online resource portal specifically designed for SMEs to unlock their full potential as they embark on a digital transformation journey.

Consistent investment in our world-class network is paramount and, over the past five years, the Group has spent over R65.7 billion to expand our capacity and increase our resilience. In a big win for the Group, in March 2022, Vodacom South Africa acquired 110MHz HDS for R5.4 billion as part of ICASA's auction and assignment process. The licence duration of 20 years provides much-needed certainty to invest in next-generation mobile infrastructure such as 5G. This investment will broaden coverage, increase speeds and enhance network quality to unlock South Africa's digital economy and reduce the costs to communicate.

We understand the potential of internet access as a powerful enabler for economic and financial inclusion. To unlock this potential, we aim to balance price transformation with ongoing investment and product development. Notably, over the last two years, we materially reduced mobile data prices in South Africa – including a 43% reduction in the 1GB data bundle price point – along with zero-rating our ConnectU platform and providing discounted offers to disadvantaged communities. In addition to scaling our ConnectU platform across our international markets in the coming financial year, we will accelerate our CVM and Big Data capabilities to shrink ""sachet"" sizes to meet the challenges of rising inflation and pressure on consumer spend.

Delivering on our system of advantage

Our evolution from a TelCo to a data-driven TechCo is well on track, and we continue to leverage our scale, connectivity and ecosystem of partnerships to grow our relationships with customers. Through our multi-product strategy – called the system of advantage – we deliver diversified, differentiated offerings through three primary strategic ambitions and 10 drivers of success to create sustainable value.

Ambition 1: Africa's leading communications company

Vodacom is in the business of connecting people, places and things. As the market leader in mobile across the countries where we operate, we intend to also establish a more meaningful foundation in fixed to support our position as the connectivity partner of choice for consumer and enterprise customers alike. This ambition is underpinned by investing in the best infrastructure and technology while driving data adoption. Market leadership and scale provide us with the platform we need to deploy our system of advantage, including digital and financial services, and evolve the conversation we have with customers to one focused on the value we can deliver to their homes and businesses.

As we invest in deepening the quality and penetration of mobile and fixed connectivity services across our footprint, we unlock the potential of a digital society. In March 2022, as part of the International Telecommunication Union's (ITU) Partner2Connect programme, Vodafone and Vodacom committed to investing significantly in sub-Saharan Africa's 4G population coverage. As part of this commitment, Vodacom will drive efforts to increase 4G population coverage by an additional 70 million people across our footprint over the next five years. Furthermore, to support data adoption, we will leverage our strategic partnerships and implement innovative financing options to provide affordable devices to our customers. With smartphone penetration at just 53%, this is an exciting opportunity for the Group.

For Vodacom, market leadership reflects the quality and depth of the service we offer consumers and enterprises in our selected markets rather than the size of our footprint. Because of this, we rarely announce major M&A deals – however, this year, we identified two transformative acquisitions to complement our strategy and further enhance the Group's growth and return profile.

Firstly, we are in the process of acquiring a 55% shareholding in Vodafone Egypt for an equity consideration of R41.1 billion. Vodafone Egypt has a strong growth outlook, and our investment presents a unique opportunity to combine synergies and advance the Group's strategic connectivity and financial services ambitions in one of Africa's premier telecom operators. Vodafone Egypt's growth outlook is supported by leadership across both the consumer and enterprise segments, a clear network and spectrum advantage in comparison to peers, a brand synonymous with technology leadership, and a software factory that facilitates leading Big Data and AI capabilities. Significantly, with over 80% of the population unbanked, we see a compelling opportunity to leverage our financial services platforms across Egypt.

Separately, in South Africa, we proposed a strategic 30% investment in CIVH's leading assets – with an option to increase our stake to 40% – as a major step in scaling our fibre offerings in the country. Through this investment, Vodacom will gain exposure to South Africa's largest open fibre access players, including Vumatel and DFA, enabling us to further diversify our connectivity offering and optimise our assets through sharing costs. Vodacom's capital and asset injection and strategic support are expected to accelerate fibre penetration in South Africa, reaching more consumers and providing internet service providers (ISPs) with greater open-access infrastructure to leverage.

Safaricom is a strategic partner of the Group. In support of Safaricom's long-term growth outlook, we participated as a minority investor in a Safaricom-led consortium that obtained a mobile telecom licence in Ethiopia. Safaricom is currently setting up operations and preparing detailed plans for operational readiness ahead of the launch in FY2023. While cognisant of the evolving situation in Ethiopia, we are proceeding with our plans, adapting and assessing the situation on the ground as it evolves.

Ambition 2: Diversify and differentiate with our digital ecosystem

Our digital ecosystem is integral to our system of advantage and provides us with a foundation from which to create deeper customer engagement and build a 360-degree customer view where we compete on value rather than price. Powered by Big Data, our digital ecosystem includes capabilities across financial and digital services to IoT platforms that span smart medicine, agriculture and buildings. These capabilities build on our connectivity leadership to diversify and differentiate our offerings. In doing so, we unlock opportunities to enhance growth and diversify revenue streams.

A key measure of our success in diversifying growth will be the contribution of new services, which include financial and digital services, IoT and fixed. In the medium term, we aim to generate between 25% and 30% of the Group's service revenue from new services, which reached 17.9% in FY2022. Our financial services business is expected to remain the most significant component of this measure, already contributing 9.5% to service revenue.

We have built a formidable financial services business, with customers reaching 60.6 million in FY2022 (including Safaricom on a 100% basis). Our scale in financial services is underpinned by Africa's fintech leader by transaction volumes, M-Pesa, which recently celebrated its 15th anniversary. M-Pesa processes over 52 million transactions daily, which amounted to US$324.6 billion over the year. In South Africa, our Big Data-led Airtime Advance and insurance products supported another year of strong growth, with financial services revenue up 12.4% to R2.7 billion.

Building on our success in financial services, we are implementing a two-way ecosystem through the launch of the VodaPay super-app in South Africa and M-Pesa super-app across our international markets to empower consumers and merchants with comprehensive financial services, entertainment and e-Commerce. The launch of our South African super-app, VodaPay, was a major strategic milestone in this regard. VodaPay combines the best in global technology with our investments across the fintech value chain to revolutionise our customer proposition and support greater digital and financial inclusion. M-Pesa Africa, our innovation hub, will leverage this super-app approach, along with our portfolio of financial service offerings, to ensure we build once and replicate across the markets. In this way, we can leverage our success in markets like Kenya and Tanzania while also setting up other markets to accelerate customer and service adoption. Over and above this, Egypt and Ethiopia – each with populations exceeding 100 million people – will provide transformational opportunities for our financial services business.

In the enterprise segment, our tailored service offerings enable large enterprises and SMEs, as well as governments and universities, to release productivity efficiencies through our flexible fixed, IoT, cloud and hosting and managed security solutions. Notably, in IoT, we have unique scale and capabilities supported by Vodafone and the global reach of Vodacom's local solutions, such as IoT.nxt. Our subsidiary Mezzanine is scaling smart healthcare solutions, which include mVacciNation and smart agriculture platforms. For example, our Connected Farmer platform already supports over 230 000 small-scale farmers across our footprint.

To maintain our position as a leading pan-African TechCo, we continue to enhance our Big Data capabilities. We already leverage Big Data to drive personalisation and nano-sized products at scale. In South Africa, we complete 5 million Airtime Advance transactions a day. We see Big Data as the engine that powers our digital ecosystem and will accelerate our capabilities across CVM, loyalty and financial services. By focusing on advancing digital, data-driven solutions, we can consistently expand our understanding of customers and create propositions where decisions are not simply based on price, but rather on the benefits of personalised products and services that promote accessibility and inclusion.

CEO's statement continued

Ambition 3: Optimised, future-ready TechCo

Our connectivity reach and digital ecosystem position us to drive digital and financial inclusion. Mindful that we need to deliver on our purpose while also optimising shareholder returns, we are leveraging partnerships and sharing models to support the buildout of best-in-class networks and platforms that broaden our reach and overall customer proposition. Furthermore, by embedding our agile employee culture, the Spirit of Vodacom, across the organisation, we can accelerate our transition to a TechCo and build one of Africa's most trusted and loved brands.

Delivering on our strategy and medium-term targets while still dealing with the effects of COVID-19 is a testament to the skills depth and strength of our employees. To further accelerate our system of advantage, we understand the need to develop our employees' digital capabilities to ensure each person within the Group can grow into targeted roles that support our ambitions. Our #1MoreSkill strategy continues to drive this development, and this year we established a skills transformation team at Group level to accelerate the initiative, focusing on software engineering, cloud computing, robotic process automation (RPA), cyber security and 5G. Pleasingly, our ongoing efforts to create a nurturing environment where employees can thrive continue to be externally recognised, and Vodacom was certified as Africa's Top Employer for the sixth consecutive year by the Top Employer Institute.

The health, safety and well-being of each employee continue to be a priority and key focus area across our markets. Sadly the lives of two members of the public were lost as a result of a road accident in Mozambique.

We continue to explore opportunities for sharing infrastructure and scaling platforms to maximise the Group's existing capital and operational efficiencies. In South Africa, we are carving out our tower portfolio into a separate TowerCo business to create a strategic asset for future partnerships. Separately, we established the Group Big Data and Analytics Centre of Excellence to leverage best-in-class shared capabilities across our footprint.

We remain committed to operating responsibly to preserve our natural resource base, and have the right resources in place to drive our ESG ambitions across the Group. Pleasingly, we were again recognised by leading ESG rating agencies: in October 2021, Sustainalytics ranked Vodacom first out of more than 200 companies in its Telecommunications Service industry grouping. We also maintained our AAA rating from MSCI. Our success should not come at a cost to the environment, and we continue to invest in climate-smart networks and solutions to play our part in protecting the planet for future generations.

My appreciation and outlook

In what has been both a challenging and transformative year for Vodacom, I am deeply grateful for the ongoing resilience and innovation demonstrated by our leadership and people. I would like to thank our business partners, shareholders and other stakeholders for their continued support as we take steady strides to deliver on our purpose.

Looking ahead, we will focus on developing our diverse service offerings and completing our M&A deals as we continue our exciting evolution from a TelCo to a TechCo. In the face of the uncertainty brought about by the ongoing pandemic and recent geopolitical disruptions, we remain optimistic but realistically cautious. We are committed to reducing barriers to financial and digital inclusion, and believe the many strategic milestones achieved during FY2022 will meaningfully enhance the Group's growth potential while connecting people for a better future.

Shameel

Shameel Aziz Joosub
CEO
01 June 2022

What value creation means to us

Our operating context

We recognise that our footprint across Africa provides us with the opportunity to play a significant role in the continent's socioeconomic development, particularly with regard to inequality, unemployment and poverty. The COVID-19 pandemic exacerbated these challenges and created a context for corporates such as Vodacom Group to play an even more active role in driving positive change.

Our context

Against a backdrop of economic and societal challenges, we are uniquely positioned to reach and empower millions of African consumers with our connectivity, and digital and financial solutions.

For more information refer to the integrated reporting boundary **page 02**.

Informs →
← Influences

Our purpose

Why we exist

We connect for a better future.

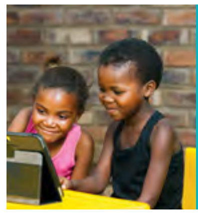
Drives →
← Enables

Our strategy

Anchored in our vision.

Our purpose pillars

Digital society
Connecting people and things to the internet



Inclusion for all
A digital future that is accessible to all

Planet
Reducing our environmental impact

For more information refer to our Sustainability value creation on **page 13**.

The Spirit of Vodacom

How we operate

01
Earn customer loyalty

02
Create the future

03
Experiment, learn fast

04
Get it done, together

https://www.vodacom.com/presentations.php

How we will achieve our vision

A leading African TechCo with a clear system of advantage

Strategic ambition 1:
Africa's leading communications company

01 Footprint strengthened

02 Secure leadership in mobile and fixed

Strategic ambition 2:
Diversify and differentiate with our digital ecosystem

03 Scale financial and digital services

04 Digital partner of choice for enterprises

05 World-class loyalty and customer experience

06 Personalisation through CVM and Big Data

Strategic ambition 3:
Optimised, future-ready TechCo

07 Optimise assets through sharing

08 Technology leadership in network and IT

09 TechCo organisation and culture

10 Trusted brand and reputation

For more detail on our strategic ambitions and pillars, refer to **pages 36 to 69**.

Who we are

Vodacom is a leading and purpose-driven African connectivity, digital and fintech operator. Including Safaricom, the Group serves 129.6 million customers across consumer and enterprise segments.

Driven by our commitment to digital and financial inclusion, we offer a wide range of services, including telecommunication, IT, digital, IoT and financial services. From our roots in South Africa, we have grown our business to include operations in Tanzania, the DRC, Mozambique, Lesotho and Kenya. In FY2023, our footprint is anticipated to further expand as we acquire a controlling stake in Vodafone Egypt and launch commercial operations in Ethiopia.

Our population reach across our markets exceeds

300 million people

(including Safaricom at 100%)

We offer business-managed services to enterprises in

48 countries

through Vodacom Business Africa (VBA).

Vodafone – one of the world's largest communications companies in terms of revenue – has

60.5% shareholding in Vodacom.

Where we operate

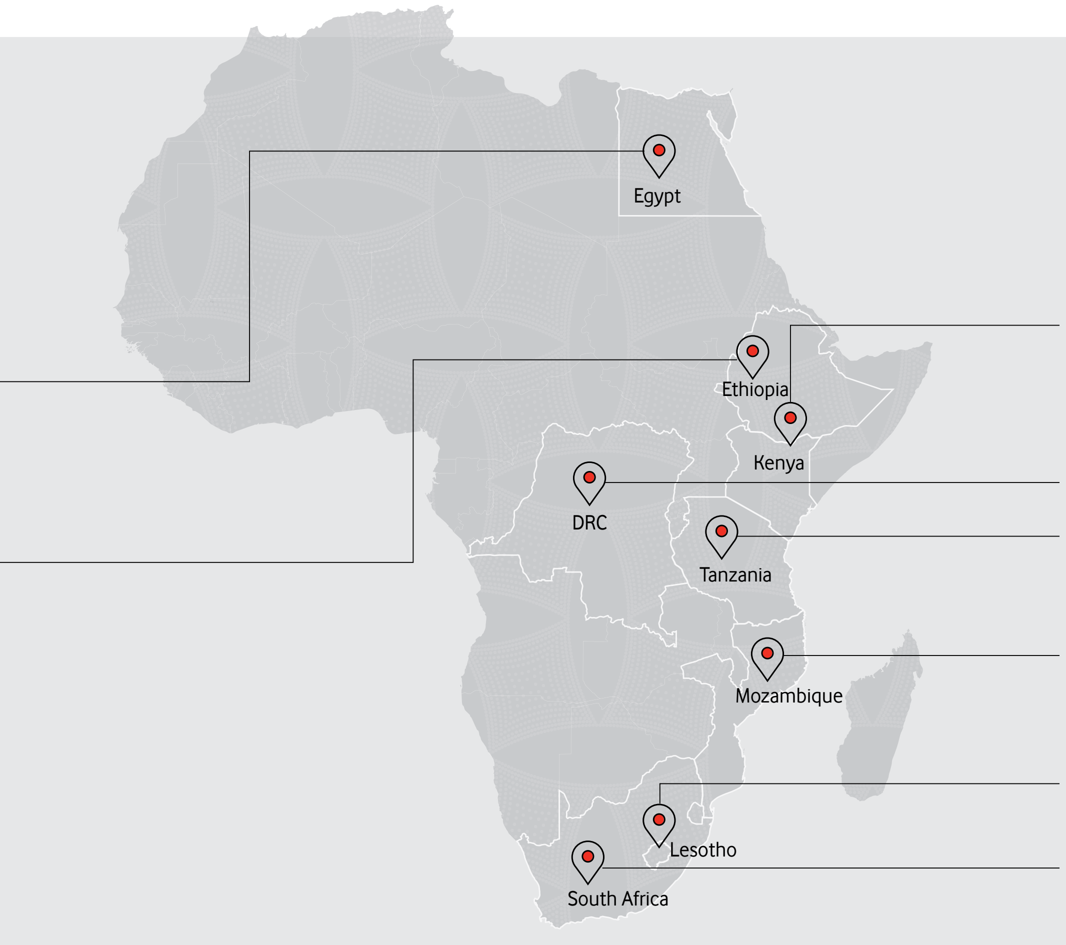
In November 2021, we announced our intention to acquire a **55% shareholding in Vodafone Egypt**. We believe this will cement Vodacom's position as Africa's leading TechCo by advancing our strategic connectivity and financial services ambitions.

Through a Safaricom-led consortium, we have the opportunity to **expand and build world-class services in Ethiopia** – Africa's second-largest country by population.

With the completion of the Vodafone Egypt acquisition and launch of commercial operations in Ethiopia in early FY2023, we anticipate increasing our population reach across the continent to over half a billion people and more than **40% of Africa's GDP.**

Net impact of M&A on capitals employed:

HC + IC + SRC + MC + FC − NC +



Customers

42.4 million

15.5 million

15.4 million

9.0 million

1.9 million

45.5 million

Customers

million	FY2022	FY2021
South Africa	45.4	44.1
DRC	15.5	15.2
Tanzania	15.4	14.9
Mozambique	9.0	8.0
Lesotho	1.9	1.7
Safaricom[9]	42.4	39.9
Total	**129.6**	123.8

Revenue

million		FY2022	FY2021
South Africa	(R)	80 828	76 737
DRC	(US$)	561	509
Tanzania	(TZS)	971 025	974 391
Mozambique	(MZN)	27 992	25 462
Lesotho	(LSL)	1 244	1 209
Safaricom[9]	(KES)	298 024	264 027

Revenue

Rm	FY2022	FY2021
South Africa	80 828	76 737
DRC	8 341	8 297
Tanzania	6 229	6 859
Mozambique	6 612	5 776
Lesotho	1 244	1 209
VBA	394	554
Corporate/eliminations	(912)	(1 130)
Total	**102 736**	98 302
Safaricom[9]	**39 985**	39 627

	South Africa	Tanzania	DRC	Mozambique	Lesotho	Kenya (Safaricom)	Ethiopia
Ownership	100%	75%	51%	85%	80%	34.94%[1]	6.2%[2] (direct)
Population[3] (estimate)	60.8 million	63.3 million	95.2 million	33.1 million	2.2 million	56.2 million	120.8 million
GDP growth[4] (estimate)	1.9%	5.2%	5.5%	5.0%	1.7%	4.4%	5.3%
ARPU[4] (local currency per month)	R90 (FY2021: R95)	TZS 5 132 (FY2021: TZS 5 259)	US$2.8 (FY2021: US$2.8)	MZN 249 (FY2021: MZN 250)	LSL 52 (FY2021: LSL 59)	KES 562 (FY2021: KES 551)[5]	
Licence expiry period	2029	2031	2039 2032/2038[6]	2038	2036	2022/2024 2026[7]	
Coverage 2G	99.9%	92.9%	56.2%	73.5%	96.0%	97.0%	
Coverage 3G	99.9%	66.7%	37.5%	73.2%	97.0%	96.0%	
Coverage 4G	97.9%	50.4%	29.6%	60.1%	76.7%	95.0%	
Coverage 5G	13.5%	–	–	–	–	–	
Data customers (thousand)	23 475	7 603	7 326	5 372	874	25 220	
Smartphone penetration	60.7%	30.3%	22.0%	54.0%	64.8%	43.5%	
NPS	3rd	1st	1st	3rd	2nd	2nd	
Network NPS	1st	1st	1st	2nd	2nd	1st	
Points of presence – formal[8]	8 604	120 365	30 210	78 698	10 792	–	
Points of presence – informal[8]	57 114	26 436	435 117	21 967	3 804	–	
Number of employees	5 583	560	575	780	261	4 422	

For more information on the countries where VBA operates, refer to our website on http://vodacom.com/where-we-operate.php.

1. Vodacom owns 87.5% of Vodafone Kenya Limited which, in turn, holds 39.93% of Safaricom, giving Vodacom an effective holding of 34.94% in Safaricom.
2. The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective interest of 6.2% in Safaricom Telecommunications Ethiopia Plc STEP. In addition, the Group has indirect exposure through Safaricom's 55.7%. This implies an overall look-through stake of 25.7%.
3. The Bureau for Economic Research for SA and Fitch Solutions for all other countries (extraction date: April 2022).
4. Total average revenue per user (ARPU) is calculated by dividing the average monthly service revenue by the average number of monthly customers during the period.
5. Total ARPU is calculated by dividing the average total service revenue by the average number of monthly customers during the period.
6. 2039 (2G licence), 2032 (3G licence), 2038 (4G licence).
7. 2022 (3G licence), 2024 (2G licence) and 2026 (4G licence).
8. Formal points of presence include Vodacom-owned and franchised shops, service providers and private outlets, retailers who purchase directly from Vodacom, M-Pesa agents and ATMs. Informal points of presence include super dealers, territory and data dealers, street vendors/freelancers, informal resellers and virtual top-ups.
9. The Group's effective interest of 34.94% in Safaricom is accounted for as an investment in associate. Results represent 100% of Safaricom and are for illustrative purposes only.
10. South Africa number of employees also includes headcount for VBA, Mauritius, holding companies and Vodacom consolidated adjustments.

What we offer

Through our multi-product system of advantage, we offer a 360-degree customer experience supported by products and services ranging from mobile and fixed connectivity, cloud and hosting, data security and IoT offerings to digital and financial services. We deliver personalised solutions to strengthen and grow our relationships with customers.

Our products and services

Consumer

Core
- Mobile and fixed
- Just4You
- M-Pesa

Accelerators
- ConnectU
- mHealth
- e-School
- Mum & Baby
- Airtime and Voucher Advance
- Short/long-term insurance
- MyMuze
- VodaPay and M-Pesa super-apps
  - e-Commerce
  - Peer-to-peer (P2P)
  - Scan to pay
  - Services and bill payments

Opportunity
- Cyber security
- Home tech
- Save your moments
- Smart home and IoT
- Lending
- Investments

Vodacom Business

Core
- Mobile and fixed
- M-Pesa

Accelerators
- Unified communications
- mVacciNation
- IoT
- mAgriculture
- Cloud and hosting, and security
- Geospatial services
- SME platform
- VodaTrade
- VodaLend/Business Advance
- V-Accelerator
- API Pulse
- Merchant point of sale (POS)
- SD-WAN
- V-Hub

Opportunity
- Africa and wholesale
- Data as a service
- Commercialising infrastructure assets

VodaBucks

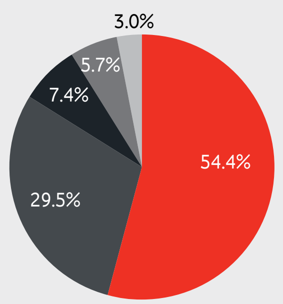
VodaBucks rewarding loyalty

Enablers

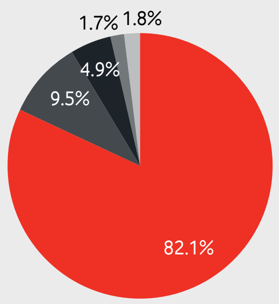
mezzanine | IoT.nxt | Link | nexio | GDSP | Digital Co-X

Partners

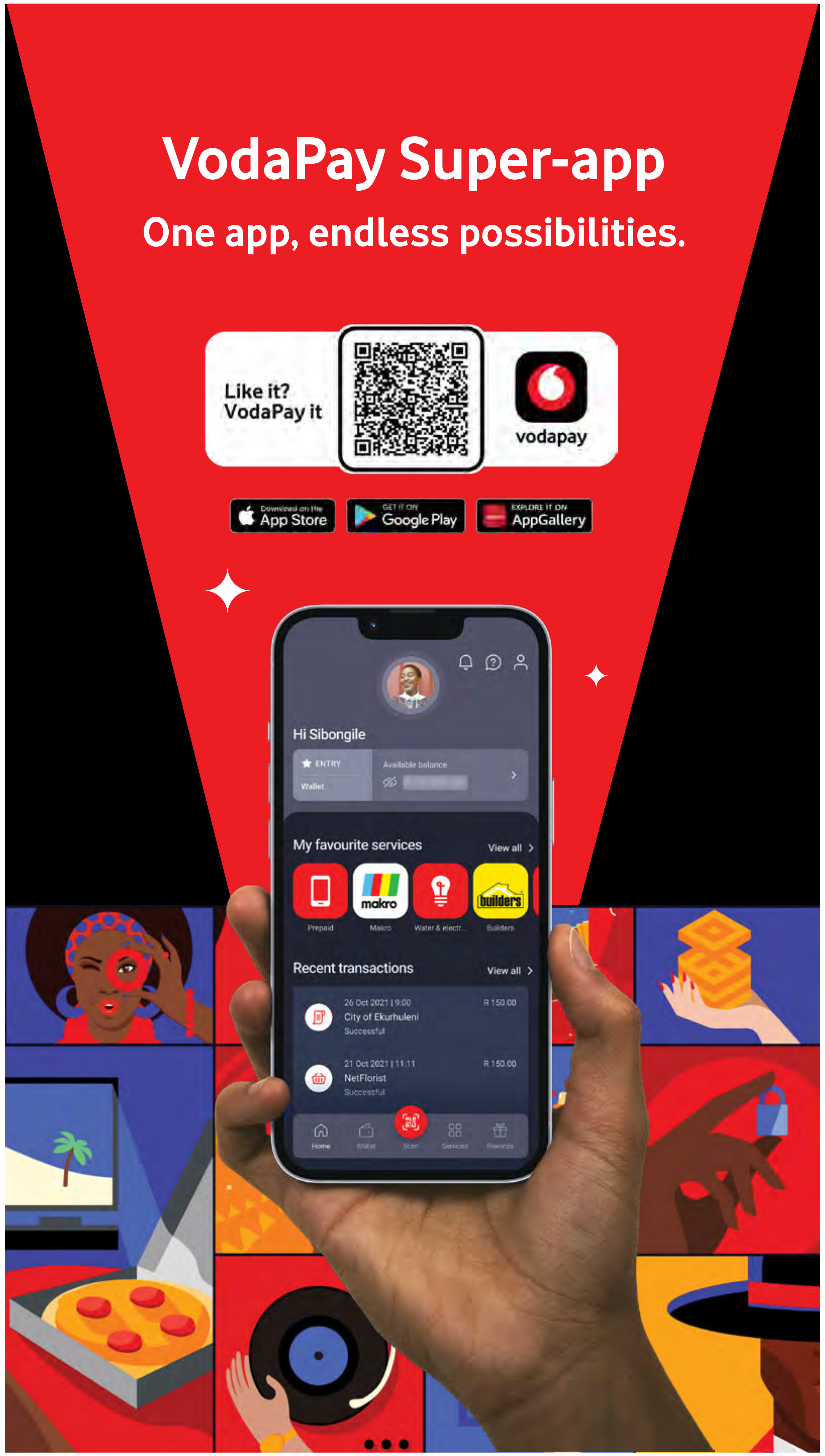
Facebook	Microsoft	Alipay
Google	Amazon	



Contribution to Group service revenue per P&L
- Mobile prepaid revenue (FY2021: 55.9%)
- Mobile contract revenue (FY2021: 28.7%)
- Other service revenue (FY2021: 6.4%)
- Fixed service revenue (FY2021: 5.7%)
- Mobile interconnect (FY2021: 3.3%)



Contribution to Group service revenue by product
- Core mobile (FY2021: 82.8%)
- Financial services (FY2021: 8.9%)
- Fixed (FY2021: 4.7%)
- Digital lifestyle services (FY2021: 2.2%)
- IoT (FY2021: 1.4%)



Our profit formula

We generate profit by investing in our core mobile and fixed networks to attract and retain consumer and enterprise customers. At the same time, we scale our financial and digital services through comprehensive lifestyle solutions. Our competitive differentiation lies in the quality of our network and infrastructure, and the innovation and range of our multi-product offerings. This is supported by our strong market-specific distribution channels, market leadership position, proven ability to manage our cost base and the strength of the relationships we have with key stakeholders – all enhanced by a globally recognised brand.

Our revenue

Our core mobile services – data, messaging and voice – remain our primary revenue generator, and continue to be supported by the uptake of smart devices, expanded network coverage and data bundles becoming increasingly affordable. Our core and new services, which include digital and financial services, fixed and IoT, are underpinned by our Big Data, loyalty and CVM capabilities. We intend to scale our new revenue services into formidable businesses in line with our Vision 2025.

While our revenue mix is largely consumer-driven, strong growth within Vodacom Business (including wholesale) increased its contribution to

25.2%

of Group service revenue (FY2021: 23.2%).

Key revenue differentiators

- A clear and powerful purpose-led strategy, supported by 10 drivers of success to deliver shareholder value.
- Our financial services business – the largest contributor to new services revenue and a clear strategic priority – positions Vodacom as the leading fintech operator on the continent, enriched by our super-apps.
- Best-in-class customer service support systems.
- Vertically integrated solutions for consumers and enterprises, acting as enablers of inclusion and economic growth.
- Leveraging our global enterprise relationships for pan-African service delivery and our relationship with Vodafone to drive global best practice.
- Loyalty programmes and segmented customer profiles to offer competitive, personalised and compelling solutions.
- Customer-centric systems, people and processes.
- Unique Big Data insights we can leverage to improve our offerings to customers.
- A market-leading position serving as the platform to deploy our digital ecosystem, giving us scope to selectively partner with global tech giants and the scale to optimise returns.
- Consistently high rankings in network quality in the countries where we operate, supported by ongoing investment in infrastructure and rolling out 5G (South Africa and Lesotho) and 4G to increase speed and capacity.

Our costs

We have a demonstrated history of optimising expenses and converting revenue into cash flow. We successfully limited increases to our cost profile by implementing a fit-for-growth programme, driving efficiencies in employee expenses, optimising publicity spend and other operating expenses (opex) through an influential Group culture of cost containment. Furthermore, with the proposed acquisition of CIVH's market-leading fibre subsidiaries, we intend to take a major step forward in diversifying our connectivity offering and optimising our assets through sharing costs. One of the opportunities looking forward is further optimisation via sharing.

This approach enables us to invest in new growth areas ahead of commercialisation, such as 5G. We are also embracing best-in-class technologies and, in many ways, leading the way for optimising costs through RPA, Big Data, AI and the implementation of a scaled agile framework (SAFe) to improve efficiencies. Because of this, our steady cash flow allows us to maintain a high level of capital reinvestment to protect our leading position in network coverage, call quality and data speed in our markets. In addition to investing in Vodacom's future, cash generated from our activities allows us to maintain steady shareholder returns.

Key cost differentiators

- Saved R1.6 billion through Fit For Growth initiatives.
- Leveraging global best practice on cost optimisation, benefiting from and sharing best practice with Vodafone.
- Ability to optimise costs through our leading use of RPA, Big Data and AI.
- Benefiting from the global purchasing power of Vodafone Procurement Company (VPC).
- Consistent investment in our network, delivering continued improvement in operating costs through more efficient technologies and network innovation.
- Robust governance processes in place to approve investments and review product, cost and investment decisions.
- Shared services and initiatives with Vodafone and across our own African footprint to optimise back-end costs.
- Optimal network deployment using AI.
- Optimising power utilisation across our buildings and sites using the IoT.nxt platform.

For more information, please visit https://www.vodacom.com/investor-relations.php.

Our investment case

Our business thrives because of our purpose-led business model, which is enabled by a powerful multi-product strategy called the system of advantage. Our connectivity reach transforms lives and empowers businesses through digital and financial inclusion as we connect people for a better future. Against this backdrop of positive societal impact, we see scope to accelerate our growth and enhance financial returns to support superior shareholder returns.

Supported by our system of advantage

We are a market leader in the countries where we operate, with an attractive return on capital employed (ROCE)

- Access to 129.6 million customers.
- ROCE of 23.4%, well above weighted average cost of capital.
- Strategic mindset to enhance value creation and leverage scale.

Vodacom's decision to diversify our geographic exposure continues to pay dividends. Our strategic investment in Safaricom in 2017 has proven to be value accretive. Following this, we announced two transformative acquisitions to further enhance the Group's growth and return profile. This includes Vodafone Egypt, a clear market leader with a track record of strong growth and attractive returns, and CIVH's fibre subsidiaries, which will enable us to accelerate fibre reach in South Africa and help bridge the digital divide. Additionally, our Safaricom-led consortium was awarded a licence to roll out mobile services in Ethiopia. Our consortium intends to transform lives and provide world-class services to Africa's second most populous country, thereby providing the Group with an additional long-term growth vector.

Meaningful growth opportunities across connectivity, digital and financial services

- Data and smartphone penetration upside.
- Building Africa's largest fintech, driven by the VodaPay and M-Pesa super-apps.
- Targeting mid-to-high single-digit Group EBITDA growth over the next three years, excluding proposed acquisitions (such as Vodafone Egypt).
- Opportunity to accelerate growth and returns through the Vodafone Egypt acquisition and South Africa fibre deal.

We have a trusted management team

- Incentivised to create value and deliver on key ESG variables.
- Strong execution track record.

We are a responsible corporate citizen

- Purpose-led model.
- Recognised as an ESG leader by Sustainalytics and MSCI.

Priorities to enhance shareholder value

Execute on our system of advantage

Leadership in fixed and mobile
- Complete M&A
- Fibre partnerships (all markets)

Diversify with our digital ecosystem
- Scale super-apps

Optimised TechCo
- Separate South African towers
- Increase tenancies

Disciplined capital structure and allocation

Utilise debt capacity
- Threshold of 1.5x EBITDA

Simplify dividend
- Updated policy

Invest within framework
- Maintain capex intensity

Accelerate and diversify returns

Earnings and free cash flow
- Accelerating Group growth potential

Attractive returns
- Improve ROCE

Attractive returns
- One of the highest JSE dividend pay-outs

Enhance societal value

Inclusion for all
- Increase female representation at management level*

Planet
- Reduce GHG emissions*

Digital society
- Drive financial inclusion*

*** ESG metrics included in management long-term incentives (LTIs)**

Our key relationships

Vodacom's ability to create sustainable value depends on quality engagements with our stakeholders based on mutual trust, respect and transparency. We aim to build, maintain and strengthen these relationships by understanding and addressing a range of social, economic and environment-related issues to align stakeholders with our purpose-led journey.

Our self-assessment of the current quality of our relationship

★☆☆☆	Non-existent relationship, or fractured relationship that requires significant effort to overcome challenges.
★★☆☆	An established relationship that requires further work to improve its quality.
★★★☆	Good-quality relationship, with room for further improvement.
★★★★	Very strong relationship, based on mutual trust and shared benefit.

Governments and regulators

★★★★

Basis of assessment: RepTrak survey

Why we engage

Governments and regulators allocate spectrum and operating licences, and impose regulatory measures with cost implications for the Group. We continue to engage with these stakeholders in a way that builds trust and ethically influences policy positions across government departments.

How we engage

- Directly or by participating in public forums.
- Taking part in the drafting process of new regulations and bills.
- Having discussions with industry consultative bodies.
- Partnering to implement social programmes.
- Engaging with international bodies to foster cooperation.
- Hosting workshops to enhance understanding of the industry.
- Delivering on our Social Contract.

The value we created

- Accelerated support through e-Health and e-Education initiatives.
- Contributed more than R22 billion in total tax to governments across our markets.

Material stakeholder interests and expectations

- Complying with regulatory requirements relating to, among others, mobile termination rates, pricing, security, safety, health and environmental performance.
- Protecting personal information and customer data in line with regulatory requirements.
- Contributing to the tax base and other revenue streams of governments in our operating countries.
- Managing the supply of spectrum to satisfy increased demand during COVID-19 lockdowns.
- Supporting the rollout of COVID-19 vaccines.
- Partnering to achieve the objectives of the UN SDGs.
- Expanding 5G network in South Africa and 4G across our markets in Africa.
- Maintaining and enhancing our licence to operate across our footprint.
- Creating employment opportunities and facilitating socioeconomic development.

Our response

Responding to "hot topics" on a macroenvironmental, industry and company level, **page 70**.

Trusted brand and reputation, **page 65**.

The responsible business practices and disclosures section of our sustainability report.

Customers

★★★☆

Basis of assessment: Net promoter score (NPS)

Why we engage

Our customers purchase our products and services, participate on our platforms and provide the primary source of our revenue.

How we engage

- Through research via USSD, apps, SMS, focus groups, online panels, face-to-face, customer immersions.
- At our retail stores and service centres.
- Gathering NPS feedback through interviews and focus groups.
- Interactions on our social media channels.
- Targeted marketing messaging.
- Complaints management system.

The value we created

- Invested R14.6 billion to improve coverage and quality of our network.
- Launched VodaPay and M-Pesa super-apps to accelerate financial and digital inclusion.

Material stakeholder interests and expectations

- Providing easily accessible, affordable and quality products, including credit and savings products, to improve financial inclusion.
- Ensuring widespread agent network and float availability, especially during COVID-19 lockdowns.
- Providing a reliable and fast network connection, including expanded rural coverage.
- Enabling access to a wide network of payment partners.
- Securing data and protecting personal information.
- Providing swift customer service and resolving service-related issues promptly.

Our response

Secure leadership in mobile and fixed, **page 40**.

Scale financial and digital services, **page 43**.

World-class loyalty and customer experience, **page 51**.

Employees

★★★★

Basis of assessment: Employee engagement index

Why we engage

Our employees drive our strategy with their ideas, skills, experience and productivity.

How we engage

- Internal communication campaigns.
- Big Conversation moments and fireside chats.
- Internal website and Vodacom Engage app.
- Training and development programmes, such as #1MoreSkill and Women in Leadership.
- Through a dedicated employee hotline and employee network forums.
- Leadership roadshows.
- Pulse surveys.
- We Connect sessions with Vodafone markets.

The value we created

- Paid R7.3 billion in salaries and benefits.
- Invested R483 million in skills development for employees in South Africa.

Material stakeholder interests and expectations

- Providing a safe, healthy and inclusive working environment.
- Ensuring job security and business sustainability given the macroeconomic environment.
- Creating opportunities for digital skills development to promote agility.
- Hosting connect sessions for coaching and mentoring.
- Facilitating communication and knowledge sharing across Vodacom.
- Providing competitive remuneration and equal pay.
- Driving transformation and localisation.

Our response

TechCo organisation and culture, **page 62**.

Sustainability report.

Our key relationships continued

Investors and shareholders

★★★★

Basis of assessment: Investor relations survey

Why we engage

Our investors and shareholders provide the financial capital we need for long-term growth and they expect good returns based on sustainable and ethical business practices.

How we engage

- In-person and virtual meetings, roadshows and conferences.
- Investor briefing on the digital ecosystem.
- Chairman roadshow.
- Interim and annual results announcements.
- Quarterly trading updates.
- Annual and interim reports.
- SENS announcements.
- Monthly and quarterly reviews with Vodafone.
- Investor relations page on our website.

The value we created

- Increased HEPS by 3.4% to 1 013 cents per share (cps).
- Increased ROCE 1.4 percentage points to 23.4%.

Material stakeholder interests and expectations

- Maintaining first-class strategic execution given the acceleration in Vodacom's strategy.
- Aligning the strategy with capital structure and returns.
- Balancing enhanced growth prospects with an updated dividend policy.
- Engaging on executive remuneration.
- Driving societal and enterprise value creation.
- Revenue diversification strategy.
- Managing and mitigating risk.

Our response

Share information, **page 98**.

Consolidated AFS.

Sustainability report.

Suppliers

★★★★

Basis of assessment: Kantar stakeholder assessment

Why we engage

Our suppliers provide cost-effective, quality products and services to support our value proposition to customers, employees and other stakeholders.

How we engage

- Supplier development programmes.
- Supplier forums and portals.
- Regular site visits.
- Tenders.
- Supplier audits and assessments.
- Supplier product evolution and service levels.
- Latest supplier developments and roadmaps consisting of improvements in requests of proposals, request of interest and requests for quotation.

The value we created

- Spent R41 billion on suppliers with a Level 4 BBBEE rating and higher.
- VodaTrade enabled an annual cashless trade of R270 billion.

Material stakeholder interests and expectations

- Providing growth opportunities and access to funding for SMEs.
- Ensuring timely payments of accounts to enhance supplier cash flow and liquidity.
- Addressing COVID-19 health and safety concerns.
- Promoting environmental solutions.
- Driving supplier and product innovation.
- Complying with BBBEE requirements, including preferential payment terms for BBBEE suppliers.
- Promoting black female-owned suppliers.

Our response

Trusted brand and reputation, **page 65**.

Sustainability report.

Communities

★★★★

Basis of assessment: Kantar stakeholder assessment

Why we engage

Our relationships with the communities in which we operate can impact our brand and reputation. We therefore aim to be a responsible business and understand the impact of our activities on these communities.

How we engage

- Through sustainability and Vodacom Foundation partnerships.
- Community crisis support, such as food security support.
- Partnerships with non-profit organisations (NPOs).
- Psychosocial support in schools.
- Green early childhood development (ECD) centre programme.
- Online GBV prevention tools and platforms.

The value we created

- Donated R10 million to the GBVF Response Fund 1.
- Donated R7 million to communities affected by the civil unrest in July 2021.
- Established 92 teacher training centres in South Africa.
- Established 10 youth centres and 13 schools of excellence.
- Connected 3 000 schools.
- Provided health departments and universities with data bundles.

Material stakeholder interests and expectations

- Addressing the profound socioeconomic impact of COVID-19.
- Support through our mVacciNation platform.
- Managing and reducing our environmental footprint.
- Supporting the fight against GBV.
- Providing affordable access to educational resources.
- Zero-rating access to government, employment and empowerment solutions through ConnectU.

Our response

Trusted brand and reputation, **page 65**.

Sustainability report.

Media

★★★★

Basis of assessment: Kantar stakeholder assessment

Why we engage

We engage to manage our brand and reputation while increasing customer product and service awareness.

How we engage

- In person, virtually or through telephonic engagements.
- CEO and key executive interviews and other speaking engagements.
- Roundtable discussions.
- Through product and service launches.
- Media press releases.
- Strategic social media content.
- Thought leadership articles.
- Engaging with government departments and non-governmental organisations (NGOs).

The value we created

- Strategic brand positioning in key media titles i.e. transition from TelCo to TechCo purpose-led organisation.
- Industry thought leadership profiling Group leadership.
- Earned publicity around "tech for good" and Africa Hero project initiatives.

Material stakeholder interests and expectations

- Engaging with brand ambassadors.
- Providing timely and transparent access to key information, activities and offerings.
- Ensuring transparency around company performance.

Our response

Integrated report.

Consolidated AFS.

Sustainability report.

Business partners

★★★★

Basis of assessment: Kantar stakeholder assessment

Why we engage

Our business partners – franchisees, retailers, wholesalers, freelancers, agents, merchants, aggregators and banks – are custodians of our reputation and a critical extension of our brand.

How we engage

- Regular interaction and collaboration sessions with regional trade representatives.
- One-on-one business sessions.
- Regular training sessions and roadshows on products and services.
- Through agent outlets, stores and retail visits.
- Long-term sustainable partnerships with channels.
- Credit support to businesses.

The value we created

- Provided store support during COVID-19.
- Enhanced digital onboarding and support for merchant payments.

Material stakeholder interests and expectations

- Providing overdraft and loan facilities for agents to manage cash flow.
- Ensuring widespread agent network and float availability.
- Driving engagement and feedback between management and key trade partners.
- Making it quicker and easier to work with M-Pesa and VodaPay.

Our response

World-class loyalty and customer experience, **page 51**.

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 International <IR> Framework.

Our key inputs

The resources and relationships our business relies on

HC

Human capital

Vodacom's team of high-performing, customer-focused, engaged leaders and people, equipped to transform our company into a data-driven TechCo. We foster inclusivity and diversity and embed the Spirit of Vodacom across the business.

- Permanent employees: 8 132 (FY2021: 7 875). Contractors: 3 154 (FY2021: 3 306).
- Investment in employees through development programmes (Discover Graduate programmes, Women in Leadership programmes, #1MoreSkill).
- R483 million invested in employee training and leadership (FY2021: R472 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.

IC

Intellectual capital

Our brand and reputation, based on the trust we enjoy from customers and embedded in everything we do. Furthermore, our investment in the latest technologies and modern digital systems – including licences, software, procedures and processes – that support the delivery of our system of advantage to ensure customers are connected to the digital economy.

- 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.

SRC

Social and relationship capital

The quality and strength of our relationships with a diverse group of stakeholders. We actively engage and listen to their respective needs to create value and respond to relevant concerns.

- Our Social Contract with communities and governments.
- 129.6 million customers (FY2021: 123.7 million).
- Improved investor confidence .
- Positive supplier relationships.

MC

Manufactured capital

Vodacom's network footprint across Africa, including base stations and masts, fibre and microwave distribution channels.

- 23 492 network sites (FY2021: 22 930).
- Self-provided fibre and microwave connections:
  - 98.3% South Africa (FY2021: 97.5%).
  - 88.0% international (FY2021: 92.0%).
- R14.6 billion invested in network (FY2021: R13.3 billion).
- 550 000 active M-Pesa merchants.
- 8 604 retail stores in South Africa, 240 065 in the international markets.

FC

Financial capital

Vodacom's strong capital base, supported by long-term investors – including a 60.5% controlling stake by Vodafone, one of the world's largest communications companies. Advanced by our ambition to accelerate growth and enhance returns as we scale off our existing products and services.

- R294 billion market capitalisation (FY2021: R231 billion).
- Flexible balance sheet with net debt to EBITDA at 0.9x (FY2021: 0.9x) excluding leases at 0.6x (FY2021: 0.6x).

NC

Natural capital

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

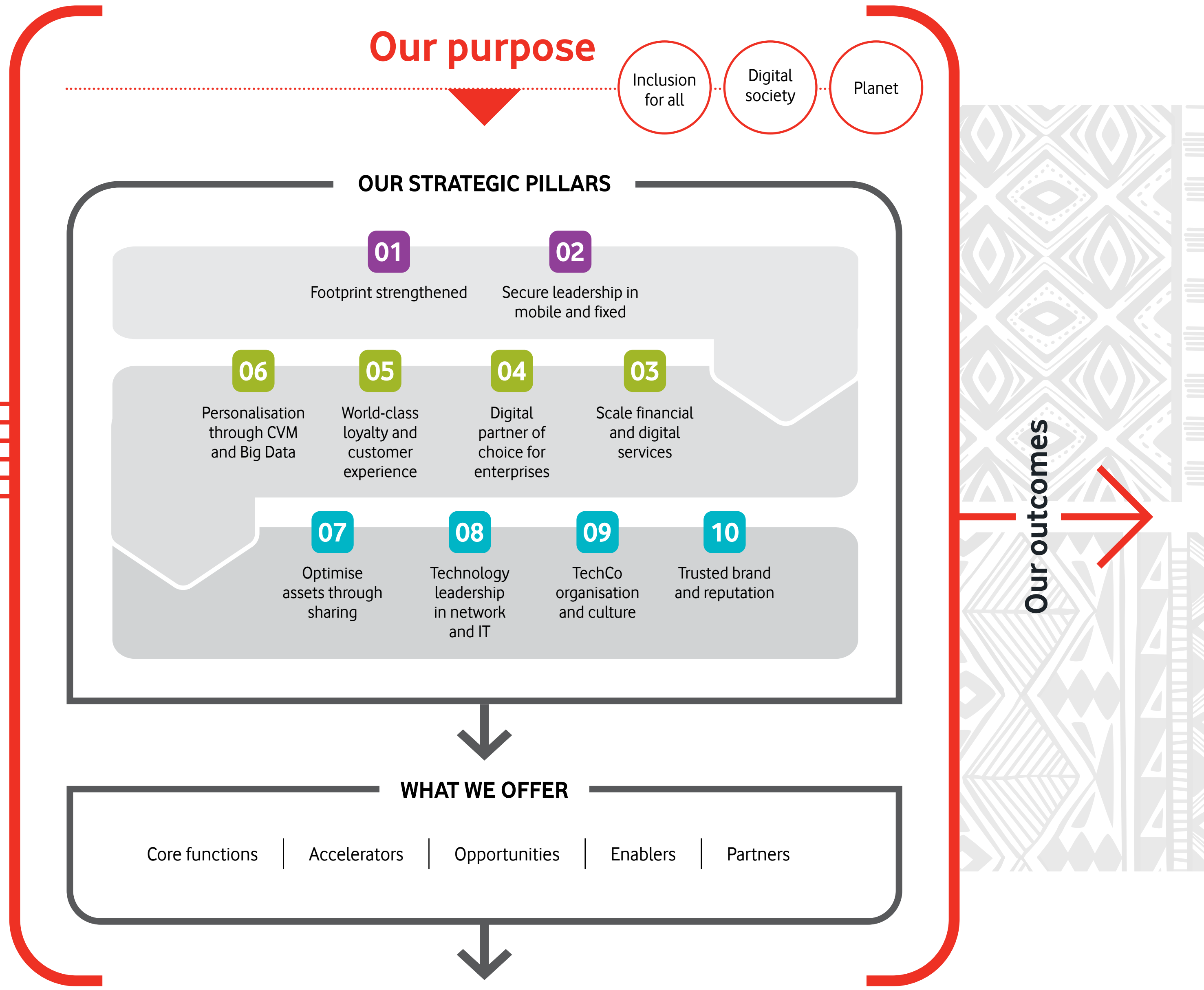
- Radio spectrum (700, 800, 900, 1 800, 2 600, 3 500MHz bands).
- Consumed 722GWh electricity (FY2021: 698GWh).[1]
- Used 153.6 megalitres of water (FY2021: 154.2 megalitres).[2]
- Used 40.5 million litres of fuel (FY2021: 39.6 million litres).[1]

1. FY2021 restated to include energy for TowerCo and other reporting improvements.
2. FY2021 restated for information available after publication.

Our purpose-led model

We deliver on our purpose of connecting for a better future through our system of advantage – three ambitions and 10 pillars that ensure we grow, diversify and differentiate our business.

For more information on our strategic pillars, refer to **page 36**.



Our products and services

We provide a rich ecosystem of products and services to our customers, ranging from voice, data and messaging to fixed, IT, IoT, digital and financial services.

For more information, refer to **page 20**.

Our business model continued

Our outcomes | How we preserve or sustain value for stakeholders

HC — Human capital

Our outcomes

- Remuneration and benefits paid
  - Permanent employees: R7.3 billion (FY2021: R7.0 billion and
  - Contractors: R499.5 million (FY2021: R522.7 million).
- 62% black and 37% female representation in senior management in South Africa (FY2021: 62.0% black and 34.3% female).
- Received a Gold Tier ranking in the South African Workplace Equality Index.
- Employed 257 additional staff.
- 6.8% voluntary staff turnover (FY2021: 4.9%).
- Recognised as the third top employer in Africa, having been certified in the DRC, Lesotho, Mozambique, Tanzania and South Africa.
- 515 616 online training programmes completed.
- R483 invested in staff training, development programmes and #1MoreSkill.

How we preserve or sustain value for stakeholders

- Established a skills transformation team at Group level to accelerate employee development.
- Supported employees financially impacted by COVID-19.
- Hosted two Spirit of Vodacom days, where employees could focus on personal growth and development, well-being and connection, and launched the Spirited Leader Series as the vehicle for future-ready Vodacom.
- Hosted pop-up vaccination sites and held dedicated vaccination drives across the Group.
- Focused on creating an agile, future-focused organisation and accelerating digital skills through a targeted programme called #1MoreSkill.
- Introduced a digital employee experience.
- Enhanced the driver behaviour in all OpCos to reduce work-related fatalities.
- Continued to drive an inclusive employee culture that fosters tolerance and embraces diversity.
- Introduced a gender-neutral parental leave policy in South Africa.

IC — Intellectual capital

Our outcomes

- Invested R5.4 billion in acquiring 110MHz of HDS in South Africa.
- Accelerated investment in Big Data and Analytics to power our digital ecosystem, with >50% 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.

How we preserve or sustain value for stakeholders

- Showcased our digital platform strategy at an investor briefing in February 2022, which included our advancements in Big Data and AI.
- Engaged with customers through TOBi, which uses the latest AI technology.
- Continued to invest in technology across customer touchpoints.
- Raised the Group benchmark on NPS scoring.
- Implemented the technology resilience programme.
- Implemented the SMART IT programme, focusing on automation and radical simplification.

SRC — Social and relationship capital

Our outcomes

- R87 million pledged to support vaccine rollout in the DRC, Lesotho, Mozambique, South Africa and Tanzania.
- Added 5.6 million customers to serve a total of 129.6 million customers across Africa.
- 60.6 million financial services customers (FY2021: 57.7 million).
- 2.2 million downloads and 1.6 million registered VodaPay users in South Africa.
- Processed US$324.6 billion M-Pesa transactions, including Safaricom, up 29.2% (FY2021: US$251.1 billion).
- Implemented government levies on M-Pesa withdrawals and P2P payments, negatively impacting financial inclusion.
- >R400 million in disbursements paid to SMEs.
- >22 million ConnectU (zero-rated access) platform unique users.
- 1 494 girls trained in #CodeLikeaGirl programme in South Africa, Tanzania, Mozambique and Lesotho
- 142 996 small-scale farmers use our Connected Farmer platform in Tanzania.
- >1.3 million registered e-School users in South Africa, with 185 446 Instant School users in Tanzania and 146 704 in the DRC.
- R22.1 billion contributed to public finances (FY2021: R21.6 billion).

How we preserve or sustain value for stakeholders

- Continued to support economic recovery with phase 2 of our COVID-19 six-point action plan.
- Accelerated support to governments with our mVacciNation platform.
- Partnered with the UN Children's Fund (UNICEF) and Africa Centres for Disease Control and Prevention to manage cold-chain technology for vaccine distribution.
- Enabled financial inclusion by launching VodaPay in South Africa.
- Supported digital inclusion with our ConnectU platform in South Africa, and a clear roadmap for acceleration across International markets into FY2023.
- Introduced the V-Hub platform to empower SMEs.
- Enhanced our customer experience model and continued to drive personalisation.
- Ensured regulatory compliance and strengthened cyber security capabilities.
- Launched Easy2Own to enhance smartphone penetration.
- In partnership with Safaricom, built out world-class services in Ethiopia to transform lives.

MC — Manufactured capital

Our outcomes

- Leading in network NPS in South Africa, Tanzania and the DRC.
- Our markets cover a population of over 300 million people (including Safaricom at 100%) (FY2021: 296 million people), representing an 1.4% increase in coverage.
- 22.8% traffic growth in the year (FY2021: 54.4%).
- 1 410 new 4G sites added across the Group (FY2021: 1 883).
- 434 new 5G sites launched in South Africa (FY2021: 190).
- Rural sites connected increased by 357, with 95 deep rural sites and 61 rural communities previously without any coverage.
- 155 903 fibre end points passed (FY2021: 146 401).
- R14.3 million in new revenue streams (fixed, IoT and cloud), up 7.6% from prior year.

How we preserve or sustain value for stakeholders

- Announced a transformational deal with CIVH to help bridge the digital divide in South Africa by investing in fibre.
- Expanded our 3G and 4G population coverage across our footprint.
- Extended 5G presence to all nine provinces in South Africa.
- Recalibrated our NPS scoring to set a meaningfully higher bar for Vodacom.
- Optimised our investments through infrastructure sharing and co-builds.
- Trialled alternative network technologies, including OpenRAN.

FC — Financial capital

Our outcomes

- Revenue up 4.5% to R102.7 billion (FY2021: R98.3 billion).
- EBITDA up 1.5% to R39.9 billion (FY2021: R39.3 billion).
- Cash generated from operations totalled R41.2 billion (FY2021: R41.1 billion).
- R4.2 billion paid to debt funders in interest (FY2021: R4.2 billion).
- Dividend per share declared of 850 cents (FY2021: 825 cents).
- HEPS of 1 013 cents (FY2021: 980 cents).
- ROCE of 23.4% (FY2021: 22.0%).

How we preserve or sustain value for stakeholders

- Retained a disciplined capital structure to complement our two transformational M&A deals, including Vodafone Egypt and fibre in South Africa.
- Maintained our market-leading position in the countries where we operate.
- Accelerated revenue contribution from new services.
- Optimised our assets through commercial sharing for better return and value.
- Leveraged Big Data and analytics insights to drive data-led decision-making.

NC — Natural capital

Our outcomes

- Ranked first telecommunications company (out of 221 companies) globally in the Sustainalytics ESG Risk Ranking and maintained our MSCI AAA ESG rating.
- 14.8% reduction in GHG emissions per terabyte of data (FY2021: 0.75 $mtCO_2e$)
- 715 million tonnes GHG emissions (FY2021: 684 $mtCO_2e$).
- 1 088 solar-powered sites across our markets.
- 70 715 consumer devices reused or recycled (FY2021: 63 434).
- 96% of network waste reused or recycled (FY2021: 99%).
- Reduced water consumption in South Africa by 76% against a 2017 baseline.

How we preserve or sustain value for stakeholders

- Concluded a renewable energy agreement to power our head office in Midrand.
- Pursued opportunities for infrastructure efficiencies and sharing with third parties.
- Invested in smart IoT solutions that span across agriculture, medicine and buildings to improve efficiency.
- Materially enhanced the addressable market of IoT.nxt's Raptor solution by its inclusion into Vodafone's Centre of Excellence product suite.

For more information, refer to our sustainability report.

Our principal risks and associated opportunities

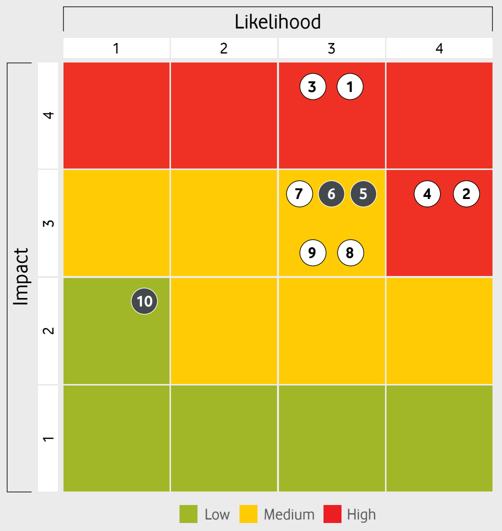
Please refer to page 02 for explanation of all icons

Vodacom has a mature risk management framework in place which is aligned with the ISO 31000 International Risk Management Standard and the requirements of South Africa's King IV. Through this principal risks framework, we identify Vodacom's key risks and provide ExCo and the Board with a robust assessment of the Group's principal risks. An embedded enterprise risk management process supports the identification of these principal risks.

The Board reviewed and approved the risk appetite for each principal risk to enable informed risk-based decision-making.

The Group's risk heatmap (Figure 1 below) sets out the top 10 principal risks identified through our risk management process. The heatmap depicts residual risk after considering mitigating risk factors. This is supported by the risk speed of impact report (included as Figure 2), which reflects the rate at which the Group will experience adverse impacts should the risk materialise. This allows the Group to develop effective risk mitigation plans with optimal allocation of resources for those risks that need immediate attention. Following the outbreak of the COVID-19 pandemic in early 2020, we also undertook a detailed assessment of the Group's associated risks.

Figure 1: Vodacom principal risks FY2022 (impact versus likelihood)

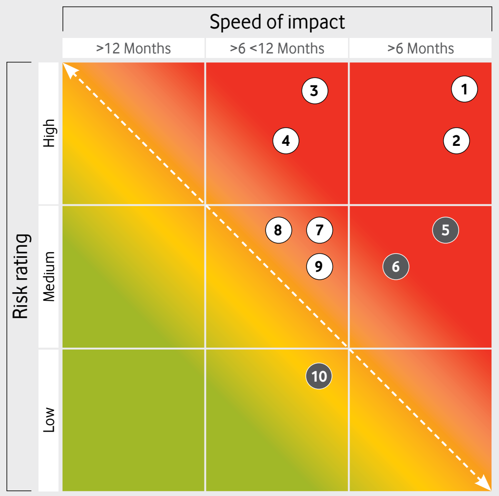


Risk

1. Cyber threats
2. Increased taxation, political and social pressures
3. Original equipment manufacturer (OEM) sovereign risk (vendor strategy)
4. Unstable economic and market conditions
5. Financial services platform resilience
6. Technology failure
7. Adverse regulatory and compliance pressures
8. Spectrum
9. Market disruptions
10. Execution of strategic projects for future growth

External / Internal

Figure 2: Vodacom speed of impact FY2022



1 Cyber threat
(FY2021: 1)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	02 04 05 08	FC SRC	01 02 05

Opportunity: Providing world-class data security as part of our growing product offerings in the enterprise space.

Context and value impact

An external cyber attack, insider threat or supplier breach – whether malicious or accidental – could lead to service interruption and/or the breach of confidential data. This could negatively impact Vodacom's customers, revenue and reputation and lead to costs associated with fraud and/or extortion.

Mitigating actions

- Commission world-class security vendors to enhance methods of detecting sophisticated attackers.
- Proactively assess security measures in place across projects.
- Monitor the Group's cyber incident response and containment.
- Manage security risks by continually implementing security improvement programmes.
- Develop assurance programmes that incorporate internal and external reviews of our data storage practices.
- Increase security controls to protect our infrastructure while storing and transmitting confidential information.
- Embed the Vodafone security risk, control and assurance framework across our business.
- Appoint people with the relevant skills to manage our IT security.
- Drive a dynamic framework of minimum controls relating to cyber, per market, along with a clear roadmap to track achievements and stretch targets.

2 Increased taxation, political and social pressures
(FY2021: 5)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	05 10	HC SRC	02 04 07

Opportunity: As a significant tax contributor, highlighting the role we play as a partner to governments and citizens – especially as tax contributions enable governments to deliver their developmental agendas.

Context and value impact

The mobile communications industry is often subject to unpredictable taxes, both direct and indirect. This, combined with the added pressure from consumers to reduce prices, creates a challenging operating environment. External factors, such as civil societal activism, could also directly influence our operations. If we do not act decisively or respond appropriately to important issues, we risk harming our reputation or damaging our brand.

Mitigating actions

- Monitor changes to our political environments, including instances of social activism.
- Consult regularly with tax advisers to understand the impact of our current operating environment.
- Regularly communicate Vodacom's purpose through media statements and campaigns.
- Release media statements and participate in awareness campaigns to educate Vodacom's customers.
- Proactively understand tax pressures in all jurisdictions and engage with governments to minimise impacts on digital penetration, such as excessive smartphone duties.
- Improve technical skills around tax and regulatory-related issues across the Group.
- Operate within a clearly defined tax governance framework, which aligns with the group risk management principles.

3 OEM sovereign risk (vendor strategy)
(FY2021: 3)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Slow	02 04 05 07 08 10	FC HC SRC	05 06 07

Opportunity: Leveraging the purchasing power of VPC to capture opportunities from OEMs.

Context and value impact

Geopolitical influences could potentially impact our IT and technology vendor strategy. Furthermore, the lack of supply from key suppliers may negatively impact operational activities and our ability to deliver quality service to our customers. Where applicable, the implementation of a multi-vendor strategy is crucial to sustaining our operations.

Impact of Ukraine-Russia war

The Ukraine-Russia war exacerbates chipset shortages and increases fuel prices, resulting in constrained supply and price increases in equipment.

Mitigating actions

- Reduce dependency on single suppliers through risk profiling.
- Implement our multi-vendor strategy in critical categories.
- Engage with governments, subject matter experts and suppliers.
- Engage with governments to manage potential supplier restrictions.
- Explore new network architecture options, including OpenRAN.
- Deployment of a real-time Network Stock System (NSS) across our markets.
- Forecasting and securing supply proactively.

4 Unstable economic and market conditions
(FY2021: 2)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	03 06 10	FC HC NC	07

Opportunity: Realising the potential for innovation to address challenges at the base of the economic pyramid through, for example, segmented propositions and digital offerings in areas of education, health, agriculture and inclusive finance.

Context and value impact

Volatile macroeconomic conditions such as fluctuating foreign exchange and inflation rates may weaken consumer spend and enterprise investment, thereby posing a risk to our revenue outlook. Also, inflationary pressures could impact the Group's operating costs and capex efficiency.

Impact of Ukraine-Russia war

In what was expected to be a post-pandemic year of recovery, the Ukraine-Russia war presents a material risk to the economic outlook across our footprint. In March and April, foreign exchange volatility and inflationary pressures were already evident across our markets. Costs of living pressures resulting from higher fuel and food costs will likely constrain disposable income. Guided by our Social Contract we intend to accelerate our support to impacted communities and keep our customers connected. We will also leverage our advanced CVM capabilities to support "sachet"-sized bundles.

Mitigating actions

- Evaluate products and services to continually enhance our customer value proposition.
- Create and implement a comprehensive stakeholder relations strategy.
- Apply Group treasury policies in our markets.
- Include contingencies in our business plans to provide for the negative operational impacts of lower economic growth and changes in interest, inflation and exchange rates.
- Implement a global cost-savings programme to combat the effects of inflationary pressure on costs.
- Use foreign exchange instruments to mitigate currency fluctuations.
- Ensure the best rates, including a balance between fixed and variable rates, by carefully managing loans.
- Continue to adjust budgets by considering best and worst-case scenarios relating to the pandemic.

Our principal risks and associated opportunities continued

Please refer to page 02 for explanation of all icons

5 Financial services platform resilience
(FY2021: 7)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	03 09 10	FC HC SRC	01 02 04 05

Opportunity: Realising the potential for innovation to address challenges at the base of the economic pyramid through, for example, segmented propositions and digital offerings in areas such as education, health, agriculture and inclusive finance.

Context and value impact

Our financial service platforms – VodaPay and M-Pesa – are crucial for socioeconomic growth while also acting as a gateway to the digital economy. We need to offer a reliable and dependable service to our mobile money customers, as any disruption to the platform could negatively affect our customers, revenue and reputation. A reliable platform will also ensure that we meet regulatory requirements across our markets.

Mitigating actions

- Invest in ongoing maintenance and upgrades to our systems.
- Focus on comprehensive business continuity and disaster recovery plans.
- Ensure adequate and feasible redundancy capabilities.
- Eradicate any single point of failure.
- Drive consistent policy and system implementation across the Group.
- Actively ensure compliance with anti-money laundering and counter terrorist financing (AML), competition law and privacy law for the financial services and our mobile financial services businesses (M-Pesa).

6 Technology failures
(FY2021: 6)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	01 04 05 08 10	FC HC	05

Opportunity: Our long-standing demonstrated leadership in networks and technology has been at the heart of our customer value proposition, and an important foundation for growth.

Context and value impact

We base our customer value proposition on the reliability and availability of a high-quality network. A major failure affecting our network or IT assets and systems – brought on by, for example, natural disasters, failure to maintain infrastructure or cyber attacks – could profoundly impact our customers, revenue and reputation. In addition, the reliability of our network is eroded by an unreliable power supply, as well as theft and vandalism of network equipment.

Mitigating actions

- Invest, maintain and upgrade our systems continually.
- Develop and implement comprehensive business continuity and disaster recovery plans as needed.
- Invest in adequate and feasible redundancy capabilities.
- Ensure comprehensive insurance policies are in place.
- Reduce reliance on external parties through self-provided transmission links on critical routes in our network.
- Try eliminating single points of failure through fallover, backups, transmission and power redundancies.

7 Adverse regulatory and compliance pressures
(FY2021: 8)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	05 08 10	FC IC HC NC	02

Opportunity: Proactively responding to the changing regulatory context provides opportunities for "first-mover advantage".

Context and value impact

The introduction of stringent regulatory and compliance requirements will impact profitability, growth and service delivery. This exposes us to significant financial and reputational damage.

Mitigating actions

- Engage with governments and regulatory and public bodies through our Social Contract.
- Create specialist legal, regulatory and government relations teams at Group and operational level, with external advisors and legal counsel as needed.
- Engage stakeholders and use targeted intelligence reports to understand material legislative changes.
- Proactively engage with government and other key stakeholders to communicate key messages and proposals on how policy/regulatory decisions positively and negatively impact the sector.
- Participate in broader government objectives and public interest through national industry associations, the Global System for Mobile Communications Association and other influential organisations.
- Ensure that a regulatory compliance policy and a combined assurance programme are in place and all risks are documented.

8 Spectrum
(FY2021: 9)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Slow	01 04 05 08 10	FC IC HC NC	01 02 03 05

Opportunity: Realising alternative opportunities for accessing spectrum through, for example, partnerships, and extending activities in fixed and fibre, to enable differentiation.

Context and value impact

The failure to secure additional spectrum due to policy changes relating to the issuing of spectrum licences, non-renewal of existing licences and/or increased competition for access to spectrum would significantly impact our ability to increase capacity and deliver future network capabilities. In March 2022, Vodacom South Africa acquired 110MHz of additional HDS, which could positively impact this risk to the Group going forward.

Mitigating actions

- Engage government and regulatory bodies, highlighting efficient allocation and societal benefits of spectrum.
- Actively participate in licence renewal and spectrum allocation processes.
- Continue to evaluate and implement re-farming and optimisation strategies.
- Embrace a proactive spectrum strategy, including potential acquisitions and strategic partnerships under applicable regulations.
- Explore other alternatives to acquire spectrum.

9 Market disruptions
(FY2021: 4)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Very rapid	05 06 08 10	FC IC HC	01 03

Opportunity: Leveraging our digital ecosystem to add more value for consumers and entrench ourselves in the lives of our customers.

Context and value impact

In both connectivity and financial services, we compete for market share amid pressure on disposable income and new market entrants, including OTT players. This could decrease Vodacom's market share, with price wars between competitors potentially reducing our revenue.

Mitigating actions

- Execute strategies to scale accelerator businesses, including fixed; IoT; IT, digital lifestyle and financial service; and cloud.
- Develop technical skills and capabilities to compete with disruptive market players.
- Utilise network and personal data assets by leveraging Big Data and real-time analytics to personalise customer services and offers.
- Adopt pricing strategies to counter declining traditional voice revenue and migrate voice to data.
- Align and position segmented customer offerings to understand customer behaviour and expectations.
- Integrate a superior customer service strategy across the business.
- Partner with OTTs and global technology firms for mutual benefit.
- Offer integrated voice, SMS and data offerings personalised to customers.
- Manage customers' number of active days on the network to ensure compelling, personalised offers to retain them.

10 Execution of strategic projects for future growth
(FY2021: 10)

SPEED OF IMPACT	STRATEGIC PILLARS	SIX CAPITALS	MATERIAL MATTERS
Rapid	01 02 03 04 05 06 07 08 09 10	FC IC NC	01 03 05 06

Opportunity: Accelerating the Group's growth profile while simultaneously enhancing returns.

Context and value impact

Our multi-product strategy, called the system of advantage, will deliver diversified, differentiated offerings to our customers, further strengthening our relationships with them. Successful execution of our strategic projects is key to capturing growth opportunities. To remain competitive in an ever-changing market, M&A and projects relating to the rollout of fibre; IoT; IT, digital and financial services; as well as converged products, must be completed successfully and timeously.

Mitigating actions

- Develop a robust programme to monitor the strategic execution of our projects, proactively identify risks and mitigating actions, and capture new opportunities.
- Ensure the Group has the requisite skills, expertise and redundancy to implement the strategy.
- Align the corporate structure to strategic priorities, for example by the establishment of separate tower companies.
- Leverage our Vodafone relationship and establish strategic partnerships to enhance the value proposition and execution success of all key programmes within the system of advantage while retaining customer relationships and data.
- Ensure that the Board monitors that the correct steps and actions are taken.

Measuring our value creation

In a year with several strategic milestones, we continue to accelerate our powerful, multi-product strategy – the system of advantage – to differentiate our Group in our selected markets, set us apart from competitors and deliver superior returns to our stakeholders.

The system of advantage is built on 10 drivers of success which, together with our purpose, form the foundation of how we do business. This year, delivering on our strategy and medium-term targets while dealing with the ongoing effects of the COVID-19 pandemic bears testament to the depth and strength of talent in our business. Our evolution from a TelCo to a TechCo is well on track as we expand our ecosystem of products and deliver diversified, differentiated offerings to our customers – further strengthening and growing our relationships with them.

✓ Value created
✗ Value eroded
= Value sustained
Ⓡ Link to executive directors' remuneration

Our system of advantage

Pillar	Driver	Page	Link to remuneration	How we measure success	Vision 2025 target (medium-term)	Status	FY2022 performance	FY2021 performance	FY2020 performance (baseline)
Africa's leading communications company	01 Footprint strengthened	Page 39	Ⓡ	Leading market share positions	Market share leader in all markets	✓	#1 across markets	#1 across markets	#1 across markets
	02 Secure leadership in mobile and fixed	Page 40	Ⓡ	Group service revenue growth	Mid-single-digit	✓	4.6%	4.7%	3.5%
Diversify and differentiate with our digital ecosystem	03 Scale financial and digital services	Page 43	Ⓡ	Group customers using financial services[1]	>70 million	✓	60.6 million	57.7 million	53.2 million
				Financial services contribution to service revenue	>12%	✓	9.5%	8.9%	8.2%
	04 Digital partner of choice for enterprises	Page 48		Contribution of new and digital services to Vodacom Business service	>30%[2]	=	28.1%	28%	Not measured
	05 World-class loyalty and customer experience	Page 51	Ⓡ	NPS	#1 in all markets	✗	#1 in the DRC and Tanzania #2 in Lesotho #3 in South Africa and Mozambique	#1 in the DRC and Tanzania #2 in all other markets	#1 in all markets, except Mozambique (#3) and Lesotho (#2)
	06 Personalisation through CVM and Big Data	Page 54		The penetration of personalised offers through CVM across our markets	60%	=	South Africa 50% Tanzania 54% Mozambique 28% Lesotho 27% DRC 11%	Not measured	Not measured
Optimised, future-ready TechCo	07 Optimise assets through sharing	Page 57	Ⓡ	Capex to sales/capex intensity	Maintain capex intensity between 13.0% and 14.5%	✓	14.3%	13.5%	14.6%
	08 Technology leadership in network and IT	Page 59		Network NPS	#1 in all markets	=	#1 in all markets except Lesotho and Mozambique #2 in Lesotho and Mozambique	#1 in the DRC and Tanzania #2 in all other markets	#1 in the DRC #2 in all other markets
	09 TechCo organisation and culture	Page 62		Employee engagement index	82%	=	77%	77%	78%
				Team Spirit index	75%	✓	76%	75%	Not measured
	10 Trusted brand and reputation	Page 65		Brand leadership	#1 in all markets	=	#1 in South Africa, the DRC and Lesotho #2 in Tanzania and Mozambique	#1 in South Africa	#1 in South Africa
				Reputation survey	#1 in all markets	=	#1 in the DRC, Lesotho and South Africa #2 in Tanzania and Mozambique	#1 in all markets	#1 in all markets
Value created	Group, excluding Vodafone Egypt	Page 80	Ⓡ	Service revenue and EBITDA growth, capital intensity	Mid-single-digit Group service revenue growth Mid-to-high single-digit Group EBITDA 13.0% – 14.5% of Group capital expenditure as a % of Group revenue		Service revenue growth 4.6% EBITDA growth 2.1% Operating profit growth 5.4% Capex intensity 14.3%	Service revenue growth 4.7% EBITDA growth 3.6% Operating profit growth 2.2% Capex intensity 13.5%	Service revenue growth 3.5% EBITDA growth 2.3% Operating profit growth 2.2% Capex intensity 14.6%
	Group, including Vodafone Egypt[3]	Page 82		Accelerating EBITDA growth rate Improved ROCE			ROCE 23.4%	ROCE 22.0%	ROCE 22.7%

1. Including Safaricom.
2. Target updated.
3. Subject to Vodafone Egypt deal closing.

Africa's leading communications company

We are clear in our ambition to be the market leader in the countries where we operate across Africa. For Vodacom, this reflects the quality and depth of service we can offer in each market, rather than the size of our footprint. In this way, we concentrate our efforts and investment on meaningful innovation that helps to unlock each country's potential for economic growth.

CAPITALS IMPACTED

FC MC HC IC

How this supports our system of advantage

With a legacy of leadership in mobile, we are positioned to accelerate our system of advantage and further scale and diversify our offerings to our markets into fixed, financial and digital lifestyle propositions.

As we move forward from a traditional TelCo into a leading African TechCo, we focus on building the best infrastructure for both mobile and fixed networks, ensuring affordable smartphone penetration and access to data, and leveraging behavioural insights to provide excellent consumer and enterprise propositions. Ultimately, this will support our ambition to reduce the digital divide in the countries where we operate.

FY2022 at a glance

PILLAR 1

Proposed the acquisition of a majority share in **Vodafone Egypt**

Secured a telecoms licence in **Ethiopia**, through Safaricom

PILLAR 2

Acquired **110 MHz** of additional HDS in South Africa

Data usage **increased** by **22.8%**

Our data customers were up 5.4% to **44.7 million**

Smartphone penetration **increased** to **47.4%**

Announced the acquisition of a strategic stake in **CIVH's fibre assets**

Vodacom Fibre passed 155 903 homes and businesses

MATERIAL MATTERS

01 02 03 04 07

See icon references on **page 02**.

01

Footprint strengthened

How this supports our purpose

With our expansion into Ethiopia and proposed acquisition of a controlling stake in Vodafone Egypt, we are set to extend our market leadership position to cover more than 500 million people across the African continent. Our enhanced footprint provides us with a unique platform to scale our strategy while we also selectively partner with global tech to connect people for a better future.

Acquiring a controlling stake in one of Africa's premier telecoms operators, Vodafone Egypt

✓ In November 2021, we announced that the Group entered into a binding agreement to acquire a controlling 55% shareholding in Vodafone Egypt for a total consideration of US$2 738 million. This acquisition presents a unique opportunity to advance our connectivity and financial service offerings in an expanding ICT market, providing our shareholders with exciting revenue and profitability diversification opportunities. Vodafone Egypt's growth outlook is supported by a network and spectrum advantage compared to peers, market leadership in consumer and enterprise segments, and a brand synonymous with technology leadership.

Rolling out world-class services in Ethiopia

✓ In April 2021, the Group participated as a direct minority investor and an indirect strategic investor through Safaricom, in a consortium controlled by Safaricom, bidding for a mobile telecoms licence in the Federal Democratic Republic of Ethiopia. In May 2021, The Ethiopian Communications Authority confirmed that our consortium's proposal was successful, with an effective licence date of 9 July 2021. With the awarding of this licence, the consortium intends to transform lives and provide world-class services to Africa's second most populous country[1].

✓ Value created ✗ Value eroded = Value sustained

1 The Group, excluding its indirect interest via its shareholding in Safaricom, has an effective interest of 6.2% in the consortium. In addition, the Group has indirect exposure through Safaricom's 55.7% effective interest in the consortium.

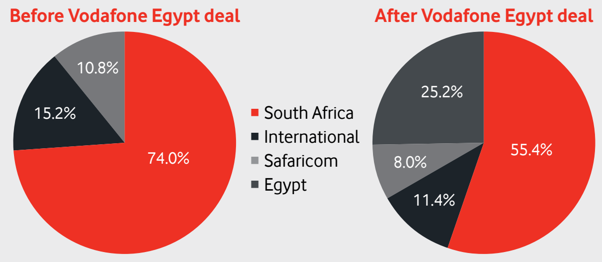
Looking ahead

SHORT-TERM

Priorities for FY2023

- Build and scale a world-class telecoms network in Ethiopia.
- Acquire a mobile money licence for Ethiopia.
- Finalise integration of Vodafone Egypt into the Group.
- Accelerate economic development and help to bridge South Africa's digital divide with the fibre acquisition.

FY2022 operating profit



After Vodafone Egypt deal

64 million financial services customers, extending our leading fintech position

39 000 network sites and one of Africa's largest tower owners

53% smartphone penetration, providing structural data opportunity

Population reach of more than **500 million**, supporting scalable partnerships

MEDIUM AND LONG-TERM

Ambitions for Ethiopia

US$1.5 – 2.0 billion investment in capex over the next 5 years.

Network rollout of 10 000 to 12 000 sites in the next 10 years.

Safaricom Ethiopia to reach EBITDA break-even in 4 years and an EBITDA margin of 40% in 10 years.

Enablers:
- Aggressive network expansion.
- SIM card penetration.
- Mobile money product launch.

Safaricom FY2022 investor presentation

MATERIAL MATTERS

01 03 04 05 07

See icon references on page 02.

02

Secure leadership in mobile and fixed

How this supports our purpose

As we invest to deepen the quality and penetration of mobile and fixed connectivity services across our footprint, we unlock the potential of a digital society and inclusion for all. This investment is complemented by data-led personalised pricing options and innovative smartphone financing solutions that support affordability. In this way, by accelerating fibre reach in South Africa with our pending CIVH deal, we will foster economic development and help bridge South Africa's digital divide.

Bridging South Africa's digital divide with a strategic fibre deal

- ✓ On 10 November 2021, the Group announced a major step in scaling our fibre offering in South Africa. By acquiring a 30% stake in CIVH's fibre assets – with the option to increase this shareholding to 40% – Vodacom will gain exposure to highly attractive and fast-growing businesses, including Vumatel and DFA. Vodacom's capital injection and strategic support will further accelerate the growth trajectory of these fibre assets. Also, the contribution of Vodacom South Africa's wholesale fibre to the home (FTTH), fibre to the business (FTTB) and business-to-business (B2B) transmission access fibre network infrastructure will further scale and enhance CIVH's fibre footprint.

CASE STUDY

Our 4G pledge to enable a digital society

Leveraging innovative device financing, 4G activation incentives and partnerships with handset deals, we are accelerating 4G device penetration across our footprint. In South Africa, we introduced our Easy2Own proposition, enabling prepaid customers with no credit facilities to purchase and pay for 4G devices in affordable instalments. To incentivise timely payments, customers who settle their monthly instalments on time receive a 1GB weekly data bundle each month. In March 2022, as part of the ITU's Partner2Connect programme, Vodafone and Vodacom committed to a significant investment in 4G population coverage in sub-Saharan Africa. 4G connectivity supports digital inclusion and can reduce the number of households in extreme poverty and increase participation in the labour force, particularly by women. As part of this commitment, Vodacom will invest over the next five years to increase 4G population coverage by an additional 70 million people across our footprint.

Re-imagine mobile

South Africa

Significant investment to fast-track digital inclusion

- = Our network and service proposition is critical to our market leadership position. In the year we faced incremental power challenges and higher rates of theft and vandalism. To meet these challenges we accelerated technology related operating expenditure and capital investment. Pleasingly, this intervention supported a market-leading network NPS position by year-end.
- ✓ In March 2022, we acquired 110MHz of HDS in South Africa for R5.4 billion. The spectrum has a licence period of 20 years enabling a more sustainable investment path and industry. We will use the spectrum to accelerate 4G and 5G network coverage and capacity across the country and improve service quality to promote digital inclusion.

Promoting digital inclusion

- ✓ Our commitment to rural access remains steadfast. Through our rural coverage acceleration programme we introduced new network sites in rural communities across South Africa, with 95.8% of the rural population now covered by 4G network.
- ✓ Vodacom South Africa has 26.2 million smart devices on our network, a 13.1% increase from FY2021. In FY2022, our 4G base grew by 21% and 5G by 361%, reaching more than 17.4 million customers. The number of 4G devices increased by 14.1% to 17.9 million in South Africa, while sales of the country's most affordable 4G smart feature phones, the "Vibe" and Nokia 215, continued to increase – 362 000 devices were sold in FY2022.
- = In response to our customers' evolving lifestyles, we launched our new unified postpaid portfolio under the Red brand. We introduced several new plans, along with better value, data-led plans and relevant lifestyle rewards – all informed by rich consumer insights.

International

- ✓ Across our international markets, smartphone users increased by 8.9% to 12 million, representing 36.8% of our 30-day customer base.
- ✓ In Tanzania device sales increased by 150% driven primarily by the 4G smart feature phone targeting customers who cannot afford smartphones. On our network, smartphones increased by 12% to 4.1 million and 4G devices by 31%, an increase of 635 000.
- ✓ Vodacom Mozambique recruited dedicated 4G agents to accelerate 3G to 4G SIM swaps, resulting in 88% 4G SIM penetration. Launching discounted smart feature phones in sub-urban and rural areas with 4G coverage will further reduce the affordability barrier.
- ✗ Regulatory focus on customer registration remains a theme across our international markets. In the year, we barred a remaining tranche of 200 000 data customer and revenue growth in the year, with international data customers up just 2.6% to 21.2 million. While we suffered short-term revenue and value erosion, our commitment to regulatory compliance improves our longer-term viability.
- ✗ In Mozambique, conflict in Cabo Delgado resulted in our temporary withdrawal from the region, negatively impacting revenue. We were also not able to maintain mobile infrastructure. We are encouraged by an improving safety outlook for the region subsequent to year end.
- ✗ Higher taxation is a risk considered in both our material matters and principle risks. In the DRC, a tax related to the certification of mobile devices was initiated in FY2022. The incremental burden on consumers negatively impact the DRC's performance in the year. Positively, in February 2022, the mobile tax (RAM) was removed. A new prime ministerial decree converting RAM fees to quality of service, data protection, traffic monitoring and equipment technical control fees is under review.

More information on page 73.

Looking ahead

SHORT-TERM	Priorities for FY2023
	• Secure 4G rural coverage financing partnerships, leveraging our existing relationships with global tech and development finance institutions. • Accelerate our "future of home" initiative through fibre ISP propositions and beyond connectivity offerings such as security, consumer IoT and home support. • Accelerate data network leadership in all markets, including 4G coverage, affordability and device penetration. • Explore funding options for fibre across our international markets. • Enhance our home connectivity offering through our stake in Vumatel to address South Africa's digital divide. • Position DFA as the leading FTTB and dark fibre provider with the best connectivity and gigabit transmission. • Expand our 5G footprint across our markets to enable future enhanced mobile broadband, mission critical and massive IoT services.

MEDIUM-TERM	Vodacom Vision 2025
	Focus on our pricing transformation journey to reduce the digital divide.
	Democratise data and design compelling customer propositions.
	Enable a seamless system for customers to connect, access entertainment, shop, pay bills, invest, lend and insure.
	Make significant progress on our ITU Partner2Connect pledge to increase 4G population coverage by 70 million people.

✓ Value created ✗ Value eroded = Value sustained

Diversify and differentiate with our digital ecosystem

Innovation is at the heart of our diversification beyond core connectivity as we prepare for an integrated digital future. Our financial services and digital lifestyle platforms are key differentiators for the Group as we build our fintech capabilities. To support this transition, we provide positive, unique customer experiences across our multi-product digital ecosystem, leveraging our investment in advanced analytics and behavioural loyalty.

CAPITALS IMPACTED

SRC IC MC FC

How this supports our system of advantage

We strive to create diverse and innovative products and solutions that drive financial and digital inclusion. Key to this ambition is our digital ecosystem, which is powered by Big Data and builds on our connectivity leadership to diversify and differentiate our offerings. In doing so, we create a deeper customer engagement with a 360-degree view where we compete on value rather than price.

FY2022 at a glance

PILLAR 3

Launched the **VodaPay and M-Pesa super-apps**

60.6 million financial services customers, with **US$6.1 billion** in microloans granted

Processed **US$324.6 billion** M-Pesa transactions, a 29.2% year-on-year growth

PILLAR 4

Vodacom Business **contributed** **25.2%** to Group service revenue (FY2021: 23.2%)

Vodacom Business South Africa **service revenue up** **11.6%**

Group IoT revenue increased by **32.1%** with IoT connections up **13.1% to 6.8 million**

Partnered with the African Union Development Agency to accelerate COVID-19 vaccine rollout through our **mVacciNation** technology platform

Smart agriculture platform delivering Connected Farmer and MyFarmWeb solutions

Farmers using the Connected Farmer platform: **235 000** across the DRC, Tanzania and South Africa

PILLAR 5

TOBi had **13.3 million** interactions with customers

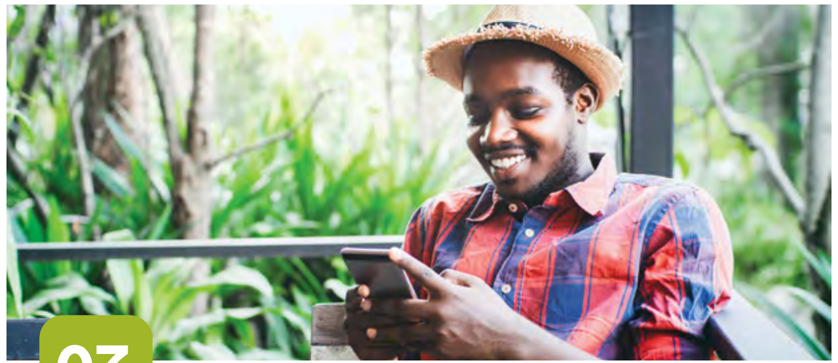
VodaBucks, our loyalty programme, has attracted **over 8.9 million** customers since its launch in September 2020

Our digital workforce is now **54% larger** than our call centres

PILLAR 6

Personalised offers make up >50% of total bundles sold in South Africa

Customer participation on the **Just4U platform** reached 54% in Tanzania, 28% in Mozambique, 27% in Lesotho and 11% in the DRC



MATERIAL MATTERS

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See icon references on page 02.

03

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.

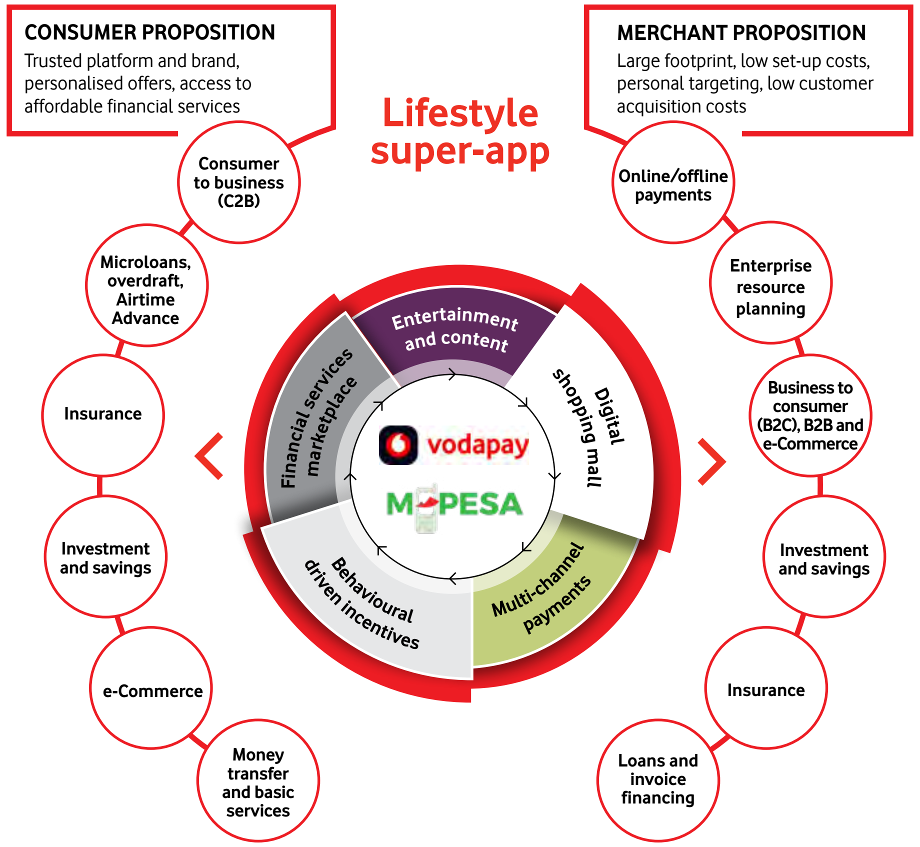
Financial services – Group

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.

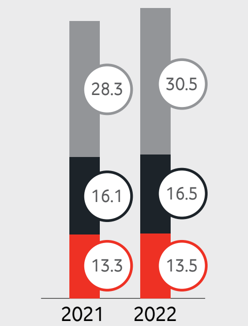
Continuing to scale our fintech platform

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

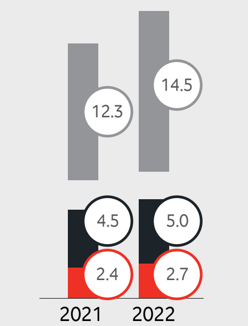
Strong underlying growth in financial services revenue
Vodacom **14.4%*** growth
Safaricom **30.3%*** growth

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

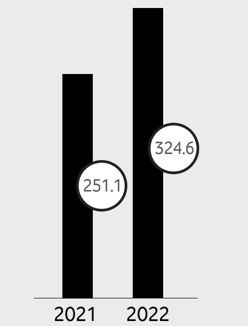
Financial services customers (millions)



Revenue from financial services (Rbn)



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**

Expanding our product set to capture growth opportunities

Payments and e-commerce
- Services and bill payments
- P2P transfers
- Scan to pay
- International money transfer (IMT)
- C2B
- e-Commerce payments

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

Insurance
Short-term
- Device
- Home and road assist

Long-term
- Life and funeral
- Group schemes
- Contract cover

Third-party
- Car
- Home

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

Scalable platform

Super-app (VodaPay and M-Pesa)
- Fintech marketplace
- Entertainment and content
- Personalised offers
- Digital mall
- Behavioural loyalty

Multiple revenue drivers

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

Attractive margins and returns

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 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 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.

Looking ahead

SHORT-TERM

Priorities for FY2023

- 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.

MEDIUM-TERM

Vodacom Vision 2025

Combine the power of connectivity with financial and digital services to:

- 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.

Diversify and differentiate with our digital ecosystem continued

MATERIAL MATTERS

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See icon references on page 02.

04

Digital partner of choice for enterprises

How this supports our purpose

We partner with enterprises to accelerate their growth and transform their operations through digital technology. Our tailored service offerings enable large enterprises and SMEs – as well as governments and universities – to release productivity efficiencies through our flexible mobile, fixed IoT, cloud and hosting, and managed security solutions. By enhancing enterprise growth and productivity, particularly among SMEs, we support livelihoods and help society connect for a better future.

Accelerating and scaling new services

Vodacom Business is committed to becoming the digital transformation partner of choice for all enterprises, including those in the public sector. By combining our market-leading connectivity solutions with our digital ecosystem, Vodacom Business is positioned to deliver on this objective while accelerating growth in new services such as IoT, cloud and hosting, managed security, financial services and fixed.

		Key growth drivers	Enablers
1	Fixed	• Complement software-defined wide area network (SD-WAN) with fibre. • Accelerate fibre to the home and business (FTTx) through CIVH fibre deal. • SME and single office/home office provider of choice. • Establish new partnership to accelerate fibre to the business in all markets.	
2	Cloud and hosting, and security	• Global tech partnership with AWS and Microsoft. • 7 000m^2 of data centre space in South Africa. • 23 data centres in our international markets. • Leverage subsidiaries such as Nexio.	
3	IoT	• Vodafone as the global leader in IoT connectivity. • Centre of Excellence accelerator for rapid incubation. • Horizontal platforms via subsidiaries, unlocking software opportunity.	

Broadband for enterprises, including fixed

- ✓ Our business connectivity infrastructure provides a resilient platform for enterprises, which was particularly essential during COVID-19-related lockdowns. Our access point name (APN) solution offers enterprise clients a sustainable gateway to keep their workforce connected.
- ✓ We were the first African TelCo to attain the MEF 3.0 SD-WAN certification. SD-WAN offers intelligent connectivity, along with high-speed dedicated or broadband connection, with greater efficiencies and control, through a management portal that provides complete network visibility. Our SD-WAN customer base grew year on year and, by year end, we sold 7 854 connections.
- ✓ Our transformational South Africa fibre deal with CIVH will enhance our FTTx footprint and accelerate the provision of high-speed connectivity solutions to businesses and SMEs in secondary towns and rural areas.
- = We sustained our Connected Education platform, with more universities and schools using our services to enable a hybrid learning model. We continued to collaborate with governments, focusing on supporting their digital transformation journey through connectivity, solutions, content, devices and funding.

End-to-end cloud and hosting, and managed security services

Growing our Vodacom Enterprise Technology capabilities and services

- ✓ More than 80% of our enterprise customers are opting for a hybrid cloud technology strategy, using multi-cloud deployment models to take advantage of scalability and flexibility in their workloads. During the year, Vodacom Business became an AWS Outposts partner, enabling the Group to offer a fully managed service that extends AWS infrastructure, services, application programme interfaces (APIs) and tools.
- ✓ Over the past year, we experienced almost 40% growth in the number of customers using Vodacom's Enterprise Cloud – Microsoft Cloud, Office 365, Modern Workplace and Azure – hosting and domain services, managed software services and security services.
- = As more businesses demand higher bandwidth, there is also a proportionate increase in potential cyber attacks. Our managed security services continue to protect large enterprises and SMEs, with our solutions encompassing secure networks to protect customers' online trading and e-Commerce.

CASE STUDY

Over the past few years, cloud computing quickly became critical to businesses, which had to adjust to remote working while staying agile, cost-effective and innovative. The majority of enterprises embrace a hybrid strategy of adopting cloud technology, using multi-cloud deployment models to take advantage of scalability and flexibility. To assist these enterprises, Vodacom Business is now an AWS Outposts Ready consulting partner in South Africa. This means that our enterprise clients – both SMEs and larger businesses – can benefit from a deep heritage in data centre-managed services from both Vodacom and AWS by choosing to adopt cloud flexibility at their own speed. This enables Vodacom to support businesses as they drive their cloud strategies to become more resilient in an uncertain world.

World-class IoT services

- ✓ We have unique scale and capabilities in the IoT segment, supported by Vodafone – the global leader in IoT[1] – as well as the global reach of Vodacom's local solutions.
- ✓ The acquisition of IoT.nxt continued to support positive performance for our IoT business. IoT.nxt was recognised by MachNation – a leading independent benchmarking firm – as best-in-class among IoT platforms. The platform continues to expand, opening new markets globally – including Tanzania, Mozambique, the United Kingdom (UK) and the Netherlands to name a few – and expanding the United States of America (USA) sales and operations footprint. This global expansion is underpinned by IoT.nxt's raptor energy management solution, which can drive energy savings of up to 25% per mobile network site, office buildings and many more innovative solutions using AI.

✓ Value created ✗ Value eroded = Value sustained

1. Number of IoT connections by mobile network operators (MNOs), excluding China. Data for competitors sourced from Berg Insight as at December 2020.

Diversify and differentiate with our digital ecosystem continued

- Beyond Mezzanine's smart healthcare solutions, which include mVacciNation, our subsidiary is scaling smart agriculture platforms. Connected Farmer is a digital platform that improves productivity, revenue and resilience for small-scale farmers by connecting them to information, inputs, credit and buyers at scale. More than 200 000 farmers use Connected Farmer in Kenya, Tanzania, Uganda and Zambia. MyFarmWeb supports commercial farms which adopt precision agriculture practices, leveraging IoT to enhance data-driven decision-making.

Driving digital transformation in the public sector

- Vodacom partnered with the South African Department of Education to provide discounted data to pupils to ensure online teaching and learning continued uninterrupted. This was expanded to all nine provinces, reaching over 500 000 pupils.
- Our healthcare platform, mVacciNation, supported the South African government's vaccine rollout programme. At year end, over 17.5 million people over the age of 18 were fully vaccinated. This initiative was crucial in helping the country strengthen its healthcare ecosystem in the fight against COVID-19. In addition, the Mpilo app – a platform developed by Vodacom that supports improved service delivery and improved patient experience in Gauteng health facilities – had over 50 110 active users. This mobile app is zero-rated on Vodacom's network, further enhancing our contribution to digital inclusion.
- The South African government's core mobile communication contract, referred to as RT15-2021, was awarded to four different service providers. To mitigate the potential impact of market share pressure related to RT15-2021, our Public Enterprise vertical portal continues to drive adjacent government-related services – particularly those that relate to the health and education sectors. We also launched our new RT15 solutions to ensure all government employees remain connected to work applications, resulting in improved productivity.
- We partnered with Statistics South Africa (Stats SA) to conduct South Africa's first digital census. Over 160 000 field workers were issued devices using Vodacom APN connectivity and the Vodacom One Net Business solution. In addition, the IoT mobile device management solution provided STATS SA with real-time visibility as the field workers conducted the census. By implementing IoT.nxt Commander, we integrated all critical components within Stats SA into a single, interactive, real-time, operational matrix.

SME champion

- In FY2022, we launched V-Hub, an online resource portal specifically designed for SMEs to unlock their full potential as they embark on a digital transformation journey. By adopting the right digital solutions, SMEs can become more agile and resilient which, in turn, will enable them to respond to customers' evolving needs quickly. Over 3 000 SMEs have accessed this portal at year end.
- We offered a series of seminars and webinars called Fast Forward, and hosted SMEs on the platform to enable the discovery of digital innovation for their businesses. The Fast Forward series was extended to the V-Hub platform, providing access to the material SMEs need to operate in the digital economy and expand their businesses.
- The launch of our VodaPay super-app also provides SMEs with access to potential customers and offers several merchant trading solutions. In addition, we provide customised lending solutions to SMEs.

For more information, refer to "Scale financial services and digital platforms" on page 43.

Looking ahead

SHORT-TERM

Priorities for FY2023

- Scale IoT.nxt and IoT Centre of Excellence.
- Expand SME offerings in collaboration with financial services.
- Accelerate our cloud offerings.
- Together with CIVH, expand our broadband coverage to support further SME inclusion.
- Secure resources to digitalise Vodacom Business's internal processes to provide digital-first solutions to our clients.

MEDIUM-TERM

Vodacom Vision 2025
Extend our SME propositions by delivering an online experience through our super-apps.
Develop customer-centric propositions by leveraging Big Data insights.
Continue to drive digital transformation to deliver a superior customer experience.
Scale our fixed network and SD-WAN capabilities.
Further build our end-to-end IoT solutions.
Build our intelligent business and digital transformation capability to unlock cloud and hosting services.
Expand our wholesale offering to empower more partners.
Grow our managed services and partnerships to sell with, and sell through, to assist corporates with their digitisation.

MATERIAL MATTERS

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See icon references on page 02.

05

World-class loyalty and customer experience

How this supports our purpose

In a connected world, customer-centricity is top of mind. Our purpose relies on maintaining and growing our customer base, ensuring they have positive interactions with Vodacom across our multi-product ecosystem. We refine and evolve our customer experience strategy based on the current and future needs of our customers, striving to deliver a personalised omni-channel digital experience, and to promote inclusion and generate loyalty to our brand.

Vodacom is transforming customer experience

Streamline and simplify the journey
- Digital-first and experience-led products that are easy to use and understand
- Eradicate any pain points in customer journeys
- Use of RPA to speed up processes

Digital-first touchpoints
- Self-service channels via voice or chat
- 24/7 effortless digital resolution
- Proactive care before the customer is aware

Targeted expert resolution
- Complex issues or value-driven calls
- Smart-routing to multi-skilled agents and experts
- Problem resolutions and potential cross or upsells

Customer-led journey design

Continual improvement

Engaged, loyal customer base

- Vodacom's digital channel for self-service, the My Vodacom App (MVA), now generates over R2 billion in annual revenue, with five million active customers. Key initiatives such as storing, as well as recurring and combination card payments and radically simplified journeys, were pivotal in driving bundle revenue growth – which increased by 34.95% in FY2022. Prepaid customers who use the My Vodacom App increased by 28.6%, while the number of contract and hybrid customers increased by 8.8% and 11.5%, respectively. This year, we also introduced airtime transfer to the My Vodacom App.
- The My Vodacom App continued to be an area of focus across our international markets in FY2022, with the launch of My Vodacom App Lite expanding the reach of the app to attract customers with lower-end smartphones and smart feature phones. MVA Lite was launched in Lesotho, Mozambique and Tanzania, and will launch in the DRC early in Q1 of FY2023. In Tanzania, the deployment of features of the My Vodacom App has accelerated from 16 to 48, aligning with the market demand to drive usage. We have seen a massive growth of +300% in monthly active users.

Value created | Value eroded | Value sustained

Diversify and differentiate with our digital ecosystem continued

- Our VodaBucks loyalty programme, which has over 1 000 partner networks, rewards customers for using our services with a unified currency to spend in our VodaBucks store. The programme attracted over 8.9 million active rewards customers, who earn, bank and spend their VodaBucks via our My Vodacom App.
- The Vodacom 2021 Unlock Summer campaign rewarded loyalty through the VodaBucks channel, as well as for downloading the new VodaPay super-app. This campaign generated high levels of engagement, with over 400 million plays.
- We are evolving VodaBucks into the underlying behavioural loyalty programme spanning the customer experience. Importantly, we are extending the programme to reach non-Vodacom customers through our VodaPay super-app.
- In Tanzania, our loyalty programme engages about 2.2 million customers per month. We are also scaling our third-party rewards programme, Vodacom Deals Coupon, based on special discounts from selected merchants in categories such as food and beverages, fashion, lifestyle and travel.

CASE STUDY

The VodaBucks rewards programme supports Vodacom's strategy of becoming a leading TechCo

In the past, Vodacom had diverse loyalty offerings spanning multiple programmes. It became increasingly important to innovate around these programmes to compete and generate the levels of success seen by some of the modern loyalty schemes in the market.

Accordingly, we launched the VodaBucks rewards programme in September 2020. The programme is now one of South Africa's biggest loyalty programmes – it has transformed the lives of over 26 million engaged customers by rewarding them with more than R3.3 billion in lifestyle rewards and cash prizes. In addition to the rewards given away, over 2.1 billion VodaBucks were redeemed, and customers completed more than 147 million personalised goals during FY2022. Customers can earn, bank and spend the unified VodaBucks currency on products and services from more than 3 000 brands in the ground-breaking, digital-first VodaBucks store.

World-class customer experience in all journeys, channels and touchpoints

- We improved customer access by including the option to speak to an agent at every point of our interactive voice response. About 60% of our agents have returned to the office, while the remainder continue to work from home to manage our customers through various support channels. We will retain this flexible model moving forward.
- Through project Inikezo – a specialised training programme for agents living in rural areas – we continued to enhance the traditional outsourced provider model. We recruited agents from a bigger geographic area, enabling us to source the best talent across South Africa.
- While Vodacom strives to deliver a world-class customer experience, we do receive customer complaints. In the year, there was a notable increase in fibre-related complaints in South Africa. We see complaints as an opportunity to address our customer experience, but nevertheless recognise that customer frustration is a source of value erosion.

CASE STUDY

Launching Vodacom's first green store

As part of our efforts to preserve the environment and drive sustainable development, in November 2021 we launched new, first-of-its-kind stores of the future in Fourways and Midrand in Gauteng province in South Africa. The stores integrate design with customer experience to ensure we design and build retail environments that deliver on and reinforce our brand promise of being customer-focused. This Store 2.0 is digital-first and energy-efficient while also driving a seamless retail experience for our customers. The new stores are also in line with Vodacom's RedLovesGreen philosophy, which encapsulates our belief that business success and consumer satisfaction can run in tandem with a commitment to the environment and our purpose-led business model.

We use innovative digital technology to provide seamless, paperless customer journeys, with over 15 unique capabilities showcasing Vodacom products and services. Each store uses design principles to reduce waste and minimise the maintenance of furniture, shop fittings and assets. We used sustainable materials like responsibly sourced timber and low-toxic paints, while sensors were installed to locate any water leaks. During the build stage, 80% of all waste was recycled, and a dedicated waste and recycling management plan was applied.

Providing digital-first touchpoints

- Our chat and voice digital channels are growing exponentially. Since launching in January 2021, TOBi Voice, TOBi Chat and TOBi Assist handled 13.3 million transactions, compared with 8.6 million calls routed to live agents during the year. TOBi Assist, specifically, increased from about 703 000 transactions in FY2021 to 5.5 million in FY2022 – a significant increase of 687%.
- TOBi Assist also contributed to a 3% improvement in first-call resolution, empowering our frontline agents to resolve customer problems as quickly as possible. This further supported a structural reduction in average handle time of 18%, and a 28% reduction in back-office service requests.
- Through optical character recognition, TOBi Assist is identifying our financial services customers' documentation, automating the loading of new banking details to our system from email. TOBi also assists with recommendations to the contact centre agent to speed up calls and accurately capture customer information.
- We continue to leverage our Big Data assets to solve customer pain-points. For example, the Touch-point Net Promoter Score (tNPS) model individually evaluates the probability of each customer being either a promoter or detractor and triggers a supportive action.
- We are expanding the voice capability of TOBi. More than 1 000 Vodacom employees are undergoing TOBi training to understand and learn different dialects within the African and South African languages. We launched TOBi Voice and TOBi Chat in isiZulu in the second half of the year – a first in South Africa.
- TOBi has a tNPS of 42, the same score as our live agents a year ago. TOBi is approaching the same level of efficiency as our live agents, and growing. Our **resolution rates** have reached 87% for first-contact resolution, which is also an all-time high.

Targeted expert resolution

- To further differentiate and personalise the customer experience, we are transforming how we resolve queries for our postpaid customer base through smart routing. In partnership with Tech Mahindra, we are building a resolution hub aimed at reducing or eliminating multiple handover points to different agents or departments. By using a multi-skilled team to manage customer issues, queries are managed by a single team of experts. At year end, 484 agents had been skilled in this approach. We hope to expand this during FY2023.

Raising the bar for NPS

- We continue to use NPS to quantify the quality of our customers' experience with our brand in comparison with our competitors. In FY2022, we changed how we measured NPS to a combined online and face-to-face approach to ensure compliance with the Protection of Personal Information Act, 2013 (POPI Act) and **futureproof our study** for the digital future. While this temporarily affected perceived market leadership, we continue to see pockets of excellence. In South Africa, our live agent tNPS score is at an all-time high of 56.

Enhanced experience for our customers with special needs

- We continued to drive the digital inclusion of customers living with disabilities to ensure they remain connected. Vodacom's Specific Needs Office works closely with various operational divisions to create accessible solutions suitable for persons living with disabilities.
- During the year, we launched the Nokia 2720 – a smartphone designed to provide easier access to senior citizens, people living with disabilities and those who experience other barriers to communication. The phone is pre-loaded with WhatsApp and Facebook, and has a dedicated emergency button that will send an SMS with location information to five pre-loaded contacts.
- In celebration of South Africa's annual Disability Rights Awareness Month, we donated 5GB of data to all registered customers with disabilities for three months.

Looking ahead

	Priorities for FY2023
SHORT-TERM	• Evolve from a traditional, on-premises hardware infrastructure to a contact centre in the cloud. • Enhance journeys and processes for our fibre business in South Africa. • Scale expert resolution in partnership with Tech Mahindra. • Extend VodaBucks to all customer segments across various platforms and business segments. • Scale our VodaBucks (or equivalent) loyalty programme across all markets. • Further develop the capabilities of TOBi Voice, including more vernacular options. • Explore end-to-end RPA for financial services customer service.

	Vodacom Vision 2025
MEDIUM-TERM	Steer customers to use digital channels using our Big Data and predictive analytics.
	Digitise, optimise and automate the end-to-end customer experience journey using RPA technology.
	Ensure every customer experience is unique, adding value by deploying RPA and smart-routing technologies in our call centres.

Diversify and differentiate with our digital ecosystem continued

MATERIAL MATTERS

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06

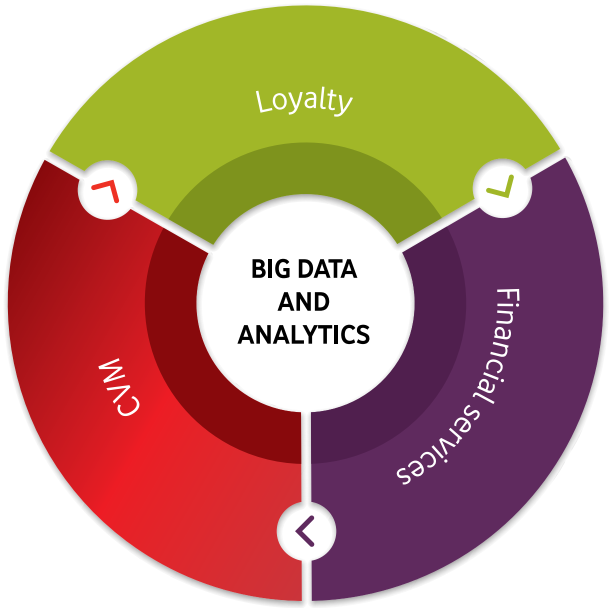
Personalisation through CVM and Big Data

How this supports our purpose

As a customer-centric and purpose-led business, we develop propositions for our various customer segments based on their unique needs. Over the past five years, we have invested significantly in world-class, flexible Big Data technology to enable deeper, textured layers of understanding of our customers – including their day-to-day behaviours, motivations and aspirations. By meeting specific needs we can segment, personalise and offer nano-sized connectivity offerings and financial services to promote accessibility and inclusion.

Big Data powering our digital ecosystem

Big Data is the engine that powers our digital ecosystem and underpins our CVM, loyalty and financial services capabilities. By investing in Big Data and analytics, we have expanded our customer view to over 3 000 attributes – providing us with a 360-degree customer lens. With these insights, we generate "next-best offers" for our customers, which are further enhanced by behavioural loyalty rewards. Importantly, by creating a ring around the customer with both connectivity and financial and digital services, our customer proposition moves beyond just a decision on price.



Enhancing customer experience through personalisation

In today's hyper-competitive, multi-SIM markets, customers make daily decisions on which SIMs to recharge. These factors have led to prepaid consumers having multiple different prepaid SIM cards from different MNOs, allowing them to constantly hunt for preferred pricing, promotions and free allocations. Reducing duality is a cornerstone in the continued growth of our prepaid customer segment, as this would lead to consumer spend consolidation and increased revenue for Vodacom if achieved at scale. In response, we are working on a proactive CVM strategy – supported by Big Data – for our markets to deepen customer relationships and drive growth.

- In the prepaid business, bundle sales of personalised offers make up more than 50% of total bundles sold in South Africa, reflecting our CVM capabilities. This mass adoption of personalised data offers allows us to manage network resources, effective data rates and revenue carefully.
- Just4U, our flagship personalised offering, continues to be a key differentiator as our customers benefit from unique and personalised deals on airtime, data and text messages. Our customer participation on the Just4U platform reached 54% in Tanzania, 28% in Mozambique, 27% in Lesotho and 11% in the DRC.
- Our Big Data and CVM capabilities are deeply integrated into our behavioural loyalty programme, VodaBucks. (For more information, refer to "World-class loyalty and customer experience" on page 51). By leveraging these capabilities, our VodaBucks programme increased active customer days on our network by 1.3 days in South Africa, reflecting enhanced customer engagement and more frequent purchases.

Reaching the most vulnerable communities

- In South Africa, our geographically targeted offers and campaigns proved successful in FY2022, allowing for deeper consumer insights and improved usage of underutilised network resources. One such offer, Just4U Town, aims to reach the most vulnerable communities to ensure all customers have access to affordable voice and data services. Through this platform, the discounts offered are determined by the location, income levels and available network capacity of a specific customer base. During the year, revenue from the Just4U Town platform increased by over 40% year on year, and now accounts for 27% of all revenue from personalised offers. Additional spectrum will provide an opportunity to enhance these initiatives as coverage, capacity and penetration allow for underlying cost structures to improve.

Big Data empowering financial services and our super-apps

The advanced integration of Big Data with our financial services products provides alternate credit scoring data and personalised experiences. By leveraging the Big Data capabilities of our super-apps, we are able to generate rich customer insights used to improve customer care and, in the future, offer more personalised and relevant offers that span lending, savings, investment, entertainment and e-commerce.

Loyalty	Credit and wealth	Merchant	Online payments
Grow revenue incrementally	Loan marketplace, personalisation and fraud prevention	Acquisition, loyalty, churn and personalisation	Personalised marketing, fraud prevention and transaction auto-fulfilment
Insurance	**Digital**	**IMT**	**Fraud and AML**
Product recommendation, visual claims and lapse prediction	Always-on marketing, personalisation and money management	Recommendations, contextual, activity, spend, churn	Improved fraud and AML controls

Enhancing super-app capabilities

- Big Data already plays an important role in fraud prevention across both connectivity and financial services. In FY2022, we reduced merchant fraud within our M-Pesa ecosystem by using graph analytics-based anomaly detection at scale.
- Beyond our CVM, loyalty and financial services capabilities, we also leverage Big Data and analytics to support data-led decision-making and drive efficiencies within the Group. Specifically, we focus on intelligent automation to enhance our internal digital capabilities – particularly as it relates to fibre – deploying smart-routing technologies in our call centres and making smart capex-related decisions.

Looking ahead

SHORT-TERM

Priorities for FY2023

- Leverage our advanced CVM capabilities across both our connectivity and financial services to increase our focus on segmentation and localisation, while also focusing on smaller "sachet" sizes to meet the challenges of rising inflation and pressure on consumer spend.
- Grow Big Data use cases and 360-degree customer attributes.
- Roll out Big Data capabilities in all markets and embed these in our super-apps.
- Mature Big Data sophistication in financial services.
- Radically simplify offerings in the core mobile business.

MEDIUM-TERM

Vodacom Vision 2025

- Reduce the digital divide and enable access for more South Africans to ensure everyone can connect affordably.
- Enable a seamless system for customers to use their mobile phones to connect, access entertainment, pay bills, invest, lend and insure.
- Humanise technology and simplify and transform the customer experience to achieve true convergence of our multi-product offerings.
- Democratise data design compelling customer propositions, embed our loyalty programme and enhance regional execution.

Optimised, future-ready TechCo

From our foundation as a market leader across our footprint, our business has evolved in line with our ambition to be a leading TechCo driven by technology leadership. As part of this journey we focus on optimising our assets and building an organisation of the future led by innovation, agility and the right skills to connect people for a better future.

CAPITALS IMPACTED

FC MC HC SRC IC NC

How this supports our system of advantage

As a leading connectivity player in Africa, we leverage the strength of our connectivity reach and digital ecosystem to promote financial inclusion and build trust with our stakeholders. While mindful of our ambition to optimise ROCE, we are leveraging partnerships and sharing models to develop innovative and smart technology platforms and connectivity solutions that support our overall customer proposition. Furthermore, by embedding our agile employee culture – the Spirit of Vodacom – across the organisation and pioneering low-cost network technology across the continent, we can build one of Africa's most trusted and loved brands.

FY2022 at a glance

PILLAR 7

Initiated the separation of our South African tower portfolio into a separate **TowerCo business**

Announced a deal with CIVH to deploy fibre, and leverage the power of scale and shared costs to reduce the cost to communicate for our customers

Leveraged the world-class technology of Alipay in our VodaPay super-app

Formed a global consortium to support Ethiopia's digital transformation

PILLAR 8

Group ROCE of **24.3%**, with R14.6 billion capital investment in network infrastructure (FY2021: R13.3 billion)

Rural sites connected increased by **357**, with **95** deep rural sites and **61** rural communities previously without any coverage

PILLAR 9

Invested **R395 million** in skills development for black employees in South Africa, with R190 million invested in black female employees and **R16 million** in black youth with disabilities

Established a skills transformation team at Group level to accelerate our #1MoreSkill programme

Achieved a Team Spirit index score of 76% (FY2021: 75%) and an employee engagement index of

77%

(FY2021: 77%)

PILLAR 10

In October 2021, Sustainalytics ranked Vodacom

first

out of more than 200 companies in its Telecommunications Service industry grouping (FY2021: second)

Over **22 million** users accessing our zero-rated ConnectU platform

Vodacom e-School has registered over **1.6 million** users since inception

MATERIAL MATTERS

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See icon references on **page 02**.

07

Optimise assets through sharing

How this supports our purpose

To transform our business into a leading TechCo, we continue exploring ways to optimise our assets and create exceptional value for our stakeholders. As part of this, we look at sharing opportunities across our portfolio of assets to reduce the cost to communicate while also deepening our rural footprint.

Sharing opportunities

Capturing network sharing opportunities

- (Value sustained) We continue to explore opportunities for sharing network infrastructure to maximise the Group's existing capital and operational efficiencies while simultaneously creating opportunities for network expansion through partnerships and roaming.

Our infrastructure sharing principles

Infrastructure sharing	• Sharing existing towers, sites and network platforms • Enabling access to infrastructure and additional capacity • Sharing infrastructure operating costs
Co-build or partnerships	• Building new infrastructure via partnerships • Reducing capital requirements to build new sites • Enabling infrastructure expansion to underserved areas
Roaming	• Facilitating rapid coverage expansion and capacity acquisition • Avoiding costs associated with building new infrastructure • Reducing costs during planning, optimisation and maintenance phases

- (Value sustained) In South Africa, we are carving out our tower portfolio into a separate TowerCo business. We believe this step will create a strategic asset for the Group, providing opportunities for partnerships with other MNOs. We have over 9 500 owned sites in the country, including towers and rooftops. Once the process is completed, we will continue to capture opportunities to optimise operations, expand our network and strategically grow our business.
- (Value created) We continue to explore opportunities to accelerate the deployment of fibre to create a market-leading portfolio. Through our proposed strategic holding in CIVH – whose material operating companies include South Africa's largest open-access fibre players, DFA and Vumatel – we will take a significant step in diversifying our connectivity offering and optimising our assets. Our capital injection and strategic support will accelerate the growth trajectory of CIVH's assets, while the contribution of our wholesale FTTH assets will add scale and enhance CIVH's fibre footprint. Importantly, the conclusion of this deal ensures we continue playing a crucial role in expanding our fibre reach in South Africa and helps reduce the digital divide that continues to exist in our communities.
- (Value created) In Mozambique, we are leveraging existing railway infrastructure to reduce the cost of fibre deployment. We have a roaming agreement in place in the DRC with Orange and, at year end, achieved technical readiness for roaming on 70 sites. In Tanzania, we are exploring sharing opportunities with Axian.

Capturing platform sharing opportunities

- (Value created) We are rolling out shared IT capabilities across all markets to optimise cost, operational efficiency and speed to market, and increase revenue through standardised shared platforms, infrastructure, processes and people. In this way, we create value by providing access to core capabilities otherwise not available in a specific market. This aligns with our strategy to leverage the "build once, reuse many times" principle, while also offering a standardised customer experience across the markets.
- (Value created) We successfully delivered shared services capabilities across seven markets – MyMuze, Mum & Baby, VLive and PlayInc – by leveraging existing lifestyle platforms offered in South Africa. Looking ahead, we will roll out additional lifestyle products and services by leveraging centralised skills and standardised platforms.
- (Value created) The Ubuntu programme – a platform-driven approach based on a common digital experience layer data platform – manages user experience across all channels, devices and touchpoints throughout the customer journey across all markets. In line with this, we launched a "Lite" version of the My Vodacom App in four international markets.

Value created Value eroded Value sustained

Optimised, future-ready TechCo continued

- ✓ We established the Group Big Data and Analytics Centre of Excellence to leverage analytics and ML cases, shared data lake and ocean operation, and monitoring and data engineering capabilities. Big Data is the engine that powers our digital ecosystem and underpins our CVM, loyalty and financial services capabilities.

For more details, refer to "personalisation through CVM and Big Data" on **page 54**.

Building world-class services in Ethiopia with partners

We are part of a consortium led by Safaricom to support Ethiopia's digital transformation. The partnership also includes Vodafone, Sumitomo Corporation – one of the largest international trading and business investment companies – and CDC Group, the UK's development finance institution and impact investor. The consortium partners are leaders in delivering transformative technology services – particularly those that relate to health, education and agriculture – built on quality telecoms networks. Through this partnership, we will drive economic and social impact in Ethiopia by providing accessible, affordable and high-quality mobile and internet connectivity.

Leveraging global and local supply chain management capabilities

Supply chain management (SCM) is responsible for the Group's procurement and related governance. This governance framework is guided by our code of ethical purchasing, and executed through control structures aligned with our purpose. This alignment is enforced through the measurement of suppliers on a balanced scorecard approach. For additional details on the linkage between procurement and purpose, see our sustainability report.

- ✓ In addition to governance, our SCM function leverages global and local capabilities to drive procurement efficiencies. Global support is provided by the Vodafone Procurement Company (VPC), which also helps ongoing global challenges in the supply chain. Locally, SCM implemented an inventory management tool called NSS to improve sharing capabilities across our markets.

CASE STUDY

Leveraging global, digitalised technology to manage inventory

In March 2022, Vodacom's international markets successfully implemented the NSS, a Vodafone-adopted, cross-platform technology solution that drives best-in-class inventory management in warehouses across our markets. Previously, our international markets were using a legacy system that could no longer keep up with changes to inventory requirements. Now, by adopting the fully automated NSS, we can manage the stock kept in our warehouses from end to end – from the moment a purchase order is recorded to when payment is received. The system ensures constant visibility of stock, which can be accessed by a click of a button, and equips us to better plan for project deployment. This, in turn, ensured better decision-making across the business. The tool also eliminated the use of manual spreadsheets, overstocking and shortages of critical stock in the warehouses, enabling our employees are able to focus on strategic operations in the warehouses.

Click here to view the video.

Looking ahead

SHORT-TERM	Priorities for FY2023
	• Finalise the TowerCo in South Africa, and prepare to roll this out to the rest of the Group. • Obtain approvals for and integrate the CIVH deal and leverage the power of scale and shared costs to drive down the cost to communicate. • Develop a group-wide data centre strategy. • Explore further infrastructure partnership models with global technology companies and developmental finance institutions.

MEDIUM-TERM	Vodacom Vision 2025
	Establish an Africa FibreCo with strategic partners to accelerate fibre coverage across our international markets.
	Evolve our architecture towards TelCo as a service, with a digital cloud-based ecosystem of network and IT capabilities, managed centrally and deployed regionally.
	Build software factories across the Africa region, with standardised tooling to develop and deliver scalable products and services across all markets.

MATERIAL MATTERS

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See icon references on **page 02**.

08

Technology leadership in network and IT

How this supports our purpose

We invest in modern digital systems to connect our customers for a better future while also leveraging our experience in the latest technologies to drive accessibility and inclusive growth. Our Big Data capabilities drive intelligent decision-making, solutions and operations. We explore alternative energy options in our move towards greater energy efficiency while also expanding our coverage and platforms to connect more people for a better future.

CASE STUDY

Embedding IT governance across our business

Technology is core to Vodacom's business and – considering the rapid technological advances in recent years, along with increasing regulations associated with the use of data – we ensure IT governance is embedded as an integral part of the Group's business processes to ensure we deliver on our system of advantage.

We have a dedicated framework and charter in place to ensure end-to-end technology governance, which is overseen by the Group's Chief Technology Officer. The objectives of the technology governance framework and charter are constantly reinforced in the organisation, and each element is supported by fit-for-purpose processes to align technology strategy and business needs, deliver value and manage performance, and strengthen information security management, information management, risk management and business continuity. We have a Capital Expenditure Review Board that reviews and considers investment in technology. A summary of these considerations is reviewed by the Group's ARCC. Our Group Board considers the need to obtain independent assurance on the effectiveness of Vodacom's technology arrangements, including outsourced services, as and when needed.

The protection of customer data is paramount to Vodacom. Our Chief Information Officer, Chief Officer: Commercial Operations and Chief Officer: Legal and Compliance are responsible for information governance, and focus on formulating and implementing policies, processes and systems to ensure compliance with the POPI Act and European Union General Data Protection Regulation.

South Africa

Further expanding our best gigabit networks with voice and high-speed data coverage

- = We extended our 4G and 3G population coverage to 97.94% and 99.88%, respectively, while 2G population coverage remains steady at 99.9%. We also increased our outdoor 4G coverage despite not having access to the dedicated sub-1GHz 4G spectrum.
- ✓ We extended our 5G footprint beyond Johannesburg, Cape Town and Durban and now have a 5G presence in all nine provinces. Due to increased customer interest, the number of 5G capable devices active on our network surpassed 684 550 units.
- ✓ The modernisation of our network ensured we could efficiently and effectively deploy temporary spectrum while ensuring better usage and optimal performance of our existing spectrum. We utilised the temporary 5G spectrum assigned by ICASA to roll out over 600 sites, addressing the demand for connectivity for fixed wireless products. In March 2022, we acquired 110MHz of HDS.
- ✓ On 10 November 2021, we announced a major step forward in scaling our fibre offering in South Africa. By proposing the acquisition of an initial 30% stake in CIVH fibre assets – subject to competition commission approval – Vodacom will gain exposure to highly attractive and fast-growing businesses such as Vumatel and DFA.

✓ Value created ✗ Value eroded = Value sustained

Optimised, future-ready TechCo continued

- The pandemic significantly increased the demand for connectivity. In response, Vodacom invested R14.6 billion in its network and implemented several transformative propositions to revolutionise how data is consumed. This includes the new Everyday-ta bundles in South Africa, which provide significant value to customers by delivering 7.5GB over 30 days at R99. We also refreshed our mobile contract packages, increasing data across the portfolio with up to 100GB of monthly data.

For more details, refer to "Secure leadership in mobile and fixed" on **page 40.**

Extending our capabilities in modern digital IT

- We continued to embed Agile and DevOps practices into our way of working, focusing on faster time to market, improved customer experience and increased stability. By focusing on a smaller but increased number of releases per month, we can deliver more quickly and continue to offer an enriched customer experience.
- Our cloud journey remains key, delivering significant cost savings and increased efficiencies. We transitioned selected analytical workloads to the public cloud to deliver analytics at scale. In doing this, we could steer investments into beneficial channels, price plans and devices. The AWS cloud programme completed 564 migrations for cloud-native application workloads. We also successfully migrated six contact centres to the cloud, along with merchant agents – including VodaPay Chat.
- Vodacom maintained its lead in the independent IT4C benchmark exercise conducted by Gartner, which compares the IT capabilities of South Africa's largest mobile operators. We increased our lead by 133 points, showcasing significant improvements in our retail channels and contact centre. We believe this achievement reflects our continued investment in technology across customer touchpoints.

Reducing our environmental impact and delivering technology efficiencies

- Expansions and upgrades to our network infrastructure – as well as fuel, electricity, inflation and other contractual increases – place pressure on Vodacom's opex. Through our Fit4Growth programme, we focus on implementing initiatives to optimise these costs and, over the past year, saved over R800 million.
- Energy savings initiatives include electricity utilisation and billing optimisation, generator fuel fraud detection and runtime reduction. We installed Ruraflex time-of-use meters in over 1 072 base stations using electricity from Eskom, which led to an average reduction in electricity costs of 20%. We plan to install an additional 140 Ruraflex conversions and 750 Miniflex conversions in FY2023.
- IoT.nxt's raptor technology implemented at our sites ensure we optimise air-conditioning runtime. The raptor can support energy savings of up to 25% per site. Furthermore, we can monitor and manage energy consumption remotely. Vodacom is exploring energy wheeling opportunities from independent renewable sources.

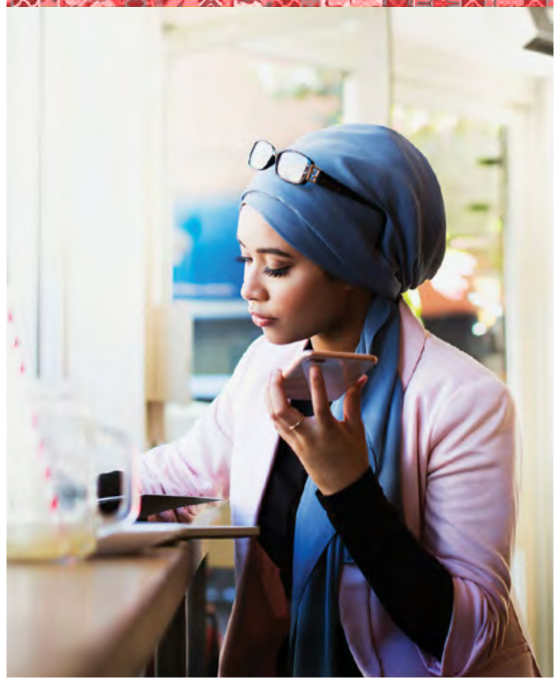
Maintaining technology resilience

- We implemented a technology resilience programme to ensure all technical recovery plans are reviewed and maintained as needed. All critical systems are tested annually to provide auditable proof of recovery capabilities, while also ensuring the right plans – including geo-resilient architectures and capabilities – are in place to meet the prescribed recovery time and recovery point objectives.
- Sporadic vandalism and battery theft at our network sites continue to impede business continuity, network quality and overall customer experience. This is further exacerbated by Eskom's load shedding. We continue to drive investment to mitigate this risk – for example, through our Energiser project, we are deploying four-hour and eight-hour battery vaults to all sites to maintain network availability and connectivity, along with enhanced security measures. During FY2022, we invested R683 million in this project.

International operations

Expanding our best gigabit networks

- All markets apart from Lesotho and Mozambique were first in network NPS and the Umlaut benchmarking drive test. Lesotho continues to expand its 4G population coverage and in Mozambique we continued to improve our network by deploying an additional 464 4G sites. Vodacom Tanzania upgraded 143 4G sites, improving our download speed and latency positioning from third to second. We continue to implement network improvement plans across all markets, analysing network NPS detractors to identify areas with degradations.
- We expanded our network coverage across our international operations, to 8 430 2G sites, 6 694 3G sites and 4 521 4G sites added across Tanzania, Mozambique, the DRC and Lesotho.
- In line with our Tech2025 strategic goals, our core focus has been on accelerating 4G coverage. Vodacom exceeded its 4G rollout ambitions in Mozambique despite procurement-related delays brought on by COVID-19, deploying over 464 4G sites during the year. Tanzania completed 105% of its 4G rollout objectives, while Lesotho reached 100% completion. In the DRC, we experienced delays in receiving equipment due to a customs embargo imposed by the government.



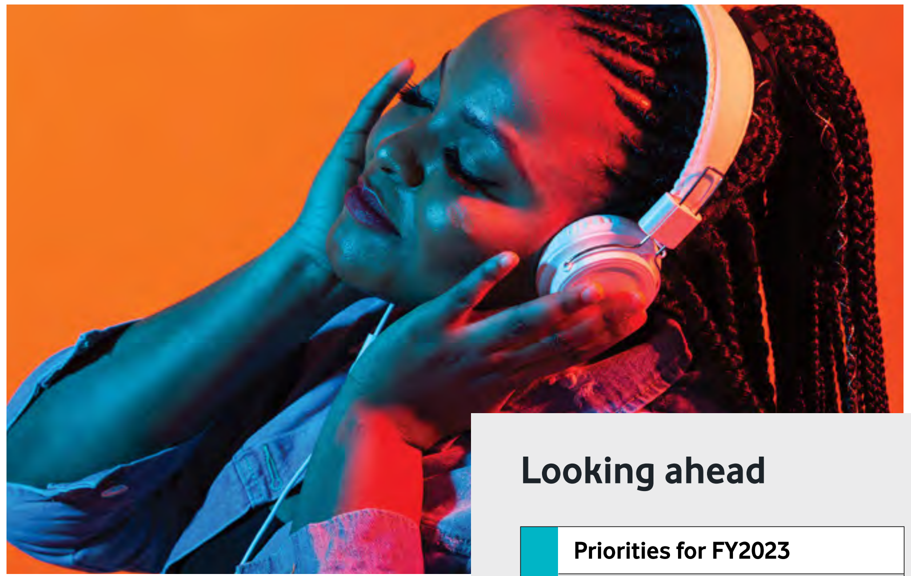
- Across all our markets, Vodacom engages with regulators to obtain spectrum to deploy 5G. All international markets are proactively executing their 5G readiness plans by ensuring that our network is 5G-ready.
- To manage the potential risk of vendor dependency over the medium term, Vodacom DRC is trialling alternative network technologies such as OpenRAN.

Extending our capabilities in modern digital IT

- We implemented Agile SAFe practices across our markets to ensure customer-focused delivery. Programme Increment (PI) is part of SAFe – a timebox during which an Agile Release Train (ART) delivers incremental value in the form of working, tested software and systems – and helps teams collaborate and align on workflows. PI improved the visibility of all work, enabling improved prioritisation and effective use of resources. We have plans in place to establish the Group Lean Portfolio Management capability, whereby we will be able to leverage PI to manage demand across our markets.

Addressing cyber threats to maintain customer security and privacy

- We are implementing a strategy to introduce next-generation security technologies across the Group, which will enhance our current prevention and detection capabilities, provide data insights for real-time detection and response, and introduce a more secure and frictionless employee experience.



- Vodacom has an extensive set of cyber security baseline and super controls in place, which are consistently measured and monitored to ensure they remain effective and efficient. Furthermore, the Group's incident detection and response capabilities are continually enhanced through security orchestration, data visibility, endpoint detection and response capabilities.
- We strictly adhere to secure-by-design principles and processes as we develop products and services annually.
- We evaluate third-party risks to ensure our vendors and suppliers adhere to Vodacom's minimum security requirements.

For more information, refer to "Forces shaping our industry" on **page 72.**

CASE STUDY

Elevating cyber security offerings amid a changing threat landscape

As a leading technology provider, we aim to provide solutions that help businesses digitalise effectively while overcoming the complexities of a remote, cloud-based environment. This includes increased cyber threats as criminals become more sophisticated. This year, Vodacom Business expanded its managed security solutions to offer Trend Micro Worry-Free Services to help businesses prevent cyber attacks. Through this partnership with Trend Micro, we offer easy-to-install and simple-to-use security services that eliminate security gaps across user activity from anywhere in any business. Given the speed at which the cyber threat landscape changes, Trend Micro Worry-Free Services were designed to learn, adapt and share intelligence in real time. Furthermore, this solution offers protection against crypto, malware and other advanced threats. And, given the sensitivity of data, the integrated data loss prevention, encryption management and device control capabilities of Trend Micro Worry-Free Services can help data security.

Looking ahead

SHORT-TERM

Priorities for FY2023

- Achieve the best network NPS in every market.
- Integrate Vodacom and CIVH fibre assets post approval from regulatory bodies, and establish a model for expanding our fibre business across our international markets.
- Increase the resilience and quality of the South African network by leveraging newly acquired spectrum.
- Achieve cyber security baseline score across markets.

MEDIUM-TERM

Vodacom Vision 2025

- Build new capabilities and develop new skills through insourcing and reskilling.
- Enable the evolution of mobile and fixed network access, transport network simplification and TelCo cloud, focusing on making the network smarter through automation and AI.
- Develop new capabilities across our network and IT platforms, including increased accessibility to Big Data and ML capabilities.
- Embed security and privacy in our projects, products and services throughout their life cycle.
- Increase the speed of delivery and leverage economies of scale to reduce our cost of delivery.

Optimised, future-ready TechCo continued

MATERIAL MATTERS

01 06 07

See icon references on page 02.

09

TechCo organisation and culture

How this supports our purpose

We aim to build an organisation of the future underpinned by digital innovation and agility, and develop a distinctively digital employee experience to motivate our customers to thrive. Above all, we value inclusivity and diversity, and embed a mindful organisational culture across our business to ensure every action is rooted in our purpose.

Facilitating a differentiated employee experience

- ✓ In FY2022, Vodacom was certified as one of Africa's Top Employers for the sixth consecutive year across all markets, advancing overall ranking to the top three in Africa. Safaricom Kenya was certified for the first time and in South Africa we ranked third out of 114 participating companies for two consecutive years. Safaricom Kenya also earned a Top Employers Africa badge for the first time this year. We believe this certification recognises our efforts to create a nurturing environment where employees can thrive, enabling us to reflect on our progress to becoming an employer of choice. It is also a reflection of our continued commitment to improving people efficiencies and driving an exceptional employee experience.
- = To embed the Spirit of Vodacom across the business, we have a recognition scheme called Vodafone Stars which allows for in-the-moment recognition for employees who display Spirit behaviours, comprising either cash awards or peer-to-peer recognition. In FY2022, over 5 000 employees were recognised through the Vodafone Stars programme. We use our rewards programme and organisational culture to encourage employees to demonstrate Spirit behaviours in their daily work activities, ensuring that employees deliver the desired results for our business.

In South Africa, Vodacom spent

R483 million

on **skills and leadership development programmes.**

The Spirit of Vodacom – our culture

Through the Spirit of Vodacom, we advocate for a culture that focuses on trust, drive, curiosity and belonging. We have embedded four pillars, which are earn customer loyalty; create the future; experiment, learn fast; and get it done, together. Our ethos is that no matter where we work in Vodacom, we act as one. Together, we create a place where everyone can truly be themselves and belong.

We keep employees engaged, boost staff morale and create a progressive and conducive organisational culture as we continue to navigate recovery from the pandemic. Accordingly, we launched the Spirit of Vodacom day – a quarterly meeting-free event that provides space and time for our employees to focus on personal growth, well-being and connection. We hosted our first Spirit of Vodacom day in October 2021, our second one in February 2022 and have three more quarterly events planned. To support our Spirit journey, we launched the Spirited Leader series as the vehicle for a future-ready Vodacom. This series is designed to drive high-impact actions, leadership standards and well-being, and also provide playbooks and action toolkits, share best practices and facilitate peer support from leaders across the Group.

Listening to our employees is a key aspect of improving our culture and ensuring we continually strive for excellence. A key measure of how the Spirit of Vodacom resonates with our employees is our Employee Spirit Beat surveys. We run Employee Spirit Beat surveys bi-annually and have thus far completed three cycles in FY2022, with a participation rate of 86%. The data from the surveys reflect the following scores and insights:

Employee index of	Purpose index of	Spirit index of
77%	86%	76%

Positive themes from surveys

- New employees resonate strongly with our purpose
- Satisfaction with a hybrid working model
- Learning new skills and abilities

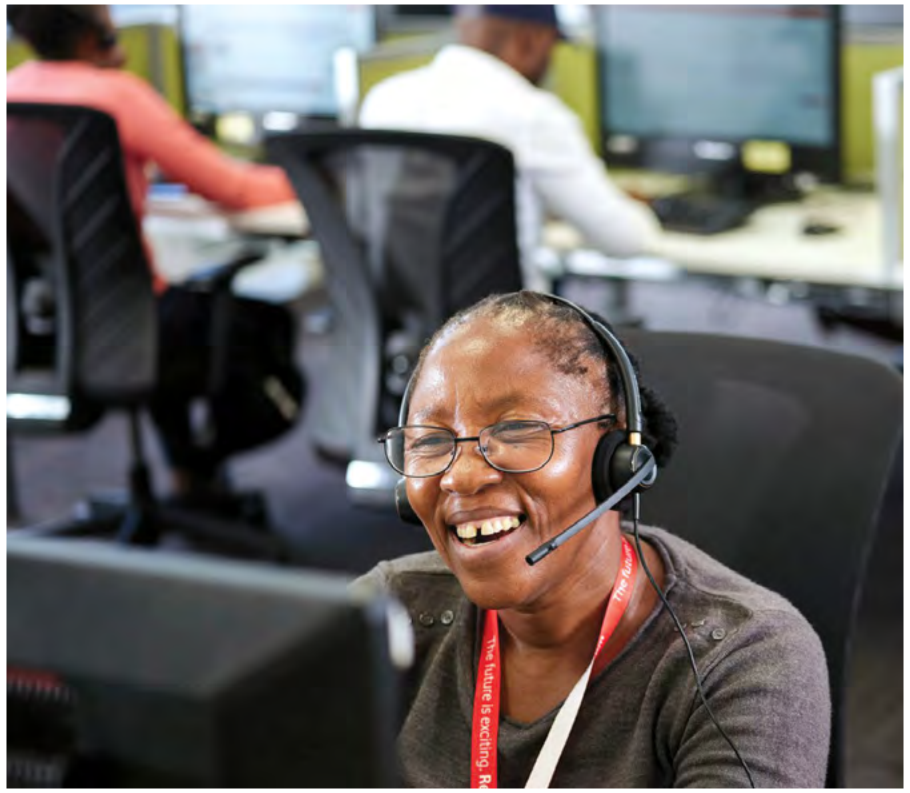
Improvement areas from survey

- Employee recognition
- Increased focus on robust and regular feedback
- Working effectively across the Group to find the best solutions for customers

✓ Value created ✗ Value eroded = Value sustained

Accelerating the digital skills of our employees

- ✓ Our #1MoreSkill programme continued to support skills development across Vodacom. This year, we established a skills transformation team at Group level to accelerate the initiative, focusing on the capabilities required to drive our ambitions: software engineering, cloud computing, RPA, Agile, cyber security and 5G.
- ✓ In South Africa, we focused predominantly on increasing software engineering capabilities. Over 331 employees completed 7 225 hours of instructor-led training across 76 courses. This equates to R3.2 million in internal costs.
- ✓ In all our markets, there was also a focus on cloud capability build. Over 141 employees were certified in AWS expertise, Azure and GCP Solution Architects, AWS Developers and Security expertise. In addition to this, through our five-year partnership with AWS, 977 employees completed 221 certifications in cloud architecture in Vodacom South Africa.
- ✓ Vodafone University continues to offer our permanent employees access to online learning opportunities across multiple training platforms such as LinkedIn Learning, O'Reilly, Udemy and UiPath. In FY2022, 94% of employees completed at least one course in South Africa. Across the Vodacom Group, employees completed 515 616 online training programmes this year, equating to 141 669 hours of learning.



Fostering workplace inclusivity and diversity

- ✓ Driving an inclusive employee culture, which fosters tolerance and embraces diversity, is a key component of our human capital strategy. We have various initiatives and forums to ensure we respect and include the different viewpoints, backgrounds, ethnicity, ages and genders of our employees. These include the Disability Forum, LGBTQ+ Network, National Consultative Committee, Women's Network Forum and Youth ExCo.
- = We review our internal pay ranges annually and consistently apply them throughout the organisation. All OpCos conduct an annual fair-pay analysis to ensure they are committed to fair pay and responsible remuneration across all employee levels.
- ✓ Vodacom was also recognised for the support we provide to LGBTQ+ employees being one of three companies in South Africa that achieved SAWEI Gold status in this regard. This is a key milestone following silver status achieved previously. The South African Workplace Equality Index aims to rank South African companies on how well they implement best practice for LGBTQ+ equality in the workplace.
- ✓ We have a parental leave policy which gives four months paid leave to non-birthing partners and those who adopted a child or became a parent through surrogacy. Since the policy was launched group-wide in September 2020, 223 employees have enjoyed this benefit.
- ✓ We introduced an external bursary programme in South Africa for people living with disabilities in 2021. This programme is aimed at assisting students who live with disability, lack necessary resources to further their studies and have achieved outstanding academic results.
- ✓ Our job shadow programme continued to support high school pupils in selecting university careers in line with jobs of the future, focusing specifically on science, technology, economics and maths-related programmes. This year, 50 school pupils were enrolled in the programme.
- ✓ In South Africa, the WeThinkCode programme trains Africa's top tech talent and drives the digitisation of African businesses. We continue to collaborate with the programme and, accordingly, annually sponsor 10 students as they complete National Qualifications Framework 5 programmes in software engineering and coding at non-traditional learning institutions. In March 2022, we onboarded 10 additional students, investing a total of R1 million.

Optimised, future-ready TechCo continued

Providing a safe and healthy employee experience

The health, safety and well-being of each employee continue to be a priority and key focus area across our markets – particularly through the various COVID-19 waves. We aim to achieve a 100% Home Safe culture by managing our top risks, sustaining our employees and suppliers through the pandemic, supporting mental health and building the resilience of all who work for us – our employees and suppliers and their families.

In October 2021, we updated our remote ways of working policy to formalise a hybrid way of working between the office and home. This transition signals the return to normality after the lifestyle changes associated with COVID-19 lockdowns. Although we have seen an improvement in the return to office-based work, our employees are still adjusting to the hybrid working environment.

Employee wellness remained a priority during the year, and we continued to drive several employee support and engagement activities across the Group. Our employee assistance programme counsellors and employee ambassadors worked to assist our workforce with coping strategies, stress management, communication, grief counselling and parental guidance during COVID-19. We hosted 80 sessions in South Africa, attended by 7 800 people.

Vodacom created vaccination opportunities for employees, their families and members of the public by implementing vaccination drives and pop-up vaccination sites. Over 13 700 people were vaccinated there, of whom an average of 55% comprised employees across our markets in Africa. As our employees return to the workplace, we provide free antigen testing to them and their immediate family members should they present with COVID-19 symptoms.

We continued to accelerate our digital transformation journey and unlock new opportunities. Our Vodacom Engage app, a mobile employee engagement platform, continued to be used extensively as the primary communication gateway for the business, offering users a seamless and connected experience. To give our employees a distinctive digital experience, we used the app's COVID-19 functionality to include screening, reporting positive cases and declaring vaccination status. The app had 6 107 active users from across the Group at year end.

We continue to focus on reducing road risk and significantly enhanced our driver behaviour across our OpCos. This decreased both the frequency and severity of incidents, as well as our employee and supplier fatality rates. Tanzania, specifically, celebrated 10 years of being fatality-free. This is primarily attributable to a phenomenal innovative health and safety executive team leading the business and increased ownership of safety and well-being by our leadership, continued engagement with suppliers and proactively monitoring and measuring of field activities.

Sadly the lives of two members of the public were lost as a result of a road accident in Mozambique. To prevent future fatalities, we continue implementing road risk reduction initiatives and adapted learnings from Tanzania across all markets.

Looking ahead

SHORT-TERM	Priorities for FY2023
	• Build a skills hub to accelerate critical skills. • Continue to transform the skills profile of the organisation to enable our transition to a TechCo. • Realign our operating models.

MEDIUM-TERM	Vodacom Vision 2025
	Embed a culture of inclusivity by promoting our commitment to workforce diversity and localisation.
	Embed a hybrid working culture with the introduction of a progressive remote working policy.
	Promote skills development and youth empowerment.
	Build the coaching capabilities of our leaders.
	Drive the digital transformation agenda by embedding Agile structures and RPA.
	Differentiate the work environment through positive employee engagement.
	Ensure the physical and mental well-being of our employees.
	Identify requisite future skills and align our graduate and bursary programme to attract these skills.
	Identify high-performing black females in the market to develop future skills and leadership through a female empowerment training programme.

MATERIAL MATTERS

01 03 04 05 06 07

See icon references on page 02.

10

Trusted brand and reputation

How this supports our purpose

We aspire to be a purpose-led organisation, connecting for a better future by enabling a digital society, inclusive of all, with the least environmental impact. We embed these values into our culture and activities across the Group, and aim to enhance Vodacom's reputation by demonstrating this purpose in our product development strategies and communicating it across customer experiences. Beyond our brand purpose, we recognise the need to earn and maintain trust, and are guided by our Social Contract to operate an ethical business that is responsive and transparent to a diverse group of stakeholders.

Building trust with our purpose-led model

At our core, we believe technology and connectivity can enhance the future and improve people's lives. To this end, Vodacom has taken decisive steps towards embedding our purpose of connecting for a better future into our company, into our people and into the way we do business. In FY2022, our refreshed brand campaign, Further Together, was a rallying call for our employees and partners, and a commitment to Africa that Vodacom will not stop until everyone is connected to the abundant potential of a digital society.

As we deliver on our purpose-led model, we focus on three pillars: digital society, inclusion for all, and planet. Below, we provide some examples of the progress we are making across these pillars, and our focused Hero campaigns. For more detailed information, refer to our sustainability report, available on our website.

Value created
Value eroded
Value sustained

Digital society

Connecting people and things to the internet

In March 2022, as part of the ITU's Partner2Connect programme, Vodacom committed to investing to increase 4G population coverage across our footprint by an additional 70 million people over the next five years.

To drive digital inclusion through device penetration, Vodacom facilitates access to affordable smart devices in our markets. Vodacom connected 34.1 million smart device users to our network during the year, a 12.5% increase from FY2021. The number of 4G and 5G devices in South Africa increased by 23.9% to 18.5 million, while in the international markets smartphone penetration increased to 33.7%.

Through ConnectU, a platform that provides basic internet and essential services, Vodacom provides zero-rated access to free online courses and selected job sites for job seekers. The platform has over 22 million unique users. We launched ConnectU in the DRC during the year and plan to rollout the platform to the remaining international markets.

Market	ConnectU launch date
Mozambique	Development complete, site launch in June 2022
Lesotho	Quarter two, FY2023
Tanzania	Quarter three, FY2023

To maintain affordability for our customers, in South Africa we introduced 4G-targeted Everyday-ta bundles, which deliver a daily allocation of data over 30 days, priced at R99 for 7.5GB, and reduced out-of-bundle charges by 75% and headline monthly data prices by 50%. The Just4U personalised pricing bundles also enabled Vodacom to offer lower rates to the most price-sensitive, lower-income consumers.

Optimised, future-ready TechCo continued

Providing access through platforms

- We continued to support governments in their response to the pandemic. As part of this, we processed 1.5 million COVID-19 tests through e-Labs. To address inefficiencies in medicine supply chains, through Mezzanine we partnered with the South African Department of Health to develop the Stock Visibility Solution (SVS). Over 14 million stock updates were made during FY2022. In Kenya, the World Food Programme used the SVS to monitor stock levels of food aid.
- This year, Vodacom launched V-Hub – a platform that provides SMEs with access to business opportunities and support. We also provided black-owned SMEs with R16 million as part of our deep rural lease programme by transferring several base station sites to these SMEs on a lease-back agreement for maintenance and construction.
- In Mozambique, we introduced a supplier portal as part of the local procurement programme through which SMEs have access to bids. In FY2022, the platform registered 200 suppliers, of which 45 were invited to submit bids.

Promoting financial inclusion

- Vodacom has 60.6 million financial services customers, of whom 47.1 million are M-Pesa customers and 13.5 million financial services customers in South Africa. Through M-Pesa we processed over US$324.6 billion in transaction value during the year.
- In FY2022, more than 10.5 million customers used Airtime Advance to the value of R13 billion in South Africa – an increase of 8.7%. Airtime Advance represented 45.2% of total prepaid recharges during the year.
- Vodacom, through Mezzanine, supported the Department of Agriculture, Land Reform and Rural Development and the Solidarity Fund to disburse subsidies to small-scale farmers. The e-Voucher mobile and web-based solution enabled cashless value distribution to these farmers, who redeemed vouchers worth more than R400 million.
- Vodacom introduced VodaLend Business Cash Advance to facilitate finance to smaller unregistered businesses needing quick access to short-term cash advances. By offering finance of between R3 000 and R350 000 to customers using VodaPay POS devices, Business Cash Advance complements VodaLend's range of lending products aimed at SMEs – driving financial inclusion and sustainability in this key sector.

For more information, refer to "Scale financial and digital services" on **page 43.**

Inclusion for all

Education ecosystem

We believe everyone should have the chance at a better future, and continue to leverage the power of technology to create opportunities for women and youth while promoting access to education. Across our markets, we have prioritised education as a Hero campaign. We strive to make an impact across the education ecosystem, including connectivity, schools of excellence, teacher development, training centres, youth academies, partnerships with NPOs and learnings materials.

- In South Africa, we support 3 000 schools, 15 early childhood development (ECD) centres, 13 schools of excellence and 10 youth academies. Our interventions include support with curriculum, infrastructure upgrades, providing computer centres, connectivity and upgraded security. Further, we provided free connectivity to Vodacom e-School, which has registered 1.6 million learners since inception, with over 60 000 learners reached in the year.
- Across our international footprint, we delivered projects and set goals for each market. In the DRC we launched the market's first digital e-learning platform, VodaEduc, which helps improve the quality of education by using our technology. The platform already has close to 150 000 monthly active users. In Mozambique, Vodacom Faz Crescer brings digital inclusion and literacy to public secondary schools by providing computer labs and connectivity. The programme directly impacted 24 638 beneficiaries.

CASE STUDY

Empowering girls for a better future

Vodacom continues to train girls to code through the Code Like a Girl programme. In October 2021, Vodacom ran the programme virtually, inviting 600 young girls from across South Africa to learn how to code and enhance their STEM knowledge during the 2021 spring school holidays.

Shreya Rupan – now a second-year university student studying towards a degree in computer science and applied mathematics – attended the Code Like a Girl programme in 2018 when she was 15 years old. Of the experience, Shreya said, "It was an empowering experience that transformed my life. After I completed the programme, I decided to pursue a career in technology and am now on my way to becoming a data scientist." Vodacom provided a full bursary for Shreya to complete her studies. "If the stars align," Shreya said, "I would love to start my data science career at Vodacom. Women are still underrepresented in STEM careers, and we need to break away from traditional careers and empower ourselves to capture opportunities."

Gender empowerment

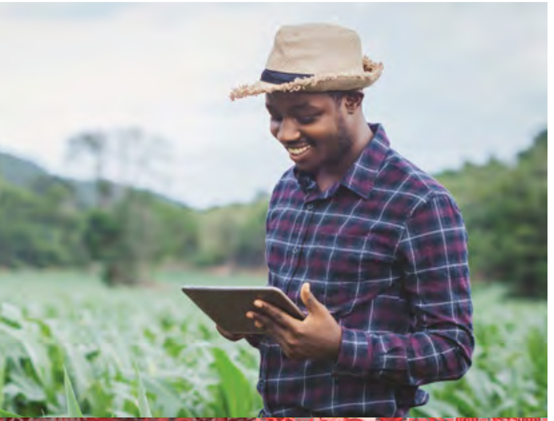
- Through the ICT agriculture platform, Vodacom trained female farmers in ICT skills and enabled them to use technology to build their businesses and participate in the economy in a meaningful way. Over 2 150 female farmers were trained during the year.
- We support expecting mothers through Mum & Baby – a zero-rated mobile health platform providing regular information on maternal, neonatal and child health and nutrition. The platform currently has 2.1 million users in South Africa, 150 000 in the DRC and 196 558 in Mozambique. In Tanzania, we expanded the M-Mama programme – an emergency digital transport solution and Hero campaign – across the country to facilitate access to a network of local taxi drivers that act as ambulances when pregnant women need transport to hospitals. This service is a US$9.25 million investment that will reach over half of Tanzania in the next six years.
- In the DRC, we collaborated with the AgroMwinda web-based platform – which has over 90 600 farmers as subscribers – to provide training in new technologies and mobile solutions for smart agriculture to 10 000 rural women and girls, thereby promoting socioeconomic development.
- In South Africa, Vodacom donated R10 million to fund the private sector-led, multi-sectoral GBVF Response Fund 1 to support the implementation of the National Strategic Plan and the wider GBVF response in the country.

Empowering customers with disabilities

- We continue to partner with various organisations to support customers with disabilities. For example, we provided smartphones to the Hein Wagner Academy for visually impaired people and trained some of them on how to use these devices.
- Vodacom launched the Nokia 2720 – a smartphone designed to provide easier access for elderly persons, people living with disabilities and those who experience other barriers to communication. The 4G feature phone comes pre-loaded with WhatsApp and Facebook and has a dedicated emergency button.

Optimised, future-ready TechCo continued

Planet



Managing our environmental impact

- We believe urgent and sustained action is needed to address climate change and that the success of our business should not be at the expense of the environment. We are committed to managing our environmental impact. We have 1 088 solar-powered sites and will implement further installations in FY2023. Our GHG emissions per terabyte of data reduced by 14.8% to 0.64 mtCO_2e per terabyte of data. Our carbon emissions increased by 4.6% most notably due to network and traffic growth, increased diesel consumption as well as higher emissions factors.
- To reduce our SIM card packaging, we halved the plastic, paper and cardboard in SIM starter packs. We produced 40 million of these new starter packs, saving 295 tonnes of paper and cardboard and 156 tonnes of plastic.

Waste management

- We reused or recycled 96% of our telecoms equipment waste (506 tonnes) and reused or recycled 14 thousand kilograms of consumer devices. In South Africa, we recycled 11 thousand kilograms of plastic and 8 thousand kilograms of general office waste.
- Using the BiobiN, 98% of food waste was diverted from landfills and converted into compost in FY2022. Our water-saving initiatives resulted in a 76% reduction in water consumption against our 2017 baseline.

Maintaining a strong reputation

- We aim to be a purpose-led TechCo, building one of the most trusted, innovative and loved brands in the countries where we operate. Pleasingly, Vodacom moved from fourth place to second in Kantar's BrandZ list of South Africa's most valuable brands. This is particularly significant given the Group's ongoing role in connecting families, learners, communities and businesses.
- Vodacom was ranked first by companies and NPOs for having the biggest developmental impact within South Africa according to Trialogue's Corporate Development Impact 2021 rating. This is the fifth consecutive year Vodacom has been ranked first by companies, and the second time we received a top-five ranking from NPOs. This achievement further signals our commitment to creating a more inclusive digital society.
- We focus on creating innovative, easy-to-use products that offer customers the best value for money in the market. We measure Vodacom's reputation and the levels of trust from our stakeholders through various methods. For example, we use tNPS to assess the quality of our customers' experiences, and commission an independent research company to conduct an annual reputation survey across our markets to measure how stakeholders perceive our performance against our competitors and non-TelCos.

For more information on NPS, refer to "World-class loyalty and customer experience" on **page 51.**

- The Group's most recent reputation survey found that Vodacom shows average to strong reputation performance ahead of TelCo peers and comparable with non-TelCo benchmarked brands in most markets. Our stakeholders scored us higher than our competitors on rational reputation dimensions, including innovation, performance and leadership. According to the survey, three of our five markets achieved a strong Global RepTrak index score (between 70 and 80) and are ahead of the global TelCo reputation average.
- Our reputation survey and regular stakeholder engagements provide deeper insights into the hot topics our stakeholders are concerned about. We regularly engage with stakeholders to ascertain their interests and implement various initiatives to build mutual trust.

	South Africa	Tanzania	DRC	Mozambique	Lesotho
Our reputation index performance in FY2022[1]	65.4	66.2	71.4	75.1	72.6
Relative to competitors	1st	2nd	1st	2nd	1st

Looking ahead

SHORT-TERM

Priorities for FY2023

- Accelerate the delivery of our purpose pillars – digital society, inclusion for all, and planet.
- Develop products and services with our purpose at the core.
- Improve communication on our purpose across all markets, ensuring appropriate investment in our Social Contract.

MEDIUM-TERM

Vodacom Vision 2025

Continue to combine Vodacom's technology with the potential of the human spirit.

Develop innovative and smart technologies to reduce poverty.

Provide access to essential services such as healthcare, financial inclusion and education while making the lives of our customers easier, healthier and smarter.

1. Index score is based on a scale of 0 to 100.

Responding to "hot topics" on a macro, industry and company level

Please refer to **page 02** for explanation of all icons.

Forces shaping our macroenvironmental context

The success of our business depends on how we respond and adapt to external factors impacting our global operating environment. Driven by our system of advantage and purpose, we capture opportunities and mitigate risks to create sustainable value for our stakeholders.

Challenging macroeconomic conditions

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES 2 3 6

STRATEGIC PILLARS 02 03 04 08

MATERIAL MATTERS 01 04 07

Context and key developments

The COVID-19 pandemic continues to impact the global economy and social landscape, and trading conditions are still marred by lower business confidence, distressed and out-of-business customers, migration to cheaper solutions and global supply shortages. Economic recovery across our markets is likely to be slow, and significant investment is needed to stimulate growth. Furthermore, as African countries struggle to recover from the impact of the pandemic, the aftermath of the Ukraine-Russia war could exacerbate supply constraints, increase foreign exchange volatility and drive inflationary pressures – particularly in areas relating to energy and food.

Our response

The strength of our financial position continued to lead our business through a volatile macroeconomic environment. We regularly assess the short to medium-term impact of the pandemic and the Ukraine-Russia war on our business. As a part of this we evaluate the external factors in each country where we operate, including the impact on customer spend, liquidity of our customers and our own cash requirements, as well as ways to contain costs.

Our Social Contract guided our response to the COVID-19 pandemic (page 12), and we implemented several interventions to stimulate employment and economic recovery. We understand the role of small businesses in unlocking opportunities for economic participation and continue to support SMEs through our VodaPay and M-Pesa super-apps and other platforms. Since its launch, VodaPay has had over 2.2 million downloads while M-Pesa – Africa's biggest payment platform – processed over US$324.6 billion in the year. We are also enhancing digital accessibility for the most vulnerable via our ConnectU platform, which provides free access to basic internet and essential services.

Across both our connectivity and financial services, we leverage our advanced CVM capabilities to increase our focus on segmentation and localisation while also focusing on smaller "sachet" sizes to meet the challenges of rising inflation and pressure on consumer spend. Furthermore, we believe our financial services provide consumers and SMEs with access to responsible lending products, including microloans.

We address the risk of global supply chain shortages in our principal risks and associated opportunities section (page 32). In addition, we manage the associated foreign exchange risk of imported equipment and handsets with forward cover.

Economic matrix for calendar (CY2022)	Post-COVID-19 CY2022 forecast	Adjusted since Ukraine-Russia war	Forecast CY2023
Real GDP growth			
DRC	5.8	5.5	6.5
Ethiopia	4.9	4.8	5.4
Kenya	5.0	4.7	5.4
Lesotho	2.1	1.7	2.4
Mozambique	5.0	5.0	6.6
South Africa	1.9	2.4	2.0
Tanzania	5.3	5.2	5.5

Economic matrix for CY2022	Post-COVID-19 CY2022 forecast	Adjusted since Ukraine-Russia war	Forecast CY2023
Inflation			
DRC	6.2	7.1	6.3
Ethiopia	26.2	28.9	18.0
Kenya	5.8	6.0	5.6
Lesotho	6.0	6.9	6.2
Mozambique	7.5	8.0	9.3
South Africa	5.0	5.7	4.7
Tanzania	3.5	4.4	4.1

Source: Bureau of Economic Research, April 2022, for South Africa; Fitch Solutions OpCos, April 2022, for all OpCos.
CY: Current Year.

Accelerated adoption of digital technologies

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES 1 2 5

STRATEGIC PILLARS 02 03 04 06

MATERIAL MATTERS 01 04

Context and key developments

The COVID-19 pandemic highlighted the need to accelerate an integrated economic recovery and to ignite growth through innovation. The pandemic intensified the demand for digital solutions for education, work, health, financial and social-related challenges while, at the same time, also emphasising inherent inequalities that continue to exist in our societies. The need to accelerate digital solutions and facilitate access is greater than ever before, and there is ample opportunity in Africa to drive financial inclusion. In particular, mobile money and innovative financial and digital services have the potential to build resilient societies and ensure sustainable financial inclusion. In addition, the healthcare challenges faced over the past two years further illustrated the need for real-time digital solutions, accelerating the transition to a cashless society and increasing the appetite for digital financial services, such as payments, lending and insurance.

Our response

The events of the past two years have accelerated changes in the ICT sector, which continue to significantly impact operators, consumers and businesses. Our digital ecosystem is a key driver of our system of advantage which, among others, focuses on scaling financial and digital services and being a digital partner of choice for enterprises to unlock more opportunities across our footprint. At Vodacom we have a long-term vision of driving digital and financial inclusion. Accordingly, we continue to invest in innovative technology across different industries that will change the way societies move in a digital world. This includes:

- Investing in a Safaricom-led consortium to build world-class telecoms services in Ethiopia.
- Launching and scaling our super-apps across our markets to expand the reach of merchants and lower the barriers to financial inclusion for consumers.
- Expanding our 5G footprint to provide consumers and enterprises with the connectivity foundation for their future next-level experiences.
- Rolling out fibre in Africa which, along with long-term evolution (LTE) fixed wireless broadband, continues to play an important role in digital inclusion.
- Exploring network sharing options to curb the cost of network upgrades.
- Providing a digital solutions toolbox to assist governments navigate healthcare logistics.
- Providing customer-centric propositions by leveraging Big Data insights.
- Building digital transformation capabilities to unlock cloud and hosting, and security services.

Vendor risk and related sanctions

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES 3 4

STRATEGIC PILLARS 02 04 05 07 08 10

MATERIAL MATTERS 02 04 05 06 07

Context and key developments

Geopolitical influences continue to pose a risk to our IT and network technology vendor strategy, while political pressure from the USA to ban Huawei equipment in mobile networks remains a risk to the cost of 5G rollout in the medium term. Furthermore, we face supply chain risk due to the Ukraine-Russia war, ongoing COVID-19-related lockdowns and a shortage of mature suppliers.

Our response

Our network and systems depend on international suppliers, and a multi-vendor strategy is crucial for sustainable operations. Therefore, Vodacom focused on:

- Monitoring the geopolitical status of our suppliers.
- Reducing our dependency on single suppliers by risk profiling and implementing a multi-vendor strategy in critical categories.
- Promoting balance to prevent dominance and regional over-reliance.
- Introducing geopolitical risk assessments.
- Explore new network architecture options, such as satellite and OpenRAN.

Responding to "hot topics" on a global, industry and company level continued

Forces shaping our industry context

Various market dynamics are converging in the ICT sector, influenced by an accelerated need for connectivity in digital societies that are adopting technology solutions at work and home faster than ever before. We continue to review the primary trends impacting our industry to position Vodacom for success in a constantly evolving landscape.

Competitive landscape

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	2 9 10
STRATEGIC PILLARS	01 02 03 04 05 06
MATERIAL MATTERS	01 03

Context and key developments

Changes in the mobile connectivity space continue to shift rapidly. MVNOs, banks and other non-traditional competitors are enhancing their mobile offerings to strengthen their customer propositions and enter the voice and data space. Furthermore, competition relating to fixed wireless access and fibre is also increasing, and is now expanding into lower-income suburbs. In South Africa, propositions from successful mobile virtual network operators are linked to established banks and retailers aiming to drive loyalty to primary brands. Advances in offerings from OTT services, such as voice over internet protocol, could also reduce demand for Vodacom's core voice services. In this hyper-competitive environment, data pricing strategies take centre stage for short-term gains.

In the financial services space innovation continues at pace. Our financial services business faces the risk of disintermediation from both established financial institutions and start-up tech-led players. The latter grouping, in particular, is attracting sizeable funding to support ambitious growth objectives.

Our response

We have a clear and powerful strategy that differentiates us with customers, sets us apart from the competition and delivers superior returns to our shareholders. It is increasingly important to protect our leading market share across our established footprint which, we believe, provides us with the platform to scale our digital ecosystem across financial and digital services and IoT, Big Data and AI capabilities.

As we implement our system of advantage to deliver exceptional service to our customers, we focus equally on improving our overall customer proposition, ROCE and value creation. This is enabled by Big Data insights from our CVM platforms. In the enterprise space, we partner with businesses to accelerate their growth and transform their operations through digital technology in high-growth areas like cloud and hosting, managed security, managed services and IoT. These solutions are enabled and enhanced by our subsidiaries, IoT.nxt, XLink, Nexio and Mezzanine, as well as our associate AfriGIS. Within the financial services space we have built a formidable business across our existing markets, with products that cut across consumers and merchants supported by world-class technology from companies such as Alipay.

Complex regulatory landscape

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	3 7 8
STRATEGIC PILLARS	01 08 10
MATERIAL MATTERS	02

Context and key developments

The evolution of connectivity in our markets needs to be considered in the context of consumer-driven demand for faster internet access and the push from governments to increase connectivity to all citizens. As we grow our business and expand digital platforms on our journey to becoming a TechCo, we are increasingly exposed to stringent regulatory and policy requirements that could impact our profitability, growth and services, such as regulatory intervention on pricing. Furthermore, the unpredictability of government and regulatory decisions may discourage investment.

Our response

We remain committed to prudent management and oversight to ensure we protect the interests of our key stakeholders. Regulatory compliance is inherently a part of how we do business, and we maintain open and proactive engagements with regulators and other authorities as part of our stakeholder engagement plan. In addition, we focus on:

- Improving technical skills and maintaining specialist legal and regulatory teams at Group and OpCo levels.
- Implementing internal controls to ensure compliance.
- Engaging with local communications regulators and regional standard-setting bodies to shape regulatory requirements.
- Participating in licence renewal and spectrum allocation processes.
- Evaluating optimisation strategies and strategic partnerships under applicable regulations.
- Updating the status of regulatory compliance risks and controls monthly.
- Evolving the scope of our monitoring plan as we expand our products and services.

Regulatory matter: Certification of handset fees in the DRC

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	3 8
STRATEGIC PILLARS	02 03 05 10
MATERIAL MATTERS	02 04 07

Context and key developments

In 2020, the Prime Minister of the DRC published a decree relating to the certification of mobile devices, imposing an annual recurring levy (RAM tax) for devices connected to 2G, 3G and 4G networks. Vodacom engaged the government on an ongoing basis with respect to the implementation of this levy. The first cycle of levy collection was initiated in FY2022. However, on 18 February 2022, the Council of Ministers repealed the decree establishing the RAM tax, and Vodacom DRC was subsequently instructed to remove all technical systems implemented to collect the tax.

A new prime ministerial decree converting RAM fees to quality of service, data protection, traffic monitoring and equipment technical control fees is currently under review. This could potentially result in material new consumer levies.

Our response

Vodacom DRC complied with the letter issued by the regulator in February 2022. Separately, with respect to the new decree our industry association, the Fédération des Entreprises du Congo, is engaging with the government and regulator.

Trust and transparency around data consumption

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	3 5
STRATEGIC PILLARS	05 10
MATERIAL MATTERS	03

Context and key developments

Our customers remain concerned about data usage and the lack of clarity around data consumption. However, as the speed of our networks increases, so does time spent on the internet and social media. This, along with downloading high-definition videos, leads to higher mobile data usage, which has resulted in the perception among customers that data is disappearing.

Our response

- Operated honestly with integrity and maintained robust ethics.
- Continued to provide exceptional experiences for our customers.
- Maintained transparency around pricing and personalised solutions.
- Provided customers with a comprehensive breakdown of data usage through our Detailed Data Usage solution.

Regulatory matter: Introduction of levies on mobile money transfers and withdrawals and airtime in Tanzania

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	3 8
STRATEGIC PILLARS	03 05 10
MATERIAL MATTERS	02 04 07

Context and key developments

On 30 June 2021, the Tanzanian President approved the Finance Act, 2021, which included amendments to the National Payment Systems Act (NPS Act), 2015, and Electronic and Postal Communication Act, 2010, so introducing levies on mobile money transactions and withdrawals. The Act was implemented from 15 July 2021. Subsequently, the NPS (Electronic Mobile Money Transfer and Withdrawal Transactions Levy) Regulations 2021, were introduced. For mobile money transfer and withdrawal transactions, the levy ranged between TZS10 and TZS10 000 per transaction, representing a levy of up to 4.4% of the transaction value. Following industry engagement, the regulator agreed to reduce the levy by 30% from 3 September 2021. Despite this reduction, the levies represent a material increase in end-user charges and a constraint on financial inclusion.

Additionally, the Electronic and Postal Communications (Airtime Levy) Regulations, 2021, were introduced. An airtime levy of between TZS5 and TZS223, based on the airtime amount recharged, was implemented on 20 October 2021. Vodacom Tanzania and the other mobile operators in the market absorbed the cost of this levy on behalf of subscribers.

Our response

Following the introduction of the mobile money levy, Vodacom Tanzania continues to advocate for compliance by all financial institutions. We continue to engage with the government to further reduce the levies.

Responding to "hot topics" on a global, industry and company level continued

BBBEE results for Vodacom South Africa

STAKEHOLDERS

YeboYethu shareholders

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	8
STRATEGIC PILLARS	10
MATERIAL MATTERS	02 04 07

Context and key developments

While Africa is seeing some economic recovery after the outbreak of the COVID-19 pandemic, the acceleration of per capita growth will not be able to eliminate poverty in many countries on the continent. South Africa, specifically, remains one of the most unequal countries in the world – 3 500 people in the country own more than the poorest 32 million people combined. Furthermore, the country's unemployment rate reached a record high of 34.5% in the fourth quarter of 2021, of which the not in education or training (NEET) youth (age between 15 – 24) account for 37%. Vodacom is committed to playing a part in transforming South Africa and driving financial inclusion, as demonstrated by our commitment to the fundamental principles of BBBEE, our diverse leadership team and Level 1 BBBEE contributor score.

Our response

- Achieved the highest BBBEE contributor status of Level 1 for the third consecutive year,a clear demonstration of our unwavering commitment to rebuilding our economy.
- Spent R17.6 billion in enterprise development and preferential procurement.
- Assisted black-owned SMEs an amount of R16 million as part of the deep rural lease. Vodacom transferred base station sites to these SMEs for maintenance and construction.
- Provided low-interest loans to black-owned SMEs to purchase Vodacom franchise stores through the retail channel transformation programme.
- Launched V-Hub, an online resource portal designed to help SMEs unlock their full potential as they embark on a digital transformation journey.
- Reviewed internal pay ranges, which included a fair-pay analysis.
- Increased female representation at employee level to 44%, and at senior management level to 37%.
- Achieved 78% black representation of our South African workforce, with 62% in senior management level and 56% at ExCo level.
- Developed skills of historically disadvantaged people, investing R395 million in black employees – R190 million in black women – across our South African workforce.
- Supported the development of black women in the technology industry through our female leadership programme.
- Empowered 103 young entrepreneurs through the Innovator Trust's young entrepreneurs programme.

Scoring element	Target points	Achieved points FY2022	Achieved points FY2021	Achieved points FY2020
Ownership	25	25.00	23.23	22.75
Management control	23	15.99	18.23	15.90
Board representation	8	6.83	6.83	4.67
Top management representation	5	2.73	4.90	4.82
Employment equity	10	6.44	6.50	6.41
Skills development	20	23.04	21.97	20.90
Enterprise and supplier development	50	48.55	47.98	49.29
Procurement	25	23.07	22.05	21.29
Supplier development	10	8.48	8.93	11.00
Enterprise development	15	17.00	17.00	17.00
Socioeconomic development	12	12.00	12.00	12.00
Total	130	124.58	123.42	120.84

ESG data addendum.

Consumer privacy, data protection and cyber security

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	1 5 8
STRATEGIC PILLARS	05 08 10
MATERIAL MATTERS	02 05

Context and key developments

Given the nature of our business, we have access to and store a myriad information, including customer and employee names, contact information and banking details, as well as information on data usage and transactions collected through apps, engagement and loyalty programmes. Data protection and privacy are, understandably, of increasing concern to customers – especially as we expand our digital interfaces. Furthermore, telecommunication is recognised as a critical national infrastructure, and governments are setting stronger legal and regulatory security requirements for those in the industry. For Vodacom, specifically, we have seen increased focus on protecting proprietary and customer data. Accordingly, cyber security remains a critical business consideration, and we ensure information security remains an integral and critical business defence tool.

Our response

- Adopted a risk-based approach to privacy, with a dedicated security team that deploys world-class cyber security solutions.
- Implemented a security strategy to introduce the next-generation security technologies, enhance current prevention and detection capabilities and provide data insights for real-time detection and response and a more secure and frictionless employee experience.
- Increased visibility of threats by introducing advanced monitoring and detection tools and fine-tuning existing tools.
- Implemented leak prevention and detection through security orchestration, data visibility, endpoint detection and response capabilities to protect data from unauthorised access.
- Measured and monitored an extensive set of cyber security baseline controls to ensure these remain effective and efficient in a changing threat landscape.
- Followed secure-by-design principles and processes as we designed products and services – testing of products, like the VodaPay super-app for example, is inherent to this process.
- Implemented policies, processes and standards to secure cloud environments.
- Conducted a third-party vendor and supplier risk assessment to ensure they adhere to Vodacom's minimum-security requirements and tracked remediation of findings to conclusion.
- Continued to educate our employees on cyber-aware behaviour and held a second cyber incident simulation for ExCo.

Network quality and coverage

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	1 5
STRATEGIC PILLARS	02 04 05 08
MATERIAL MATTERS	01 02 05

Context and key developments

Over the past two years, the demand for connectivity has increased significantly. We also continue to face challenges brought on by vandalism and battery and cable theft at base station sites, impacting network availability – particularly during load shedding in South Africa, when backup batteries and generators are needed to minimise service disruption. In addition, the withdrawal of temporary spectrum by ICASA at end-November 2021 received widespread media attention and enquiries from business clients concerned about the impact on network quality. It is critical that we maintain and improve the quality of our existing network across our markets as a core differentiator in our customer experience, and we are committed to ensuring these factors have as little impact on our network as possible.

Our response

- Invested R14.6 billion in our network to support increased traffic and coverage rollout.
- Upgraded base station sites with batteries and anti-theft infrastructure.
- In South Africa, used temporary 5G spectrum assigned to roll out over 600 sites to address the demand for fixed connectivity for both fibre and fixed wireless products.
- In South Africa, launched Large Data Bundles, which were offered commercially for the first time, and uncapped fixed wireless products for SMEs and consumers.
- Extended our 3G and 4G population coverage in South Africa to 99.88% and 97.94%, respectively, while 2G coverage remains stable at 99.9%. We added 357 rural sites connected with 95 deep rural sites and 61 rural communities to ensure better connectivity.
- Expanded our network coverage across our international countries to 8 430 2G sites, 6 668 3G sites and 4 385 4G sites.
- Invested R100 million in our rural coverage acceleration programme.
- Managed growing demand for data service by utilising available emergency interim spectrum.
- Continued to explore opportunities to build more resilient and sustainable networks by partnering with our suppliers, business partners and energy experts.
- Evaluated network performance and capacity upgrade projects to manage increased loads and network faults faster.

1. Source: https://www.worldbank.org/en/news/press-release/2022/03/09/new-world-bank-report-assesses-sources-of-inequality-in-five-countries-in-southern-africa.
2. Source: https://time.com/6087699/south-africa-wealth-gap-unchanged-since-apartheid/.

Responding to "hot topics" on a global, industry and company level continued

Trade-off

Forces shaping our company context

We are committed to creating a conducive environment for business growth. As such, we identify and prioritise matters important to our stakeholders that could also impact the long-term success of our business.

Facilitating economic recovery during COVID-19

STAKEHOLDERS

CAPITAL IMPACTED: FC ↑ SRC ↓

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES: 10

STRATEGIC PILLARS: 02 03 04 05 08 10

MATERIAL MATTERS: 04 05

Context and key developments

Despite a slight economic rebound, the countries in which we operate continued to experience the adverse effects of the COVID-19 pandemic. As a purpose-led business, we remain focused on delivering on our Social Contract with stakeholders to meaningfully contribute to economic recovery and drive digital and financial inclusion.

Our response

We implemented several interventions during FY2022 that negatively impacted our financial capital in the short term but should deliver long-term economic value for society, government and businesses. This included accelerated support and enhanced digital accessibility, digital adoption and financial inclusion, such as:

- Leveraging the VodaLend platform to facilitate access to credit to SMEs, advancing R132 million.
- Over the last two years, we materially reduced mobile data prices in South Africa – including a 43% reduction to the 1GB data bundle price point as part of our ongoing commitment to reduce the cost to communicate and connect more people to the economy.
- Providing free access to basic internet and essential services through our ConnectU platform, which had over 14 million sessions initiated every month.
- Providing access to quality education for refugees in Mozambique by deploying 13 Instant Network Schools.
- Launching a zero-rated educational platform in Tanzania to provide learning materials to students, teachers and those who did not complete formal education.

For more information on our response to COVID-19, refer to **page 12** or our sustainability report.

Balancing short-term returns with sustainable growth

STAKEHOLDERS

CAPITAL IMPACTED: FC ⇅ MC ↑ SRC ↓

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES: 10

STRATEGIC PILLARS: 01 02 05 08 10

MATERIAL MATTERS: 01

Context and key developments

Over the past few years, we have made significant strides in our journey to become a data-driven TechCo. However, ongoing investment in long-term growth initiatives remains crucial to futureproofing our business and delivering on our strategic ambitions. As part of this, we need to balance our stakeholders' expectations of short-term returns with the investment needed to develop our diverse product offerings and scale our services.

Our response

As we head into FY2023, the pending acquisition of Vodafone Egypt and our proposed stake in CIVH's fibre assets provide a compelling opportunity to accelerate our system of advantage and the Group's growth profile. However, these deals will utilise debt capacity and, being mindful of maintaining headroom for investment in growth areas, the Board considered it appropriate to review Vodacom's dividend policy, which has been in place since FY2013.

Accordingly, once the Vodafone Egypt acquisition is completed, the Group intends to amend and simplify its dividend policy and institute a policy of paying dividends of at least 75% of Vodacom Group's headline earnings. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies on the JSE. Additionally, the policy provides scope for the Group to invest within its 13% – 14.5% capital intensity target, de-lever the balance sheet and accommodate the dividend pay-out profiles of Safaricom and Vodafone Egypt.

For more information on our strategy, refer to **pages 36** to **39**. We discuss our financial performance from **page 80**.

Investing in spectrum to ensure long-term success

STAKEHOLDERS

CAPITAL IMPACTED: FC ↓ MC ↑ SRC ↑

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES: 7 10

STRATEGIC PILLARS: 02 05 08

MATERIAL MATTERS: 01 03 05

Context and key developments

Vodacom aims to connect people, places and things for a better future. To do this, the Group needed to acquire additional High Demand Spectrum which, in turn, enables Vodacom to facilitate connectivity, address growth in traffic and launch new services.

Our response

In South Africa, in March 2022, ICASA completed its High Demand Spectrum auction and assignment process. Vodacom was one of six companies participating, spending R5.4 billion to acquire 110MHz High Demand Spectrum. While this is a significant investment in the short term, we believe it will lead to substantial long-term benefits for our customers. By deploying spectrum to expand our 4G and 5G network coverage across South Africa, we can enhance our customer proposition and improve network speed and quality.

Responding to "hot topics" on a global, industry and company level continued

The affordability of our products and services

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	6 9
STRATEGIC PILLARS	05 10
MATERIAL MATTERS	01 03 04

Context and key developments

The demand for sophisticated ICT services requires continued investment in infrastructure and development, with costs increasing accordingly. We are also acutely aware of the rising prices of devices – high-end smartphones, in particular – and costs to communicate. But, at the same time, customers are seeking more affordable and accessible core data services.

Our response

We understand the potential of internet access as a powerful enabler for economic and financial inclusion. Therefore, in line with our purpose, we aim to balance the importance of developing affordable products and services to help bridge inequalities with ongoing investment to continue providing the quality expected by our customers. Specifically, we:

- Continued to develop rich propositions based on our customers' different lifestyle needs and affordability.
- Refreshed our mobile contract packages to meet growing consumer demands.
- Reduced the cost of our 1GB data bundle from R149 to R85 in two years – a 43% reduction in South Africa.
- Continued to offer long-term financing and leveraged our strength in devices and logistics to increase access. This resulted in growth in our postpaid customer base, revenue and data consumption.
- Implemented a range of innovative pricing and product constructs, including the ability to purchase data that matches time-based, specific needs.
- In South Africa we reduced out-of-bundle charges by 75% and headline monthly data prices by 50%.
- Introduced personalised pricing bundles, enabling Vodacom to offer lower rates to the most price-sensitive, lower-income consumers.
- Launched the Easy2Own proposition to drive smartphone accessibility.

The Please Call Me matter

STAKEHOLDERS

PRINCIPAL RISKS AND ASSOCIATED OPPORTUNITIES	8
STRATEGIC PILLARS	05 10
MATERIAL MATTERS	02

Context and key developments

In line with a 2016 Constitutional Court order, Vodacom's CEO determined reasonable compensation of R47 million to Kenneth Nkosana Makate for the Please Call Me idea. Mr. Makate rejected this determination and brought an application to the Gauteng Division of the High Court of South Africa to have the Vodacom CEO's determination judicially reviewed and set aside. On 8 February 2022, the High Court set aside the Group CEO's determination and ordered him to reconsider the settlement offered to Mr. Makate.

Our response

Vodacom launched an application for leave to appeal on 25 February 2022 against the judgment and order of the High Court. The application for leave to appeal was granted by the High Court on 11 April 2022. As a result, the order of the High Court is suspended. The liability owed by Vodacom to Mr. Makate cannot be readily quantified until the appeal has been heard and a determination made by the Supreme Court of Appeal.

Our performance

CFO's statement

Raisibe Morathi

Watch Raisibe Morathi's FY2022 results presentation

We are pleased to have delivered good results for the year, consistent with our medium-term targets, while dealing with the ongoing impacts of the COVID-19 pandemic. From a shareholder perspective, we declared a full-year dividend of 850cps, representing growth of 3.0%. This is a testament to our ongoing operational execution and financial position, both of which are good beacons to navigate us through the ongoing uncertainties of the macroeconomic environment.

Highlights

Group revenue was up by 4.5% to
R102.7 billion
as strong normalised growth of **5.8%** was partially offset by rand appreciation

Normalised Group service revenue of 4.6% and Group operating profit growth of
5.4% are in line with our medium-term targets

Added 6 million customers to serve a combined
129.6 million customers
across the Group, including Safaricom on a 100% basis

Total financial services customers, including Safaricom, are up by **5.0%** to
60.6 million

Earnings per share (EPS) increased by
3.6%
and HEPS by 3.4%

Full-year dividend of
850cps
up **3.0%**, and a final dividend of **430cps** declared

Free cash flow up
4.6%

* We present normalised results to assist in understanding the underlying growth trends, which adjust for: the impact of trading foreign exchanges; the impact of foreign currency translation on a constant currency basis; and merger, acquisition and disposal activities during the current year. In FY2022, the South African rand appreciated by around 5% relative to a basket of our international business's currencies, which diluted reported growth. Additionally, start-up losses in Ethiopia negatively impacted reported growth in operating profit.
The Group has a 6.2% direct stake in the Safaricom-led consortium STEP that is rolling out mobile services in Ethiopia. Additionally, the Group has indirect exposure through Safaricom's 55.7% effective interest in STEP.

New services driving strong results

Rm	FY2022	FY2021	Reported % change	Normalised* % change
Revenue	**102 736**	98 302	4.5	5.8
Service revenue	**79 936**	77 574	3.0	4.6
EBITDA	**39 888**	39 299	1.5	2.1
Operating profit	**28 236**	27 652	2.1	5.4
Operating profit – South Africa	**21 133**	20 515	3.0	3.0
Operating profit – International	**4 352**	3 833	13.5	13.1
Operating profit – Safaricom	**3 122**	3 542	(11.9)	17.7
HEPS (cps)	**1 013**	980	3.4	–

Pleasingly, Group revenue increased by 5.8% on a normalised basis to R102.7 billion, while service revenue increased by 3.0% to R79.9 billion. Normalised service revenue grew by 4.6%, in line with Vodacom's medium-term targets. The growth in service revenue was mainly driven by a resilient performance in South Africa and the improvement in normalised service revenue growth in our international business.

In South Africa, service revenue increased by 3.8% to R58.5 billion, supported by continued demand for connectivity, incremental wholesale revenue and growth in new services.

Despite a strong base, our international business reported service revenue growth of 0.3% to R22.2 billion. On a normalised basis, service revenue increased by 5.6%, supported by growth in M-Pesa and data revenue.

Our new service offerings continue to grow, contributing to increasingly diverse revenue streams while, at the same time, delivering innovative new products to our customer base.

Collectively, new services – which include digital and financial services, fixed and IoT – accounted for 17.9% (FY2021: 17.2%) of Group service revenue, having generated R14.3 billion in FY2022. We have set a target of new services contributing between 25% and 30% of Group service revenue over the medium term.

Our financial services business, in particular, is integral to positioning Vodacom as a leading fintech operator across Africa and is the largest contributor to new services revenue. Group financial services revenue increased by 10.8% (14.4%*) to R7.6 billion during the year as we continue to scale user adoption, new products and services. Growth was impacted by mobile money transaction levies imposed in Tanzania in July 2021. Adjusting for the estimated impact of these levies, the normalised growth was an impressive 23.4%*. Including Safaricom, on a 100% basis, the number of financial services customers reached 60.6 million during the year. We continue to see strong growth potential for customer adoption, especially as we scale our super-apps across the footprint. We expect the number of financial services customers to reach 75 million by FY2025.

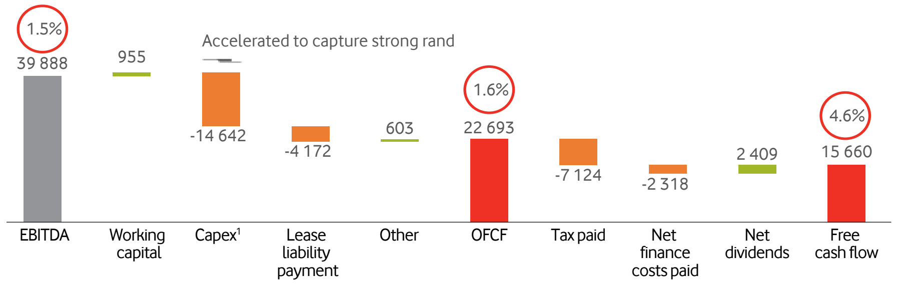
Group EBITDA increased by 1.5% (2.1%*) to R39.9 billion and was negatively impacted by a one-off lease contract separation that increased opex and reduced right-of-use (ROU) depreciation and interest. The lease contract separation did not have a material impact on the Group's net profit however, it diluted Group EBITDA growth by 1.6ppts. Additionally, the introduction of levies on mobile money transactions in Tanzania during July 2021 negatively impacted Group EBITDA growth by 1.0ppts. Adjusted for the one-off lease contract separation and mobile money levy impacts, normalised Group EBITDA was up 4.7%.

Operating profit grew by 2.1% (up 5.4%*), consistent with our medium-term target, supported by a recovery in international profitability. Net profit from associates and joint ventures declined by 12.7% (up 17.5%*) to R3.1 billion, impacted by start-up costs related to Ethiopia and foreign exchange translation headwinds. HEPS growth of 3.4% to 1 013cps was achieved despite foreign exchange headwinds, start-up costs for our investment in Ethiopia and the impact of mobile money levies in Tanzania.

CFO's statement continued

Cash flow | Group free cash flow

R million



1 Capex comprises the purchase of property, plant and equipment (PPE) and intangible assets, other than licence and spectrum payments. Purchases of customer bases are excluded from capex.

Free cash flow

Rm	FY2022	FY2021	Reported % change
Operating free cash flow (OFCF)	**22 693**	22 338	1.6
Capex	**(14 642)**	(13 307)	10.0
Free cash flow	**15 660**	14 974	4.6
Net debt	**(35 180)**	(34 249)	2.7
Net debt to EBITDA (times)	**0.9**	0.9	–

OFCF increased by 1.6% this year. We made a strategic decision to accelerate investment into network performance to take advantage of the strong rand's purchasing power and mitigate potential supply-chain challenges that could arise from the Ukraine-Russia war. As a result, capex increased by 10.0% to R14.6 billion. Lease liability payments, also captured in OFCF, amounted to R4.2 billion. We paid cash taxes and finance costs from OFCF, but these were partly offset by the dividends received from Safaricom. On this basis, we generated free cash flow of R15.7 billion, up 4.6% and broadly consistent with our net profit growth.

Our net debt to EBITDA ratio remained stable at 0.9 times, while net debt increased marginally to R35.2 billion due to paying our proportionate share of the Ethiopian mobile licence, which amounted to US$52.7 million (R779 million). Total borrowings increased by R2.0 billion to R51.4 billion, while net finance charges decreased by 3.4% to R3.7 billion as we recorded a net gain on remeasurement and disposal of financial instruments, compared to the prior year. The average cost of debt (including leases) decreased marginally from 7.8% in FY2021 to 7.7% in FY2022. Excluding leases, the average cost of debt also reduced from 6.4% to 6.3%.

Return on capital

Our connectivity and digital ecosystem positioned us to drive digital and financial inclusion. Considering that we need to deliver on our purpose while also optimising shareholder returns, we are leveraging partnerships and sharing models to support the buildout of best-in-class networks and platforms. This supported broadly stable capital employed in the period while earnings grew, and resulted in ROCE improving to 23.4% from 22.0% in the prior year.

Shareholder returns

We declared a final FY2022 dividend of 430cps, a 4.9% increase from FY2021. This supported a total dividend of 850cps, up 3.0%. We are pleased with this outcome, particularly given ongoing macroeconomic pressures and incremental pressures on returns in the year.

Dividend policy

Since FY2013, the Board has maintained a dividend policy of paying at least 90% of adjusted headline earnings, excluding the contribution of the attributable net profit from Safaricom and any associated intangible amortisation. In addition, the Group distributed any dividend received from Safaricom, up to a maximum amount of the dividend received net of withholding tax.

Looking ahead, the proposed acquisition of Vodafone Egypt and a stake of up to 40% in CIVH's fibre assets will provide a compelling opportunity to accelerate our system of advantage and the Group's growth profile. These deals are expected to utilise debt capacity, and while we also intend to retain headroom to invest in growth areas, the Board considered it appropriate to review Vodacom's current dividend policy.

Accordingly, upon completion of the Vodafone Egypt acquisition, the Group intends to amend and simplify its dividend policy and institute a policy of paying dividends of at least 75% of Vodacom Group headline earnings. The simplified policy and proposed acquisitions combine to provide a high pay-out on enhanced growth prospects. Notwithstanding the change in dividend policy, Vodacom Group will still have one of the highest dividend pay-out policies on the JSE. Additionally, the policy provides scope for the Group to invest within its 13.0% – 14.5% capital intensity target, de-lever the balance sheet and accommodate the upstreaming and dividend pay-out profiles of Safaricom and Vodafone Egypt.

Outlook and medium-term targets

Our evolution from a telecommunications to a technology company is well on track as we expand our ecosystem of products. As we set out in this report, our system of advantage aims to deliver diversified, differentiated offerings to our customers, further strengthening and growing our relationships with them.

Complementing our organic strategy, the pending acquisitions of a controlling shareholding in Egypt's telecoms market leader, Vodafone Egypt, and a co-controlling stake in leading fibre assets in South Africa, including Vumatel and DFA, will further enhance Vodacom's growth and return potential. Further, Vodafone Egypt is expected to meaningfully diversify the Group's geographic profile. As a result, we updated our profitability target metric from Group operating profit growth to Group EBITDA growth to reflect a higher anticipated contribution from controlled operations to Group profitability. Safaricom, which is accounted for within Group operating profit, separately provided market guidance that anticipates an increase of investment into Ethiopia ahead of the commercial launch in CY2022.

While we await the closing of the Vodafone Egypt transaction, our management team remains focused on delivering the following medium-term targets:

1. **Mid-single-digit Group service revenue growth**
2. **Mid-to-high single-digit Group EBITDA growth**
3. **13.0% – 14.5% of Group capex as a percentage of Group revenue**

These targets are on average, over the next three years and on a normalised basis in constant currency, based on prevailing economic conditions, excluding spectrum purchases, exceptional items and any M&A activity such as Vodafone Egypt and CIVH. The Ukraine-Russia war presents a potentially material risk to the prevailing economic conditions. However, we expect that the Vodafone Egypt and CIVH fibre asset transactions will enhance our system of advantage and provide scope to accelerate the Group's growth profile. We intend to provide an update on our medium-term targets after the Vodafone Egypt deal is completed.

Appreciation

We continue to evolve and adapt to the ever-changing global business climate and technological landscape. I am grateful for the quality of skills we have across our markets that support the Group in protecting value and creating efficiencies on our journey to becoming a TechCo. My colleagues continue to maintain excellent standards of management, and we all remain committed to our ultimate purpose of serving our stakeholders by connecting people for a better future.

Raisibe

Raisibe Morathi
Chief Financial Officer (CFO)
01 June 2022

Condensed consolidated income statement

for the year ended 31 March

Rm	FY2022	FY2021
Revenue	**102 736**	98 302
Direct expenses	**(38 624)**	(36 269)
Staff expenses	**(7 266)**	(6 990)
Publicity expenses	**(1 886)**	(1 718)
Net credit losses on financial assets	**(704)**	(1 078)
Other opex	**(14 419)**	(12 973)
Depreciation and amortisation	**(14 657)**	(15 117)
Impairment losses	**–**	(6)
Net profit from associates and joint ventures	**3 056**	3 501
Operating profit	**28 236**	27 652
Net loss on disposal of subsidiaries	**–**	(70)
Finance income	**554**	767
Finance costs	**(4 229)**	(4 190)
Net profit/(loss) on remeasurement and disposal of financial instruments	**2**	(378)
Profit before tax	**24 563**	23 781
Taxation	**(6 829)**	(6 710)
Net profit	**17 734**	17 071
Attributable to:		
Equity shareholders	**17 163**	16 581
Non-controlling interests	**571**	490
	17 734	17 071

Cents	FY2022	FY2021
Basic EPS	**1 013**	978
Diluted EPS	**984**	956

Total Group expenses increased by 6.6% (8.2%*) to R62.9 billion. In South Africa, expenses increased by 6.8% to R49.1 billion, reflecting the impact of constraints on certain opex in FY2021 due to lockdown restrictions and the acceleration of technology-related costs in FY2022 to support network resilience. International expenses increased by 2.8% (+10.0%*) to R14.4 billion, impacted by a one-off R612 million lease contract separation that increased opex but reduced ROU depreciation and interest.

Net profit from associates and joint ventures declined by 12.7% (+17.5%*) to R3.1 billion, negatively impacted by start-up costs related to Ethiopia and foreign exchange translation headwinds.

Net finance charges decreased by 3.4% to R3.7 billion as we recorded a net loss on the remeasurement and disposal of financial instruments in the prior year.

The tax expense of R6.8 billion was 1.8% higher than the prior year due to higher taxable profits. The effective tax rate was 27.8%, slightly lower than the prior year due to a reduction in deferred tax in South Africa. The change in South African deferred tax was as a result of the corporate tax rate reducing from 28% to 27%, effective 1 April 2022.

CFO's statement continued

Condensed consolidated statement of other comprehensive income

for the year ended 31 March

Rm	2022	2021
Net profit	**17 734**	17 071
Other comprehensive income		
Foreign currency translation differences, net of tax[1]	**(3 368)**	(16 361)
Foreign currency translation differences recognised through profit or loss on disposal of foreign operations[1]	**–**	15
Mark-to-market of financial assets held at fair value through other comprehensive income, net of tax[1,2]	**271**	286
Mark-to-market gains recognised through profit or loss on disposal of financial assets held at fair value through other comprehensive income, net of tax[1,2]	**(271)**	(234)
Total comprehensive income	**14 366**	777
Attributable to:		
Equity shareholders	**14 167**	1 642
Non-controlling interests	**199**	(865)
	14 366	777

Notes:
1. Other comprehensive income can subsequently be recognised in profit or loss on the disposal of foreign operations or financial assets held at fair value through other comprehensive income.
2. Mark-to-market gains on financial assets held at fair value through other comprehensive income that have previously been reported net of amounts recognised through profit or loss on disposal, have now been disaggregated and disclosed on a gross basis. The reclassification had no impact on any reported totals, HEPS or on any amounts presented in the statement of financial position.

Condensed consolidated statement of financial position

as at 31 March

Rm	2022	2021 Restated[1]
Assets		
Non-current assets	**127 448**	125 670
PPE	**59 273**	56 480
Intangible assets	**14 054**	13 186
Financial assets	**783**	605
Investment in associates and joint ventures	**47 429**	50 173
Trade and other receivables	**2 763**	2 536
Finance receivables	**2 374**	2 275
Tax receivable	**647**	356
Deferred tax[2]	**125**	59
Current assets	**50 519**	46 309
Financial assets[3]	**612**	558
Mobile financial deposits[3]	**6 386**	5 891
Inventory	**1 787**	1 198
Trade and other receivables	**21 230**	20 129
Finance receivables	**2 554**	2 431
Tax receivable	**234**	351
Bank and cash balances	**17 716**	15 751
Total assets	**177 967**	171 979
Equity and liabilities		
Fully paid share capital	**57 073**	57 073
Treasury shares	**(17 019)**	(16 861)
Retained earnings	**39 885**	36 884
Other reserves	**(502)**	2 274
Equity attributable to owners of the parent	**79 437**	79 370
Non-controlling interests	**6 029**	6 320
Total equity	**85 466**	85 690
Non-current liabilities	**34 834**	44 219
Borrowings	**29 347**	39 741
Trade and other payables	**541**	210
Provisions	**1 581**	833
Deferred tax[3]	**3 365**	3 435
Current liabilities	**57 667**	42 070
Borrowings	**22 061**	9 634
Trade and other payables[1,2]	**26 632**	24 315
Mobile financial payables[2]	**6 386**	5 891
Provisions	**341**	390
Tax payable[1]	**1 178**	1 281
Dividends payable	**11**	17
Bank overdrafts	**1 058**	542
Total equity and liabilities	**177 967**	171 979

PPE increased by 4.9% to R59.3 billion and intangible assets grew by 6.6% to R14.0 billion. The combined increase is due to net additions of R18.3 billion and depreciation and amortisation of R14.7 billion.

Our proportionate investment into the mobile licence in Ethiopia and our attributable share of Safaricom profits were offset by dividends received and foreign currency translation difference movements related to Safaricom.

The movement largely relates to foreign currency translation differences on our associate holding in Safaricom.

Our net debt to EBITDA ratio remained stable year on year, while net debt increased modestly to R35.2 billion. The net debt movement is largely explained by the payment of our proportionate share of the mobile licence in Ethiopia. This amounted to US$52.7 million (R779 million). Total borrowings increased by R2.0 billion to R51.4 billion.

Current borrowings increased due to upcoming maturities of debt with Vodafone Luxembourg. We do not foresee any refinancing risk related to these borrowings.

Notes:
1. The trade and other payables and tax payable line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax payable and no longer under trade and other payables.
2. The Group's South Africa deferred tax assets and liabilities have been adjusted by applying the newly enacted 27% South African corporate tax rate (FY2021: 28%), which become effective for the financial year ending 31 March 2023. The Group's deferred tax expense for the financial year ended 31 March 2022 is net of the credit as a result of the tax rate change.
3. Restricted cash balances related to deposits received from M-Pesa customers that were previously reported in financial assets are now separately reported as mobile money deposits. Amounts owing to M-Pesa customers that were previously reported in trade and other payables are now separately reported as mobile money payables.

CFO's statement continued

Condensed consolidated statement of changes in equity

for the year ended 31 March

Rm	Equity attributable to owners of the parent	Non-controlling interests	Total equity
31 March 2020	91 656	8 414	100 070
Total comprehensive income	1 642	(865)	777
Net profit	16 581	490	17 071
Other comprehensive income	(14 939)	(1 355)	(16 294)
Dividends	(13 991)	(1 318)	(15 309)
Repurchase and sale of shares	(485)	–	(485)
Share-based payment	557	–	557
Share-based payment vesting	–	–	–
Share-based payment expense	557	–	557
Changes in subsidiary holdings	(9)	89	80
31 March 2021	79 370	6 320	85 690
Total comprehensive income	14 167	199	14 366
Net profit	17 163	571	17 734
Other comprehensive income	(2 996)	(372)	(3 368)
Dividends	(14 162)	(502)	(14 664)
Repurchase and sale of shares	(433)	–	(433)
Share-based payment	495	–	495
Share-based payment vesting	–	–	–
Share-based payment expense	495	–	495
Changes in subsidiary holdings	–	12	12
31 March 2022	79 437	6 029	85 466

Condensed consolidated statement of cash flows

for the year ended 31 March

Rm	2022	2021 Restated[1]
Cash flows from operating activities		
Cash generated from operations[1]	41 152	41 097
Tax paid[1]	(7 124)	(7 736)
Net cash flows from operating activities	34 028	33 361
Cash flows from investing activities		
Additions to PPE and intangible assets	(13 843)	(13 443)
Proceeds from disposal of PPE and intangible assets	61	69
Acquisition of associate	(874)	–
Loan to joint venture	(234)	–
Disposal of subsidiaries (net of cash and cash equivalents disposed)	–	15
Dividends received from associate	2 911	3 576
Finance income received	545	723
Other investing activities[2]	(530)	63
Net cash flows utilised in investing activities	(11 964)	(8 997)
Cash flows from financing activities		
Borrowings incurred	8 570	180
Borrowings repaid	(9 717)	(4 052)
Finance costs paid	(4 312)	(3 945)
Dividends paid – equity shareholders	(14 170)	(13 944)
Dividends paid – non-controlling interests	(502)	(1 318)
Repurchase of shares	(517)	(563)
Proceeds on sale of shares	84	78
Changes in subsidiary holdings	–	(24)
Net cash flows utilised in financing activities	(20 564)	(23 588)
Net increase in cash and cash equivalents	1 500	776
Cash and cash equivalents at the beginning of the year	15 209	16 191
Effect of foreign exchange rate changes	(51)	(1 758)
Cash and cash equivalents at the end of the year	16 658	15 209

Notes:
1. The cash generated from operations and tax paid line items have been restated to correctly reflect withholding tax on intercompany loan interest under tax paid and no longer under cash generated from operations.
2. Consist mainly of a net increase in restricted cash deposits from M-Pesa customers of R500 million (FY2021: R1 201 million increase in restricted cash deposits; R1 262 million decrease in investment in treasury bills in Tanzania).

Segment performance

South Africa

Rm	FY2022	FY2021	% change Reported
Service revenue	**58 526**	56 405	3.8
EBITDA	**31 747**	30 745	3.3
Operating profit	**21 133**	20 515	3.0
Capex	**11 149**	10 076	10.6

South Africa's service revenue increased by 3.8% to R58.5 billion, supported by continued demand for connectivity, incremental wholesale revenue and growth in new services. New services such as financial and digital services, fixed and IoT was up 8.5%, contributing R8.4 billion – or 14.4%* – of South Africa's service revenue. Revenue grew by 5.3% to R80.8 billion, primarily due to increased smartphone sales.

Revenue from mobile contract customers increased by 5.5% to R22 billion, with both Vodacom Business and Consumer contracts contributing to this growth. We added 271 000 contract customers during the year, mainly within Vodacom Business, and increased ARPU by 1.7%. Consumer contracts posted 1.5% growth in the last quarter of the year, supported by attractive packages offering customers larger data allocations to facilitate increased usage.

Prepaid mobile customer revenue reduced by 0.7% to R25.2 million. Adjusting for a loyalty programme provision release in FY2021 of R142 million, prepaid mobile customer revenue remained flat. We are pleased with the result given the strong prior-year comparative, which was associated with more stringent lockdowns. We added 1.1 million prepaid customers in the year, focusing our efforts on keeping customers engaged and active on the network for additional days. Higher customer engagement supported prepaid ARPU of R56, which was above the pre-COVID-19 level of R54.

Data traffic increased by 19.2% in FY2022, accelerating to 24.3% in the fourth quarter. We added 1.8 million data customers, reaching 23.5 million customers, up 8.2%. Smart devices were up by 13.1% to 26.2 million, while 4G and 5G devices increased by 23.9% to 18.5 million. The average usage per smart device increased by 14.0% to 2.4GB per month. Prepaid data revenue increased by 3.1% to R10.0 million.

Fixed service revenue was up 13.0%, excluding wholesale transit. We accelerated our fibre rollout and increased the total number of homes and businesses connected by 18.7% to 142 211. Our own fibre passed 155 903 homes and businesses. On 10 November 2021, the Group announced the proposed acquisition of an up to 40% stake in CIVH's fibre assets, a significant step in scaling our fibre offering in South Africa. Vodacom will gain exposure to fast-growing businesses and South Africa's largest open-access fibre players, including Vumatel and DFA.

Revenue generated from financial services was up 12.4% to R2.7 billion. Revenue growth was underpinned by our Airtime Advance product, where we advanced R13.0 billion in airtime during the year – an 8.7% increase. Airtime advanced represented 45.2% of total prepaid recharges in the year. Insurance revenue increased by 13.1%, supported by growth in policies, which were up 14.7% to 2.4 million. In October 2021, in partnership with Alipay, we launched our much-anticipated super-app, VodaPay. This was an important milestone in the evolution of our digital ecosystem and, by year end, we already reached 2.2 million downloads and 1.6 million registered users. We have 85 mini-apps registered on the platform and consistently add more merchants as we scale the super-app.

Vodacom Business service revenue increased by 11.6% to R17.7 billion, driven by continued demand for our innovative work-from-home solutions and sustained growth in fixed-line services. IoT remains an important new service growth driver, with connections up 17.3% to 6.6 million. Revenue increased by 31.5% to R1.4 billion.

EBITDA grew by 3.3% while margins moderated 0.8ppts to 39.3%. EBITDA growth was impacted by a loyalty programme provision release of R142 million and constraints on certain opex, such as publicity, in FY2021. We also accelerated spend on technology opex to support improved network resilience. Pleasingly, our programme to improve resilience supported a market-leading network NPS position by year end. Looking forward, our R5.4 billion investment in spectrum is expected to further support network performance.

We invested R11.1 billion in our network, up 10.6%, to expand network capacity to manage additional demand for data, modernise our network to prepare for the next wave of COVID-19 infections, and enhance our IT platforms to maintain our competitive edge. Looking ahead, we will leverage our newly acquired spectrum assets in South Africa to improve 4G services and incrementally invest in 5G infrastructure to connect our customers for a better future.

International

Rm	FY2022	FY2021	% change Reported	% change Normalised*
Service revenue	**22 213**	22 146	0.3	5.6
EBITDA	**8 504**	8 784	(3.2)	(0.6)
Operating profit	**4 352**	3 833	13.5	11.8
Capex	**3 486**	3 226	8.1	

Service revenue for our international operations increased by 0.3% to R22.2 billion, subdued by a strong performance of the South African rand and the impact of levies on mobile money and airtime recharges imposed in Tanzania. These levies diluted revenue by an estimated R708 million during the year. On a normalised basis, service revenue grew by 5.6%* and, adjusted for the impact of levies in Tanzania, increased by 9.0%. The strong underlying growth reflects our purpose-led focus on digital and financial inclusion, with normalised data and M-Pesa revenue growth of 16.4%* and 15.5%*, respectively. The data revenue performance was underpinned by increased smartphone adoption, strong commercial execution and the ongoing expansion of our digital ecosystem. M-Pesa growth was supported by ongoing customer and service adoption as we leveraged the product roadmap of our innovation hub M-Pesa Africa.

We added 2.0 million customers, up 4.9% to 41.7 million, reflecting strong commercial execution across the portfolio. While the economies across our International segment are recovering, constraints on consumer spending remain evident in the voice segment, with voice revenue declining 5.3% (on a normalised basis, remains flat).

Data services remain a crucial driver of growth and our commitment to connect for a better future. Data revenue was R4.6 billion – up 11.0% from FY2021 – and contributed 20.7% of International service revenue. We added 531 000 data customers to end the year at 21.2 million customers, with data traffic growth of 31.4%. Smartphone penetration increased 1.4ppts to 33.7% and remains a strategic opportunity to drive data usage. We continue to drive the adoption of smartphones by leveraging our strategic partnerships and implementing innovative financing options to provide affordable devices to our customers.

International M-Pesa revenue increased by 9.9% (15.5%*) to R5.0 billion, contributing 22.3% of service revenue. Growth was supported by strong performances in the DRC, Mozambique and Lesotho. Tanzania's M-Pesa performance and progress on financial inclusion were stalled by the new mobile money levies introduced in July 2021. Adjusting for the impact of these levies, normalised M-Pesa revenue was up an impressive 29.5%. The underlying momentum of M-Pesa reflects our ongoing product enhancements in both the consumer and merchant segments. In Tanzania, our Songesha lending product grew by 22.7%, with R3.3 billion in loans disbursed in the year. To grow and diversify the M-Pesa ecosystem, we also accelerated our merchant strategy – almost doubling the number of active merchants. M-Pesa transaction values processed on our platform in the year, including Safaricom, reached US$324.6 billion, an increase of 29.2%.

International EBITDA was R8.5 billion, declining 3.2% (-0.6%*). EBITDA was negatively impacted by a one-off lease contract separation in the DRC and mobile money and airtime recharge levies in Tanzania. The lease contract separation had no impact on net income, as higher opex was offset by lower ROU depreciation and interest. However, it impacted EBITDA growth by 7.2ppts. Additionally, the introduction of levies in Tanzania negatively impacted EBITDA growth by 4.7ppts. Adjusted for the one-off lease contract separation and levy impacts, normalised International EBITDA was up 11.3% and reflected accelerated cost containment initiatives, particularly in Tanzania.

We increased capex by 8.1% to R3.5 billion as we accelerated investment into 4G coverage and performance. From a coverage perspective, we added 777 4G sites in the year, increasing our 4G site count by 20.8%. We also continued to invest in our transmission networks to enhance our network lead in all our markets.

Safaricom

KShs m (100% basis)[1]	FY2022	FY2021	% change Reported
Service revenue	**281 107**	250 352	12.3
EBITDA	**149 008**	134 129	11.2
Operating profit	**108 653**	95 658	13.6
Capex	**49 779**	34 960	42.4

Safaricom delivered a strong set of results supported by strategic execution, excellent growth in the fixed business and a recovery in M-Pesa revenue due to platform growth and improved consumer confidence and business activity.

M-Pesa revenue grew by 30.3%, supported by strong platform growth, product adoption and greater value through updated P2P pricing from 1 January 2021. Total M-Pesa transaction values grew by 34.0% to KShs29.5 trillion, while the volume of transactions grew 34.9% to 15.8 billion in the year. This equates to a transaction value of US$266.5 billion processed in the year. Safaricom continues to leverage technological innovation to enhance access to financial services for consumers and enterprise customers.

Fixed service and wholesale transit revenue grew by 18.3% to KShs11.2 billion, supported by 16.9% growth in enterprise revenue to KShs7.1 billion and 20.6% growth in consumer revenue to KShs4.2 billion. FTTH customers grew by 20.8% to 165 980, while enterprise fixed customers increased by 24.1% to 48 310. Voice revenue increased by 0.8% due to increased CVM initiatives and propositions. Mobile data revenue grew by 8.1%, reflecting a clear improvement during the second half of the year (up 10.0%), and was impacted by Safaricom's ongoing efforts to support inclusion through price rationalisation and the absorption of excise duty adjustment on mobile data from August 2021. Safaricom's usage growth across voice, mobile data and fibre was supported by capex of KShs39.3 billion, equating to a 13.2% capital intensity ratio.

The strong revenue performance supported 14.9% core (Kenya) EBITDA growth, with margins expanding 0.7ppts to 51.7%. Reported EBITDA was up 11.1%, as core growth was offset by start-up operating costs for Ethiopia. Net income declined by 1.7% as a result of start-up financing and operating costs for Ethiopia and the normalisation of the Kenyan corporate tax rate to 30% from 25% in the prior year.

In addition to its financial results, Safaricom provided an update on our Ethiopian consortium, noting an improved outlook for the security and political situation in the country. The licence unlocks a unique opportunity for our consortium to build out world-class services in Africa's second-largest country by population, providing a long-term growth vector for Safaricom. Having completed our test first call and data session, the consortium is proceeding with its plans for operational readiness and expects to launch commercial services in CY2022. Furthermore, Safaricom provided guidance for Ethiopia-related operating losses and capex for FY2023.

Safaricom contributed R3.1 billion to the Group's operating profit on a rand-reported basis, declining 11.9% year on year. The decline was attributable to foreign exchange rate movements and Ethiopia's start-up losses. Safaricom's contribution to our operating profit increased by 17.7%*on a normalised basis. Safaricom accounted for 11.1% of the Group's FY2022 operating profit.

Growth rates are in local currency and year on year unless otherwise stated.

For more information on Safaricom's results, visit www.safaricom.co.ke/investor-relation/financials/reports/financial-results.

1. The Group's effective interest of 34.94% in Safaricom is accounted for as an investment in associate. Results represent 100% of Safaricom and are for information purposes only. Kenya currency: Kenyan Shilling (KShs)

Five-year historic review

	FY2022	FY2021	FY2020	FY2019	FY2018	Compound growth %
Summarised income statement (Rm)						
Service revenue	**79 936**	77 574	73 354	69 867	70 632	3.1
Revenue	**102 736**	98 302	90 746	86 627	86 370	4.4
Operating profit	**28 236**	27 652	27 711	24 490	24 252	3.9
Net finance charges	**(3 675)**	(3 800)	(3 834)	(2 401)	(2 893)	6.1
Profit before tax	**24 563**	23 781	23 058	22 089	22 093	2.7
Taxation	**(6 829)**	(6 710)	(6 414)	(6 557)	(6 531)	1.1
Net profit	**17 734**	17 071	16 644	15 532	15 562	3.3
Non-controlling interest	**(571)**	(490)	(700)	(710)	(218)	n/a
EBITDA	**39 888**	39 299	37 610	33 714	32 898	4.9
Summarised statement of financial position (Rm)						
Non-current assets	**127 448**	125 670	142 395	113 897	96 543	7.2
Current assets	**50 519**	46 309	47 828	39 746	34 822	9.7
Equity and reserves	**85 466**	85 690	100 070	86 388	70 652	4.9
Non-current liabilities	**34 834**	44 219	53 403	29 084	28 130	5.5
Current liabilities	**57 667**	42 070	36 750	38 171	32 583	15.3
Net debt	**35 181**	34 248	35 180	23 354	19 892	15.3
Capex	**14 642**	13 307	13 218	12 957	11 594	6.0
Summarised statement of cash flows (Rm)						
OFCF	**22 693**	22 338	21 782	21 643	21 117	1.8
Free cash flow	**15 660**	14 974	16 284	14 865	14 195	2.5
Cash generated from operations	**41 152**	41 097	39 251	34 575	32 299	6.2
Tax paid	**(7 124)**	(7 736)	(6 417)	(6 535)	(6 194)	3.6
Net cash flows from operating activities	**34 028**	33 361	32 834	28 040	26 105	6.9
Net cash flows utilised in investing activities	**(11 964)**	(8 997)	(9 164)	(11 188)	(8 526)	8.8
Net cash flows utilised in financing activities	**(20 564)**	(23 588)	(19 847)	(19 377)	(13 067)	12.0
Net increase/(decrease) in cash and cash equivalents	**1 500**	776	3 823	(2 525)	4 512	(24.1)
Cash and cash equivalents at end of the year	**16 658**	15 209	16 191	11 066	12 538	7.4
Performance per ordinary share (cents)						
Basic EPS	**1 013**	978	939	872	947	1.7
HEPS	**1 013**	980	945	868	923	2.4
Diluted HEPS	**984**	957	928	852	895	2.4
Net asset value per share	**4 655**	4 667	5 450	4 704	4 104	3.2
Dividends per share[1]	**850**	825	845	795	815	0.3
Profitability and returns (%)						
EBITDA margin	**38.8%**	40.0%	41.4%	38.9%	38.1%	
Operating profit margin	**27.5%**	28.1%	30.5%	28.3%	28.1%	
Effective tax rate	**27.8%**	28.2%	27.8%	29.7%	29.6%	
Net profit margin	**17.3%**	17.4%	18.3%	17.9%	18.0%	
Return on equity[2]	**21.6%**	19.4%	18.8%	20.3%	34.7%	
ROCE[3]	**23.4%**	22.0%	22.7%	24.6%	30.5%	
Liquidity and debt leverage (times)						
Interest cover[4]	**6.8**	6.6	5.9	8.1	8.6	
Net debt to EBITDA	**0.9**	0.9	0.9	0.7	0.6	
Current ratio[5]	**0.9**	1.1	1.3	1.0	1.1	
Quick ratio[6]	**0.8**	1.1	1.3	1.0	1.0	

Notes:
1. Total dividend declared for the financial year.
2. Return on equity is calculated by dividing net profit attributable to equity shareholders by shareholders' equity. FY2021 has been restated.
3. ROCE (before tax) is calculated by dividing adjusted statutory operating profit by the average of total assets less current liabilities.
4. Interest cover ratio is calculated by dividing earnings before interest and tax for the year by finance costs for the year.
5. The current ratio is calculated by dividing current assets by current liabilities.
6. The quick ratio is calculated by dividing current assets, excluding inventory, by current liabilities.

Five-year historic review per segment

	FY2022	FY2021	FY2020	FY2019	FY2018	Compound growth %
South Africa						
Revenue (Rm)	**80 828**	76 737	69 593	67 887	69 967	3.7
EBITDA (Rm)	**31 747**	30 745	29 094	27 741	28 088	3.1
Capex (Rm)	**11 149**	10 076	9 860	9 577	8 884	5.8
EBITDA margin (%)	**39.3%**	40.1%	41.8%	40.9%	40.1%	
Capex intensity (%)	**13.8%**	13.1%	14.2%	14.1%	12.7%	
Customers (thousands)[1]	**45 459**	44 061	41 312	43 166	41 635	2.2
Number of employees	**5 583**	5 493	5 403	5 197	5 007	2.8
Total ARPU (rand per month)[2]	**90**	95	86	87	101	(2.8)
International						
Revenue (Rm)	**22 888**	22 746	22 492	19 981	17 460	7.0
EBITDA (Rm)	**8 504**	8 784	8 679	6 252	4 930	14.6
Capex (Rm)	**3 486**	3 226	3 358	3 376	2 707	6.5
EBITDA margin (%)	**37.2%**	38.6%	38.6%	31.3%	28.2%	
Capex intensity (%)	**15.2%**	14.2%	14.9%	16.9%	15.5%	
Customers (thousands)[1]	**41 715**	39 751	38 595	34 620	32 194	6.7
Number of employees	**2 247**	2 149	2 054	2 357	2 360	(1.2)
Total ARPU (rand per month)[2]						
Tanzania	**33**	37	36	36	35	(1.5)
DRC	**42**	45	46	41	38	2.5
Mozambique	**59**	57	59	55	51	3.7
Lesotho	**52**	59	69	66	65	(7.8)
Total ARPU (local currency per month)[2]						
Tanzania (TZS)	**5 132**	5 259	5 616	6 010	6 086	(4.2)
DRC (US$)	**2.8**	2.8	3.1	3.0	2.9	(0.9)
Mozambique (MZN)	**249**	250	252	244	241	0.8

Notes:
1. Customer numbers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service, even if they do not actually use the service, and those customers who are active while roaming.
2. Total ARPU is calculated by dividing the average monthly service revenue by the average monthly number of active customers during the period.

Who governs us

NomCo regularly reviews the Board's composition to ensure a diverse mix of backgrounds, skills, knowledge and experience, as well as deep expertise in technology and telecommunications.

Board composition

Executive directors

[S] [E]

Mohamed Shameel Aziz Joosub (51)

CEO

Appointed in September 2012.

- Commercial strategist.
- Strategy business leadership.
- Strong ICT experience.
- International operational experience.
- Financial expertise.

[E]

Raisibe Morathi (52)

CFO

Appointed in November 2020.

- Extensive financial, banking and insurance experience.
- Executive leadership background.
- M&A and corporate finance expertise.
- Financial expertise.

Independent non-executive directors

[N] [S]

Sakumzi Justice Macozoma (65)

Chairman

Appointed in July 2017 and as Chairman in July 2020.

- Business leadership experience.
- Corporate leadership experience.
- Broad stakeholder expertise.

[A] [R]

David Hugh Brown[1] (59)

Lead independent director

Appointed in January 2012.

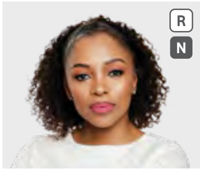
- Business leadership experience.
- Financial expertise.
- Corporate governance expertise.

[A]

Clive Bradney[2] Thomson (55)

Appointed in April 2020.

- Business leadership experience.
- Financial expertise.
- Corporate leadership experience.



[R] [N]

Phuthi Mahanyele-Dabengwa (51)

Appointed in January 2019.

- Business leadership expertise.
- Corporate leadership experience.
- M&A and corporate finance expertise.

[S] [A] [N]

Khumo Lesego Shuenyane[3] (51)

Appointed in July 2020.

- M&A and corporate finance.
- Financial expertise.
- Business leadership experience.

Non-executive directors

[N] [R] [S]

Leanne Susan Wood (49)

Appointed in July 2019.

- Business leadership experience.
- Corporate leadership experience.
- Strategic leadership experience.

John William Lorimer Otty (58)

Appointed in September 2012.

- Sound financial governance background.
- Extensive telecommunications sector knowledge.
- Emerging market insight.

Anne O'Leary (55)

Appointed in January 2021.

- Telecommunications and technology knowledge.
- Expertise in digital transformation and customer service.
- Marketing, commercial, consumer and B2B experience.

Sunil Sood (61)

Appointed in July 2018.

- Extensive telecommunications sector knowledge.
- Executive leadership background.
- Strategic leadership experience.

Pierre Klotz (46)

Appointed in April 2020.

- Business leadership experience.
- M&A and corporate finance expertise.
- Corporate leadership experience.

Nomkhita Cylda Nqweni[4] (47) [A]

Alternate NED (to Phuthi Mahanyele-Dabengwa)

Independent director

Appointed in April 2020.

- Business leadership.
- Multi-sectoral financial services experience.
- Corporate leadership experience.
- Strategic leadership expertise.

Francesco Bianco (50)

Alternate NED (to Leanne Wood)

Appointed in January 2019.

- Business leadership experience.
- Corporate leadership expertise.

1. David is stepping down from the Board on 18 July 2022 following the conclusion of the AGM.
2. Clive will become the Chairman of the ARCC from 19 July 2022.
3. Khumo was appointed to NomCo on 13 May 2022.
4. Nomkhita will be appointed as an independent director from 19 July 2022.

Skills and experience:

	%
Telecommunications and mobile telephony	50
CEO leadership	67
Financial	92
General management	100
Marketing/commercial/consumer	33
M&A corporate finance	67
Banking and insurance/financial services	42
Technology	33
Risk	50
Digital	33
External affairs and legal	33
Africa responsibility	58
International – Europe/Asia/USA	50

- Chairman
- A ARCC
- E ExCo
- R RemCo
- N NomCo
- S SEC

Unitary Board structure

12 members

2 Executive | 5 Non-executive | 5 Independent non-executive

95% Board meeting attendance

Gender

Female 33% | Male 67%

Independent non-executive demographic

Black 60% | White 40%

Age

Age	
45-49	2
50-59	8
60-65	2

Tenure

Tenure	
1 to 3 years	7
4 to 5 years	2
6 to 10 years	3

Board governance at a glance

How good corporate governance supports the delivery of our purpose

Vodacom's purpose is to connect for a better future. The Group's strategy and sound corporate governance practices are designed to support the delivery of this purpose by ensuring all business functions are executed ethically and with integrity and professionalism.

As a business, we strive to be a trusted brand and partner in the markets where we operate. We entrench good corporate governance principles and ethics into our corporate culture, the Spirit of Vodacom, enabling our employees to execute our strategy ethically, responsibly, fairly and professionally.

How good corporate governance supports the system of advantage

Our system of advantage is geared to meeting our customers on their journey and growing with them. To achieve this, the Board leads the business ethically, transparently and with integrity. To create and sustain value for our stakeholders, we commit ourselves to good corporate governance, employ suitably qualified and diversified leaders, manage the business ethically and transparently, and strive to maintain our reputation as a responsible corporate citizen.

Board
Board committees

- ARCC
- RemCo
- NomCo
- SEC
- ExCo

CEO
ExCo

- International Business
- Vodacom South Africa
- Safaricom
- Vodacom Financial Services and Digital Lifestyle
- Finance
- Technology
- Legal and Compliance
- Human Resources
- M&A, Strategy and New Business
- External Affairs (including Regulatory)

ExCo
Assurance

- Risk Management
- Internal Control
- Internal Audit
- Compliance
- Ethics Programme
- Technology Governance

Board committee attendance

For more details, refer to our governance report on our **website.**

Name of director		Board	ARCC	RemCo	NomCo	SEC	Total
Number of meetings		11[1]	5	3	4	5	
SJ Macozoma (Chairman)		11/11	–	–	4/4	5/5	20/20
MS Aziz Joosub		11/11	–	–	–	5/5	16/16
F Bianco		11/11	–	3/3	3/4	–	17/18
DH Brown (lead independent director)		11/11	4/5	3/3	–	–	18/19
P Klotz		10/11	–	–	–	–	10/11
P Mahanyele-Dabengwa		11/11	–	3/3	4/4	–	18/18
RK Morathi		11/11	–	–	–	–	11/11
NC Nqweni		10/11	5/5	–	–	5/5	20/21
A O'Leary		9/11	–	–	–	–	9/11
JWL Otty		11/11	–	–	–	–	11/11
KL Shuenyane		10/11	5/5	–	–	5/5	20/21
S Sood		10/11	–	–	–	–	10/11
CB Thomson		11/11	5/5	–	–	–	16/16
LS Wood		9/11	–	3/3	4/4	4/5	20/23
Totals	**Number**	**146/154**	**19/20**	**12/12**	**15/16**	**24/25**	**216/227**
	Percentage	**94.80%**	**95.00%**	**100%**	**93.75%**	**96.00%**	**95.15%**

1. The Board holds a minimum of four meetings, three teleconferences and a strategy session every year. Special Board meetings are convened when necessary. Four special Board meetings were convened during the year.

Strategic objectives and focus areas

The Board assumes overall responsibility for Vodacom's success. Its role is to exercise leadership and sound judgement in directing Vodacom to achieve sustainable growth and act in stakeholders' best interests.

Strategic ambitions

- Africa's leading communications company
- Diversify and differentiate with our digital ecosystem
- Optimised, future-ready TechCo

The Board's key focus areas during the year included:

Accelerating growth while enhancing returns

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
01 02 03 04 05 06 07 08 09 10	1 2 7 9 10	FC IC SRC

To accelerate Vodacom's multi-product strategy, the system of advantage, and to deliver diversified, differentiated offerings to customers, thereby setting Vodacom apart from competitors and positioning the Group to deliver superior returns to shareholders. Key to the strategy is Vodacom's transition from a TelCo to a TechCo, ensuring that Vodacom becomes an integral part of its customers' lives, homes and offices. This includes:

- Completing M&A transactions, as well as the subsequent integration thereof.
- Leveraging Big Data, machine learning and world-class technology.
- Growth in new services.

Complex regulatory environment

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
01 03 04 06 08	1 2 3 7 8	FC IC SRC

To manage the impact of evolving regulatory and compliance requirements on Vodacom's ability to expand activities, deliver quality services and generate profit. It encompasses the associated exposure to financial and reputational damage. This includes:

- Cost and availability of spectrum in South Africa (now secured).
- Data privacy and security.
- Use of customer data.
- Compliance requirements.

Competitive environment

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
01 02 03 04 05 06 07 08 10	7 9 10	FC IC MC SRC

To operate in an environment characterised by strong, established competitors, as well as other new entrants and competitors, as the Group enters new countries or industries. Also considered is the growth in OTT service providers. This includes:

- Market disruptions.
- New and constantly changing competitive environment.
- Stability of current competitors and partners.
- Developing a competitive product set.

Financial and digital inclusion

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
01 02 03 04 06 08 10	2 3 4 5 7 10	FC IC SRC

To deliver on Vodacom's purpose pillars – digital society, inclusion for all, and planet – and enable our Social Contract to connect people and things to the internet, thereby facilitating a digital future accessible to everyone. This includes:

- Affordability of products and services.
- Enabling a digital society.
- Affordable and accessible financial services.

Network resilience and climate impact

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
02 03 04 07 08 10	1 4 5 7	FC IC MC NC

To maintain quality of service, increase the capacity of networks and reduce network disruptions, while considering the Group's consistent investment in its network to ensure positive consumer sentiment and responsible supply chains. This includes:

- Availability, quality, reliability and security of network.
- Continuity of energy supply.
- Cyber security.
- Disruptions to supply chains.
- Operating responsibly and preserving the planet's natural resource base.

Our people

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
05 08 09 10	6 10	HC IC

To develop skilled and capable leaders and employees who embrace the Group's culture and values, and foster a digitally agile and inclusive working environment. This includes:

- Skills, diversity and composition of the Board.
- Attracting and retaining scarce and critical technical skills.
- Developing and empowering our people.
- Diverse and inclusive workspace.
- Health and safety of our people.

The economic and political landscape

STRATEGIC PILLARS	PRINCIPAL RISKS	SIX CAPITALS
01 02 03 04 05 06 07 08 10	3 4 10	FC SRC

To manage the impact of macroeconomic conditions and the changing political landscape on Vodacom's operating costs, capex and ability to generate revenue. This includes:

- Sluggish economic growth.
- Political and public policy uncertainty in South Africa.
- Increasing tax pressures.
- Assessing the impact of conflict in Ukraine.

Who leads us

ExCo

Mohamed Shameel Aziz Joosub (51)
CEO
Appointed in September 2012.

Raisibe Morathi (52)
CFO
Appointed in November 2020.

Balesh Chandra Sharma (57)
Managing director: South Africa (outgoing)
Appointed in September 2020.

Sitholizwe Mdlalose (42)
Managing director: South Africa (incoming)
Effective 1 July 2022.

Mariam Cassim (40)
Chief Officer: Vodacom Financial Services and Digital Lifestyle Services
Appointed in June 2019.

Diego Gutierrez (46)
Chief Officer: International Business
Appointed in August 2017.

Matimba Mbungela (50)
Chief Officer: Human Resources
Appointed in May 2014.

Nkateko Nyoka (59)
Chief Officer: Legal and Compliance
Appointed in December 2010.

Peter Ndegwa (53)
CEO, Safaricom
Appointed in August 2020.

Dejan Kastelic (45)
Chief Technology Officer
Appointed in May 2020.

Stephen Chege (47)
Chief Officer: External Affairs
Appointed in November 2021.

Nationality

5 South African
5 Non-South African

Ethnic diversity

Black	White
80%	20%

Gender

Female	Male
20%	80%

Age

40-49	4
50-59	6

Tenure

0 to 3 years	6
4 to 10 years	3
10 years +	1

Share information

Group shareholders

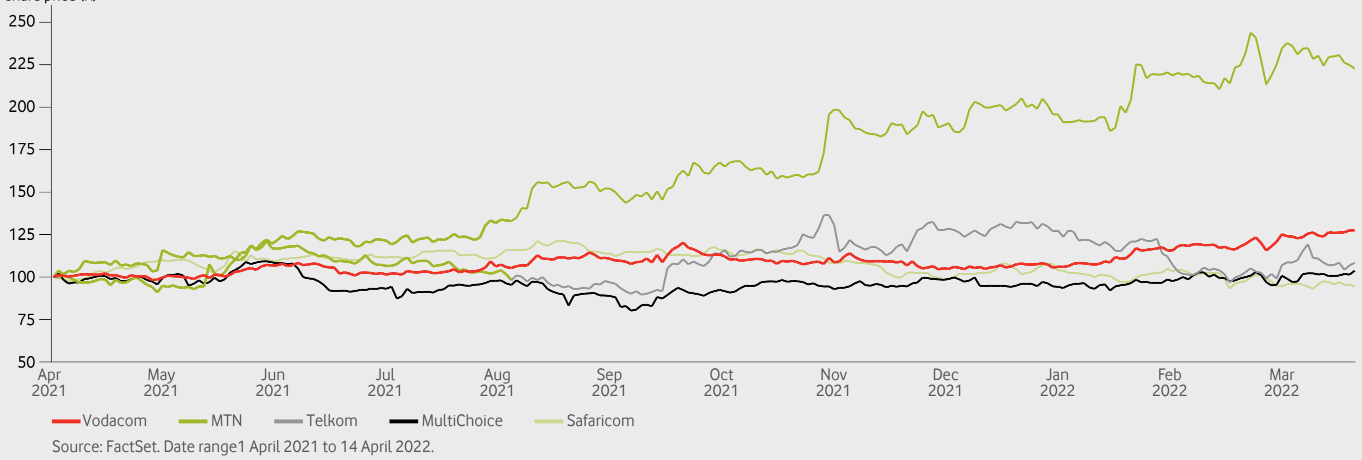
	As at 31 March 2022 Number of shares	% of shares in issue
Vodafone[1]	1 110 629 881	60.50%
Government Employees Pension Fund (GEPF)	257 863 457	14.05%
YeboYethu Investment Company (RF) (Pty) Limited (YeboYethu)	114 451 180	6.23%
Wheatfield Investments 276 (Pty) Limited	15 421 231	0.84%
Institutional investors	285 177 562	15.53%
Retail positions	45 374 584	2.47%
Other[2]	6 947 066	0.38%
Total	**1 835 864 961**	**100.0%**

1. Directly held by Vodafone Investments SA (Pty) Limited and Vodafone International Holdings B.V.
2. Balance of remaining holdings.

Vodacom share price closed at
R160.00
on 31 March 2022

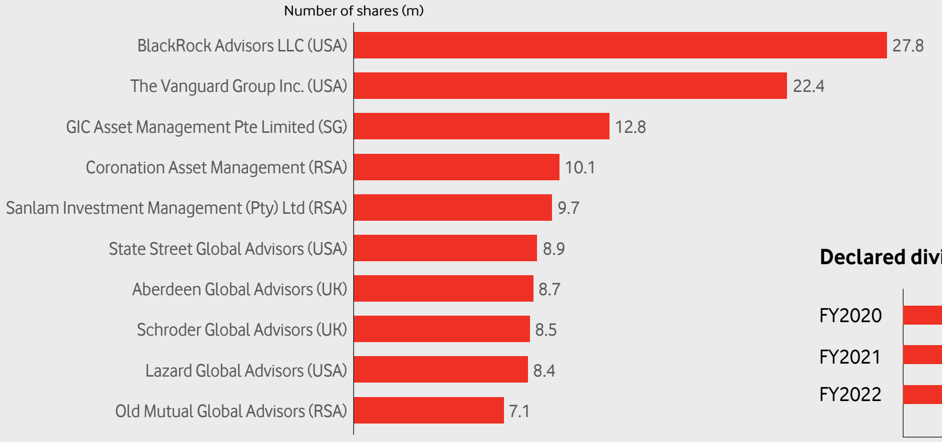
TSR for the year ended 31 March 2022
35.8%
(FY2021: 15.2%)

Share price | Relative to peers



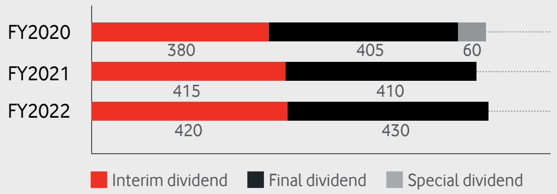
Source: FactSet. Date range1 April 2021 to 14 April 2022.

Shareholding | Top 10 institutional shareholders, excluding GEPF
As at 31 March 2022



Source: JP Morgan Cazenove.

Declared dividend per share (cps)



Geographical institutional shareholding, excluding GEPF (%)

	FY2022	FY2021
USA	**39.5**	40.7
South Africa	**23.9**	27.0
UK	**16.1**	14.4
Europe	**9.6**	9.3
Asia-Pacific	**10.8**	8.6

Ticker symbol	VOD
ADR code	VDMCY
Stock exchange	JSE Limited
Shares in issue	1 835 864 961
Free float	20.11%
Transfer agent	Computershare

Our listed companies – market cap

As at 31 March

	FY2022 (Rbn)	FY2021 (Rbn)
Vodacom Group Limited	**293.7**	231.8
Vodacom Tanzania Limited	**10.9**	11.0
Safaricom Plc	**173.9**	196.1

2022 investor relations calendar

Vodacom Group AGM	Monday 18 July 2022
Quarter one results	Thursday 21 July 2022
Interim results	Monday 14 November 2022

Price earnings analysis

As at 31 March FY2022

	Times
Vodacom Group	**15.3**
Vodacom Group, excluding Safaricom	**14.4**

Source: Bloomberg and company estimates.

Indices we are part of

MSCI ESG RATINGS AAA
FTSE4Good
SUSTAINALYTICS

Remuneration report

CAPITALS IMPACTED

IC HC

Letter from the Remuneration Committee Chairman

Phuthi Mahanyele-Dabengwa

Dear shareholders

On behalf of the Board, I am pleased to present the FY2022 remuneration report for the Vodacom Group. This report includes our remuneration philosophy and policy for executive and non-executive directors (NEDs) and provides a description of how the policy has been implemented. It also discloses payments made to non-executive and executive directors during the year.

Together with other leading companies in the world, we have learned to live with the continued challenge of the COVID-19 pandemic. The only significant adaptation we implemented last year was to drop the service revenue condition used in our short-term incentive (STI) and reweight the other conditions. However, we have re-introduced service revenue into the performance conditions that govern the STIs, and the four conditions of service revenue, earnings before interest and tax (EBIT), operating cash flow and customer appreciation will be equally weighted for the FY2023 STI. Otherwise, we have again been able to provide competitive salary increases, award STIs and provide for the vesting of LTI awards.

Although we again enjoyed great support from shareholders in terms of the high voting percentages on our FY2021 remuneration policy and implementation report, we have continued to enhance and monitor institutional investor and other stakeholder requirements. We have also proactively addressed the following matters in the spirit of continued improvement and governance excellence:

- We noted that institutional investors strongly encourage the application of company performance conditions to 100% of LTI awards to executive directors. Although 100% of the CEO's awards have performance conditions, currently only 50% of the CFO's awards are subject to performance conditions. Following consultation with our CFO, she has agreed that 100% of her awards granted in FY2023 onwards will be subject to performance conditions.
- We are aware that the use of forfeitable shares to implement performance awards, where dividends are received on the "stretch" portion of the award before it vests, is no longer viewed as best practice. We have therefore updated our share plan so that dividends on the "stretch" portion are only settled if and to the extent that performance above stretch is achieved.

The global focus on sustainability and its role relating to remuneration has increased significantly over the year and we are pleased that our decision to include ESG measures in our LTI performance conditions is well aligned with this gathering trend. We carefully selected these measures to align with our purpose pillars and also enhanced our disclosure of performance measures this year. We provided specific, stretching and measurable targets for GHG reduction, women in management and financial services customers.

We are acutely conscious of issues of pay fairness and equity and have noted the proposals in the draft Companies Amendment Bill circulated for public comment in October 2021, which proposed the publication of statistics regarding the pay of the highest and lowest paid employees, as well as the publication of an overall pay gap measure determined as the average total remuneration of the top 5% paid employees compared with that of the lowest 5%. We also noted ongoing discussion and research on other ratios, such as the Gini coefficient, the Palma ratio and other descriptive statistics. We are continuing to monitor this dialogue and will disclose the required statutory pay gap statistics when this is determined.

While the debate regarding the disclosure of the "vertical pay gap" between the highest and lowest paid in the company is still ongoing, we have been monitoring the "horizontal pay gap" between the pay of colleagues delivering equal value of work for some time, as discussed in more detail in the remuneration policy section on the pages that follow, and intervene promptly to address any anomalies that arise.

Together with these enhancements to keep pace with best practice, RemCo is satisfied that our current remuneration policy remains relevant and fit for purpose. We are committed to maintaining a strong relationship with our shareholders, built on trust and a clear understanding of our remuneration policy and the practices that have been implemented.

Phuthi Mahanyele-Dabengwa
RemCo Chairman

How remuneration and rewards support our system of advantage

Our system of advantage is premised on our three purpose pillars – digital society, inclusion for all, and planet. It is designed to deliver exceptional value to our stakeholders by building a multi-product ecosystem that improves our overall customer proposition, grows our market share, increases our ROCE and creates sustainable value for stakeholders. With this in mind, we designed our reward principles to ensure our employees are motivated to achieve these goals and, accordingly, promote behaviours that facilitate innovation, differentiate us with customers, set us apart from our competition and deliver superior returns to our investors.

Vodacom is committed to implementing fair, responsible and transparent remuneration practices that support our purpose-led business model and the achievement of our strategy. Our Board, assisted by the Group's RemCo, shapes and governs our remuneration approach, including our policy and reward framework. This remuneration report delivers against the transparency principles and disclosures set out in King IV, the Companies Act and the JSE Listings Requirements.

RemCo contracted Bowmans to provide independent external advice and is satisfied with its independence and objectivity.

Background statement

Our purpose shapes remuneration practices and our Spirit

Vodacom's purpose, to **connect for a better future**, is enabled by our multi-product strategy – Vodacom's system of advantage – and brought to life by our employees. Our remuneration practices reflect this integration to ensure we:

- Attract and retain high-calibre talent.
- Reward employees for living the Spirit of Vodacom.
- Act as an ethical and fair-pay employer.
- Motivate our employees to execute our strategy and live our purpose.

We specifically reward our Spirit behaviours which, we believe, closely align with the delivery of our purpose. Our Spirit behaviours are based on four distinct pillars:

Earn customer loyalty
It starts and ends with the customer. We aspire to be a brand our customers love, by earning their trust and providing brilliant experiences. We work hard to simplify things for our customers and deliver what they want and need, every day.

Create the future
We think big and take risks to break new ground. We ask "what if" to build amazing products and services for our customers. We are courageous in creating a better future for all.

Experiment, learn fast
We are always learning. We try things, measure our success, keep the best and learn from the rest. This is how we move rapidly to grow ourselves and our business.

Get it done, together
We give and take ownership to make the most of our many talents. We trust others to get things done. It is up to each of us to make it happen.

Remuneration governance

Our Board, assisted by our RemCo, is responsible for overseeing the implementation and execution of Vodacom's remuneration policy, as well as ensuring we achieve the objectives contained therein. RemCo operates according to its Board-approved charter, which is reviewed annually. The RemCo chairman provides feedback to the Board after each RemCo meeting, including relevant discussions and key decisions made.

Remuneration report continued

RemCo's role and responsibilities

RemCo assists the Board to discharge its responsibilities by:

- Monitoring salary movements for senior leadership team and ensuring that remuneration practices keep pace with the market.
- Setting the parameters for both short and long term incentives and monitoring and approving the achievement thereof.
- Determining and agreeing on the remuneration and overall compensation package for Vodacom's CEO, CFO and other executive directors appointed to the Board, as well as Vodacom ExCo members[1].
- Determining, agreeing and developing the Group's overall policy on remuneration in line with the requirements of applicable laws, JSE Listings Requirements and King IV to give effect to the Board's direction on fair, responsible and transparent remuneration.
- Overseeing the implementation and execution of the Group's remuneration policy to achieve its objectives.
- Reviewing and recommending to the Board the criteria necessary to measure the performance of executive management in discharging its functions and responsibilities.
- Ensuring remuneration is disclosed in an annual remuneration report.
- Reviewing the fairness and reasonableness of executive remuneration in the context of overall employee remuneration, making recommendations on how this should be addressed and disclosed in the annual remuneration report.
- Developing, implementing and disclosing a remuneration philosophy to enable a reasonable assessment of reward practices and governance process by stakeholders.
- Considering other special benefits or arrangements of a substantive financial nature.
- Reviewing the relevant human resources policies in terms of the delegation of authority.
- Ensuring compliance with applicable laws and codes, including King IV and the JSE Listings Requirements.
- Appointing external remuneration consultants from time to time.
- Ensuring the remuneration policy and implementation report are put to a non-binding advisory vote at the company's AGM in accordance with the JSE Listings Requirements.
- Reviewing and setting the direction for the Group's engagement with investors in the event Vodacom does not achieve the required number of votes on the non-binding advisory resolutions tabled at its AGM for either of the remuneration policy or implementation report, or both, and ensuring the Group's remuneration policy details the steps the Board will take in such circumstances to engage with investors.
- Determining and recommending to the Board the level of NEDs' fees to be proposed to the Group's shareholders for approval.

The CEO, Chief Human Resource Officer and other executives are invited to participate in specific discussions, but are recused before decisions relating to their own remuneration are made.

RemCo considers the regulatory and corporate governance requirements of Vodacom's OpCos and incorporates these into remuneration governance processes. The Board of each OpCo – guided by the Group's policy, input from each country's managing director and its local RemCo – makes the final decision on the business's key remuneration matters.

RemCo's key decisions

RemCo held three meetings in FY2022, during which the following key decisions were made:

- Approved the annual increase budget for executives, senior management and employees as informed by external benchmarking.
- Approved individual increases for the ExCo.
- Reviewed the metrics of the variable short-term incentive (STI) plan and the variable long-term incentive (LTI) plan, making changes where appropriate.
- Approved STIs for executives, senior management and employees.
- Evaluated the LTI vesting conditions for the FY2019 awards and approved the final vesting percentages.
- Recommended increases in NED fees to the Board for shareholder approval.

Reinstating STI structure

Due to the uncertainty caused by COVID-19, service revenue was temporarily removed as a metric from the STI in FY2021. However, considering the improvements to general economic conditions and the importance of this measure in driving our strategy, it was reinstated during the year. Currently, our STI includes three financial measures focusing on our business's core operations and one customer satisfaction measure.

Shareholder voting

At the Group's AGM in July 2022, shareholders will vote on:

- A binding vote on NED fees;
- An advisory non-binding vote on the remuneration policy; and
- An advisory non-binding vote on the implementation report.

Details can be found in the notice of AGM, available online at www.vodacom.com.

Should either non-binding vote receive 25% or more votes against it:

- We will invite shareholders to engage with Vodacom regarding their dissatisfaction through collective and/or individual engagements to discuss and record their concerns and objections.
- RemCo will deliberate the concerns and provide shareholders with a formal response articulating the concerns raised and the changes we will implement in response, along with detailed responses to concerns where Vodacom, despite shareholder feedback, believes its current policy and/ or implementation is adequate.

Results of shareholder voting at the most recent AGMs are indicated below:

	FY2021	FY2020	FY2019
NED fees	**98.70%**	99.96%	99.76%
Approval of the remuneration policy	**97.43%**	98.89%	98.91%
Implementation of the remuneration policy	**98.33%**	98.86%	98.91%

Looking ahead

RemCo constantly assesses executive remuneration trends and governance frameworks and, in FY2023, will focus on:

- STI measures;
- LTI performance conditions;
- Reward related to the acquisition of Vodafone Egypt; and
- Fair and responsible pay.

1. For the purposes of the responsibility of RemCo, the Vodacom ExCo does not include Safaricom, which is not a subsidiary of the Group and is subject to the oversight of its own Board and RemCo.

Our remuneration policy

Our remuneration approach is guided by the following principles:

Dynamic approach to ensure competitive pay

We regularly review our approach to reward and remuneration to ensure it aligns with Vodacom's purpose, market trends and the legislative and regulatory environment of the countries in which we operate. We are committed to competitive remuneration and undertake localised benchmarking of guaranteed pay (GP) and target total cash (guaranteed pay plus STI) at least every second year. We strive to set remuneration trends, with the implementation of our employee life-cover proposition in Vodacom DRC, a new development for the market.

Pay for strategy execution

We structure remuneration around the execution of our strategy, which is measured by performance objectives. We pay for performance, and the different components of our reward structures recognise, support and reward both collective and individual performance. We employ a robust performance management system to implement incentives (page 106), with certain employee categories eligible to receive additional share allocations driven by top performance. High-performing employees who display the Spirit behaviours can receive immediate cash awards through the Vodafone Stars recognition programme. As part of the company's Talent Management process, if an employee is identified as Top Talent, which is determined by the employee's potential to take on bigger and more complex roles, they form part of certain categories of employees eligible to receive an additional share allocation.

Relevant and sustainable

We manage the total cost of employment and ensure the benefits provided are relevant, affordable and sustainable. We also apply malus and clawback provisions to disincentivise inappropriate behaviour.

Communication

We are committed to providing transparent and understandable information regarding our reward programmes, policies and processes to employees. We provide clear and effective communication of the total reward package offered to ensure our employees understand what they receive, why, when they receive it and how their performance can influence the value of what they receive.

Fair and responsible remuneration

Our Total Reward framework is underpinned by our commitment to Fair Pay. It encourages and rewards our Spirit, which is essential for our digital transformation. Vodacom seeks to eliminate discrimination in our remuneration – whether direct or indirect based on race, sex, gender or disability – by applying the principle of equal remuneration for work of equal value. We pay competitive salaries, rewarding individuals based on their skills, experience and external market positioning.

Fair-pay principles

01 Market competitive

The pay of our people is reflective of their skills, roles and functions, and the external market.

We annually review the pay of each employee and actively manage any who fall below the market competitive range.

02 Free from discrimination

Pay should not be affected by gender, age, disability, gender identity and expression, sexual orientation, race, ethnicity, cultural heritage or belief.

We annually compare the average position of our men and women against their market benchmark, grade and function to identify and understand any differences, and take action if necessary.

03 Provide a good standard of living

We work with an independent organisation, the Fair Wage Network, to assess how our pay compares to the "living wage" in each of our markets, because we are committed to providing a good standard of living for our people and their families.

04 Share in our successes

All our people should have the opportunity to share in our successes by being eligible to receive some form of performance-related pay, e.g. a bonus, shares or a sales incentive.

05 Provide benefits for all

Our global standard is to offer all our people life insurance, parental leave and access to either company or state-provided healthcare and pension provision.

06 Open and transparent

We ensure our people understand their pay. We do this through a series of user-friendly guides, web pages and an annual reward statement, which help explain our employees' pay and outline the value of their core reward package. In addition, they also receive monthly or weekly payslips and a payment schedule.

We review our internal pay ranges annually and apply them consistently throughout the organisation. Our OpCos conduct an annual fair-pay analysis to identify any possible instances in which pay that requires attention and remedial action is implemented. The fair-pay analysis focuses on the elements above.

As a result of this analysis, we believe our reward decisions are based on merit and do not discriminate based on gender, race, religion or belief, disability, age, sexual orientation, or gender identity and expression.

Benchmarking

Consistent with our remuneration policy, our employees' remuneration is informed by benchmarking. Key inputs in determining remuneration include:

- The Willis Towers Watson Global Grading System.
- Job-specific competence and skills, along with the marketability and scarcity of these skills.
- Industry knowledge and experience.
- Contribution to achieving the Group's strategy.

For executive remuneration, we consider the following additional inputs for benchmarking purposes:

- Outcomes of the Remchannel and Mercer Top Executive surveys.
- Peer group data from the JSE telecommunications sector and other listed companies of similar market capitalisation and revenue.

In Vodacom, benchmarking for executive directors is done for all elements of remuneration – GP, target STI and target LTI – and we target the 75th percentile of the market for total target cash, which is GP plus STI. For our CEO and CFO, RemCo follows a similar approach to the executive cohort, benchmarking pay to industry-specific comparators, information disclosed by our peer group and Mercer's executive remuneration survey.

Our remuneration structure

	Strategic intent	Description	Eligibility
GP	Forms the basis for competitive remuneration to attract and retain the best talent (page 110). It reflects: • Job-specific competence and skills, as well as the marketability and scarcity of these skills. • Industry knowledge and experience. • Contribution to achieving the strategy.	Across our markets, this component varies from an approach of guaranteed total cost of employment to basic pay plus market-related cash allowances and cost of benefits. This is determined by local market legislation, market benchmarking and best practice.	All employees.
Benefits	• To aid retention and remain competitive in the markets in which we operate. • Provide financial security when needed by employees.	Benefits reflect best practice and the results of benchmarking exercises, comply with legislation and complement our broader employee value proposition (EVP).	All employees.
STI	Designed to motivate employees and incentivise the delivery of performance against set business targets, comprising: • Financial metrics to drive our growth strategies and improve operating efficiencies. • The strategic measures of customer appreciation to ensure excellent customer experience is a key focus.	Business measures are reviewed annually to ensure they support our strategy and drive the right behaviour. The STI is paid in cash in June each year for performance against the previous year's targets.	All employees, excluding employees on commission or quarterly incentive plans.
LTI[1]	To motivate and incentivise delivery of sustained performance over the long term. Encourages ownership and loyalty by aligning the interests of participants with those of the Group and our shareholders.	Variable in the form of Vodacom forfeitable shares, which vest over three years. Annually reviewed to ensure that measures and weighting drive the right behaviours and support the business's strategy.	Executive directors, members of the SLT and senior management. Roles directly influencing strategy delivery, or without whom there is a risk to execution.
	Supports employee retention.	Vodacom retention share awards are as per the forfeitable share plan (FSP), but only have time-based performance vesting conditions.	SLT and selected employees as determined by our internal policy, other than the CEO and CFO.
		Vodafone shares are conditional share with performance conditions, where shares are settled at the time of vesting and dividends only accrue from that point onwards.	Executive directors and members of our SLT.
Other programmes	Continually position Vodacom as an employer of choice.	Access to lifestyle benefits, including employee discounts: cellphone, data and fibre benefits; maternity and parental leave; and annual executive health checks.	All employees.

1. Vodafone retention and performance conditional share plan (CSP) awards. Details regarding performance conditions of and vesting periods for the Vodafone awards can be found in Vodafone's FY2022 annual report on https://investors.vodafone.com/reports-information/results-reports-presentations.

Vodacom's EVP

Our purpose: Connect for a better future

Further Together we can create a better future. We are restless and passionate about making the world more connected, inclusive and sustainable. Our human spirit – together with technology – enables us to achieve this. At Vodacom, you can truly be yourself and belong. You can be inspired, embrace new opportunities, thrive and make a real difference.

EVP pillars

Opportunity	Innovation	People	Impact
Embrace a world of experiences that will challenge you and help you thrive.	Think big, take risks to break new ground, enjoy an agile environment and create the future.	Be yourself, belong, feel secure and be inspired.	Make a difference to people, our business, our customers, communities and the planet.

Competitive pay and benefits | Flexible ways of working | Care for your well-being

Spirit informs all of the above

Benefits

Our OpCos across the Group provide benefits in line with local country practice and legislative requirements.

Retirement funding

In South Africa and Lesotho, we have private retirement funds. In South Africa, the Vodacom Group Pension Fund – a defined contribution pension scheme – is compulsory for all permanent employees. Employees at management level must also participate in the Vodacom Group Provident Fund, also a defined contribution scheme. Other employees can join the Vodacom Group Provident Fund on a voluntary basis. Contributions to the pension fund are based on pensionable salary, and employees elect either 70% or 85% of GP. Employees select their investment portfolio based on their individual risk profiles. Vodacom Lesotho has a provident fund which is compulsory for all permanent employees. In the DRC, Mozambique and Tanzania, employees participate in the government-run social security fund as required by legislation.

Insured benefits

All Vodacom markets offer risk benefits to employees, including, *inter alia*, life and disability cover. Vodacom will introduce life insurance as a benefit for our employees in the DRC during FY2023 – a country-first.

Medical cover

The plans available within Vodacom Group were selected to address the needs of the diverse Vodacom workforce with benefits designed as applicable for each country. We review the medical cover plans annually to assess their appropriateness for our employees. We do not offer post-retirement medical benefits and have no such liabilities.

Pay mix

The ratio of GP versus variable pay differs for each employee band, with the weighting on variable performance-based pay higher at executive and senior levels, in line with our principle of paying for performance and encouraging and rewarding behaviours that support our Spirit.

RemCo reviews the targets and on-target values for each element annually to ensure these remain relevant and competitive, drive the right behaviours and enhance overall shareholder value.

STI

All employees, except for those on commission or quarterly or other bonus structures, participate in the annual STI. STI payments are discretionary and based on achieving financial and strategic measures. Payments are made in cash in June each year.

For FY2022, 100% of the on-target STI is payable on the full achievement of annual targets. If the targets are exceeded, the STI is capped at 200% of the target. If the targets are not achieved in full, a reduced STI is payable. If performance is below threshold no STI is payable.

The on-target and maximum STI percentages are set out below:

Role	On-target % of GP FY2023	Maximum % of GP FY2023
CEO	100%	200%
CFO	75%	150%

For FY2023, the STI will be based on business performance and is capped at 200% of target, which is the maximum business multiplier, with no personal performance multiplier.

Measurement

The measures, bonus levels and weightings are reviewed annually to ensure a continued link to strategy and the direct influence of management. The financial measures are typically determined based on budgets. After a temporary removal due to the economic uncertainty arising from the COVID-19 pandemic, service revenue has been reinstated as a metric for FY2022.

Remuneration report continued

The measurement methodology for each component of the STI metrics is set out below. The aggregate outcome of this measurement sets our business performance multiplier, which ranges from 0% to 200%.

Element	Service revenue	EBIT	OFCF	Customer appreciation
Weighting (FY2021 versus FY2022)	25% (n/a; 25%)	25% (33.3%; 25%)	25% (33.3%; 25%)	25% (33.3%; 25%)
Description of metrics and range	All revenue for ongoing services, including, but not limited to, monthly access charges, airtime usage, financial and digital services, fixed and fibre services, roaming, incoming and outgoing network usage by non-Vodacom customers, and interconnect charges for incoming calls.	EBIT – Earnings before interest, taxation, impairment losses and profit/loss from associate and joint venture.	Cash generated from operations less additions to PPE, intangible assets, and proceeds on disposal of PPE and intangible assets.	Assessment of the following metrics: • NPS; • Active base; • Churn; and • Revenue market share. NPS measures the extent to which our customers would recommend us. Active base is the measurement of customer activity on the network. Churn is the average number of monthly customers divided by the annualised number of disconnections during the period.
Threshold	95%	-2.5% of service revenue target	-2.5% of service revenue target	
Target	100%	100%	100%	
Above target	105%	+2.5% of service revenue target	+2.5% of service revenue target	

The business performance is split between the OpCos (70%) and Vodacom Group (30%). The Vodacom Group business multiplier is used for the CEO, CFO and other members of ExCo. For other SLT members, the business multiplier is based on a weighted average of the multipliers for the relevant OpCo and the Group.

Personal multiplier

Vodacom removed the personal multiplier in FY2021, however, we continue assessing individual performance based on the achievement of their objectives.

Both the CEO and CFO do not have a personal performance multiplier. Their STIs are only based on business performance and performance set out against specific individual goals that are linked to Vodacom's overall strategic objectives and assessed annually.

The formula for determining the CEO's cash bonus is:

GP × Target incentive 100% × Business performance 0% to 200%

The formula for determining the CFO's cash bonus is:

GP × Target incentive 75% × Business performance 0% to 150%

LTI

LTI aim to retain key skills and motivate executives and select employees over the long term, which is essential for sustainable performance. The use of free cash flow as the principal performance measure ensures we apply prudent cash management and rigorous capital discipline to our investment decisions. The use of TSR, along with a performance period of not less than three years, means we focus on the long-term interests of our shareholders. Finally, the inclusion of ESG components supports an even closer alignment with our purpose.

On-target and maximum FY2022 LTI

In April 2020, Vodacom removed the individual multiplier for the allocation of LTI awards and will allocate the on-target percentage to all employees eligible to participate based on their band.

Further to this change, with effect from June 2022 on the LTI allocation, certain changes have been made to reflect developments in local and global best practice.

The most material changes are:

- Dividends will only be paid on the "stretch" portion of awards if and to the extent that performance is in fact above target performance.
- The plan has been updated to reflect the actual company practice to only use shares purchased in the market to settle awards. The issue of new shares and the use of treasury shares is no longer permitted.

The on-target and maximum LTI, as well as the split of awards for the CEO and CFO, are set out below:

	CEO	CFO
On-target % of GP	225	135
Maximum % of GP	433	270
On-target awards are split		
Vodacom scheme retention	–	–
Vodacom scheme performance	77.78%	75%
Vodafone CSP retention	–	–
Vodafone CSP performance	22.22%	25%

The LTI allocation split for the CFO has been changed from 50% Vodacom shares with no performance condition and 25% Vodacom shares with performance conditions to 75% Vodacom shares with performance conditions. She will continue to receive 25% Vodafone performance shares. Furthermore the on-target LTI allocation for the CFO has been increased from 100% to 135% to reflect the increased portion subject to performance conditions, and the change to the treatment of dividends on the stretch portion of LTI awards. These changes are effective with the share allocation for the CFO from June 2022.

LTI performance conditions

Metric	Weighting award FY2021 Vesting FY2024	Weighting award FY2020 Vesting FY2023	Weighting award FY2019 Vesting FY2022
OFCF	60%	60%	70%
TSR relative to a peer group	30%	30%	30%
ESG target	10%	10%	n/a

LTI metric

Vodacom determines the targets for OFCF according to the achievement of the three-year budget plan. TSR achievement is calculated based on the position in the selected TSR peer group.

The vesting of Vodacom performance scheme shares is based on the following scale:

Scheme	OFCF	TSR relative to peer group
Threshold 40%	Three-year plan -20%	At 50th percentile of the index
Target 100%	Three-year plan	Average of the 50th and 75th percentile of the index
Maximum 200%	Three-year plan +20%	75th percentile of the index

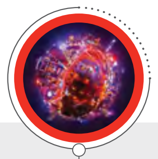
LTI TSR peer group metric

Vodacom utilises the Indi25 index as the most representative list of companies when considering industry competitors, labour market and company size. LTI awards made during FY2022 used the following peer group companies for the LTI TSR vesting condition:

- MTN Group Limited, Aspen Pharmacare Holdings Limited, Truworths International Limited, Richemont SECS, Woolworths Holdings Limited, The Foschini Group Limited, Shoprite Holdings Limited, Life Healthcare Group Holdings, Telkom SA SOC Limited, Mr Price Group Limited, Bidvest Group Limited, Bidcorp Limited, Netcare Limited, Clicks Group Limited, AVI Limited, Mondi Plc, Pick n Pay Limited, Spar Group Limited, MultiChoice Group Limited and Tiger Brands Limited.

ESG measure metric

From June 2020, we enhanced our LTI measurement framework to include an ESG-related component. This component comprises targets across our purpose pillars and accounts for a 10% weighting of LTI. ESG targets that extend over the next three years to FY2025 will be set at or before the next RemCo meeting..



Digital society

reach **72.6 million** financial services customers by 2024.

Inclusion for all

drive **38.5%** female representation at senior management level and above by 2024.

Planet

reduce GHG emissions by **25%** cumulatively across all sites in South Africa by 2024 (against a 2020 baseline).

Remuneration report continued

Malus and clawback

Vodacom has a malus and clawback policy in place, with a provision allowing Vodacom, through its Board, to reduce or claw back certain elements of an executive employee's remuneration in circumstances where a trigger event has occurred.

Clawback means the recoupment during the clawback period of all or a portion of the clawback amount from an executive after vesting or payment. **Malus** refers to reducing unvested or unpaid awards before the end of the vesting period (LTI) or before payment (STI).

The Board adopted this policy to further align the interests of our executives and senior management with the long-term interests of the Group. Furthermore, this policy ensures excessive or inappropriate risk-taking is not rewarded, stipulates that any errors can be corrected and ensures a fair outcome when variable remuneration is awarded.

The policy sets out the circumstances where the Board, following the advice of RemCo, may apply its discretion to reduce or claw back incentive awards (in whole or in part) in line with the policy. Currently, Vodacom's executive directors and SLT will be subject to the provisions of this policy. This limited scope of application will be reviewed from time to time to ensure it is appropriate and in line with market practice for South African listed companies. This policy applies to variable remuneration – STIs and LTIs.

Vodacom Siyanda Employee Trust

Established in 2019, the Vodacom Siyanda Employee Trust holds an equity investment in the Group through its interest in YeboYethu. Select employees were allocated units (Siyanda units) in the trust based on a varying percentage of their GP, depending on their employment bands, race and gender. Each share is equivalent to one unit, with the unit representing vested rights to the underlying YeboYethu ordinary shares. The service condition will lift in three equal tranches at the end of years three, four and five, and will only become fully tradeable in the BEE segment of the JSE in three equal tranches over three years starting from the end of the fifth year (i.e. years six, seven and eight). In March 2022, the first tranche was transferred to employees, with the next two tranches to be transferred in March 2023 and March 2024.

Executive contracts and policies

Executive management are permanent employees and must serve a notice period of six months. The notice periods for the CEO and CFO are 12 months and six months, respectively.

Payments for termination of office

The maximum termination benefit potentially payable is limited to six months. These benefits do not apply to a normal voluntary resignation or retirement.

In terms of the current Vodacom policy, the CEO and CFO would be entitled to the following on termination of office, on a good-leaver basis:

CEO

- Up to a maximum of six months' gratuity if departure is on a good-leaver basis (RemCo discretion); and
- In general, pension, accrued leave and any medical aid benefit will continue to apply until termination date.

CFO

- Up to a maximum of six months' gratuity if departure is on a good-leaver basis (RemCo discretion); and
- In general, pension, accrued leave and any medical aid benefit will continue to apply until termination date.

STI

- STI would be pro-rated for the period of service during the financial year and will reflect the extent to which Vodacom's performance was achieved;
- RemCo has the discretion to reduce the entitlement of the STI plan to reflect the individual's performance and circumstances of termination; and
- No STI is payable in the event of a standard resignation.

LTI

- The LTI will vest in line with scheme rules and, once the achievement of the performance conditions is approved, pro-rated for the proportion of the vesting period that elapsed from date of allocation to the date of cessation of employment;
- RemCo has the discretion to vary the level of vesting as deemed appropriate and, particularly, to determine that awards should not vest for reasons which may include, at their absolute discretion, departure in the case of poor performance, departure without the agreement of the Board or detrimental competitive activity; and
- All unvested shares will be forfeited in the event of a standard resignation.

Minimum shareholding requirement

Members of the ExCo are required to build up minimum levels of personal shareholding in the Group as a tangible demonstration of their commitment to the Group and to align with shareholders' interests. Vodacom introduced the following minimum shareholding requirements:

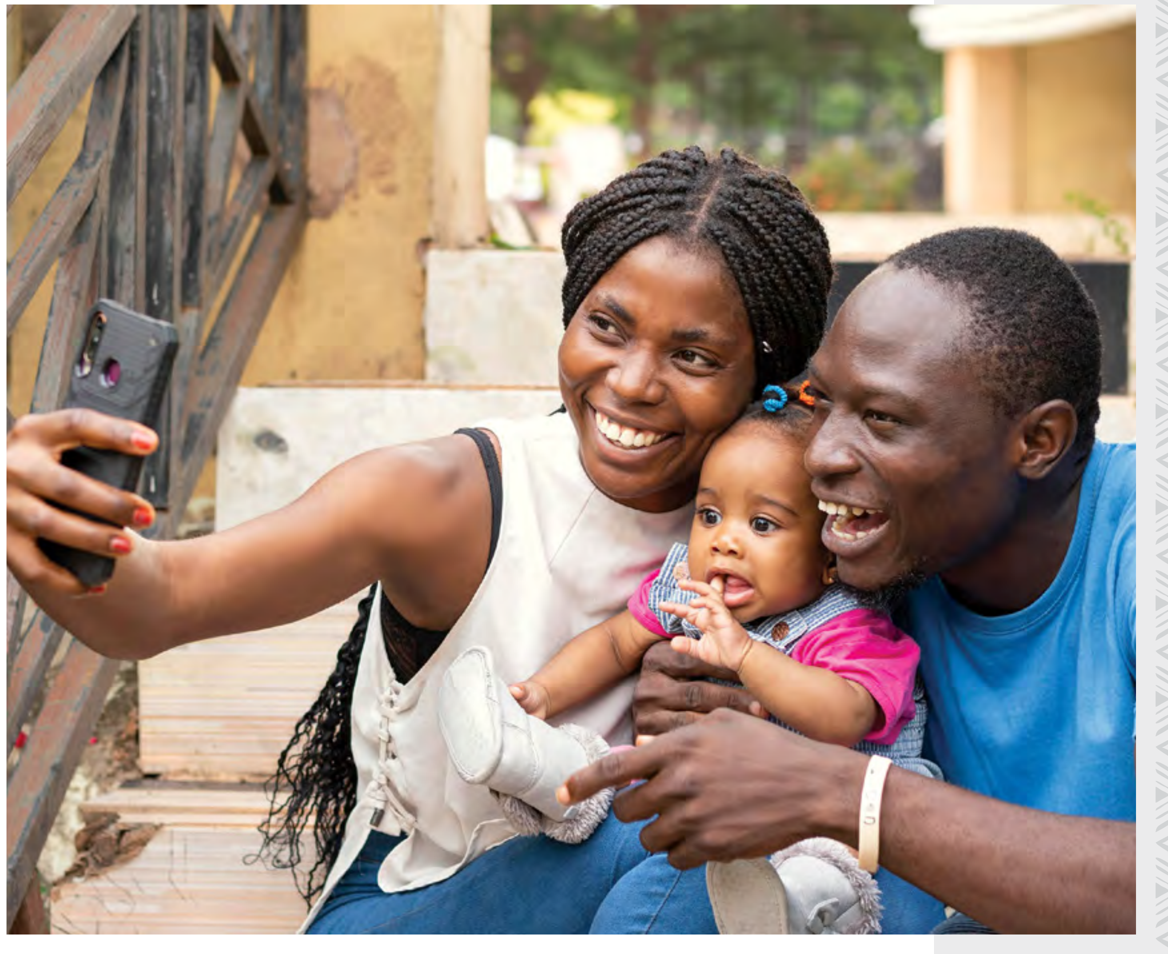
- CEO: 300% or three times his GP, comprising 200% Vodacom shares and 100% Vodafone shares. Should the CEO not meet this requirement at the time of the LTI awards, the levels of the Vodacom and Vodafone awards will be reduced below the target award levels indicated.
- Other members of ExCo: 50% of GP.

NED remuneration

Vodacom believes that NED duties and fiduciary responsibilities extend beyond meeting attendance. For this reason, fees are set as single retainer amounts. NEDs do not receive any short-term cash awards or long-term share awards.

We benchmark our NED fees against those published by a peer group in their most recent notices of AGM. This peer group is different from the TSR peer group, as NED skills come from a pool of more appropriately sized companies, including those in financial services. We excluded banks, as their NED fees are noticeably higher than those of other industries. Our peer group of companies included:

- AngloGold Ashanti Limited, Anglo American Platinum Limited, Aspen Pharmacare Holdings Limited, Bidvest Group Limited, Discovery Limited, Mediclinic International Plc, MTN Group Limited, Naspers Limited, Sanlam Limited, Sasol Limited, Telkom SA SOC Limited, Tiger Brands Limited and Woolworths Holdings Limited.



Implementation report

This implementation report details the outcomes of implementing the approved remuneration policy, including executive directors and NEDs.

Fair and responsible pay

GP

We conduct benchmarking annually given the heightened competition for technology related skills and talent. The detail of salary increases by market are as indicated below:

Country	FY2022 salary increase granted
DRC	3.0%
Lesotho	4.5%
Mozambique	6.5%
South Africa	5.0%
Tanzania	3.0%

Executive director	FY2022 R	FY2021 R	% increase
MS Aziz Joosub	**13 310 325**	12 676 500	5.0%
RK Morathi	**9 675 000**	9 000 000	7.5%

The GP figures above include contributions to pension and provident funds, medical aid and a company car.

Vodacom benchmarks its CEO remuneration through comparisons using:

- An appropriate premium and/or discount to the individual incumbents of direct competitors;
- A portfolio of similarly sized companies, where sizing is based on a combination of market capitalisation, number of employees, total assets and turnover; and
- A grade-based approach to a local executive remuneration survey.

Given the analysis of all three of these benchmarking approaches, and in analysing both guaranteed and total remuneration (total including STI and LTI), RemCo approved 5.0% increase for Shameel Joosub as being appropriate for GP, and a 7.5% increase for Raisibe Morathi. In line with our strategy to attract and retain female talent, the CFO was awarded a slightly higher salary increase to ensure her pay remains competitive in comparison to her peers and market.

FY2022 STI performance

The graphic below shows the extent the Group's targets were met for the year ended 31 March 2022.

Metric	Weight	Threshold 0% – Target 100% – Maximum 200%	Weighted result[1]
Service revenue	**25%**	117.1%	**29.3%**
EBIT	**25%**	120.8%	**30.2%**
OFCF	**25%**	136.1%	**34.0%**
Customer appreciation	**25%**	129.2%	**32.3%**

The overall achievement of target is
125.8%
The comparable Group STI achievement for FY2021 was 139.5%.

Based on a combination of Group and individual performance (as detailed in the remuneration policy), the resultant STI awards for the CEO and CFO were:

Executive director	FY2022 R	FY2021 R	% increase
MS Aziz Joosub	**16 744 389**	17 683 718	-5%
RK Morathi	**9 128 363**	3 895 490	134%

FY2022 LTI performance

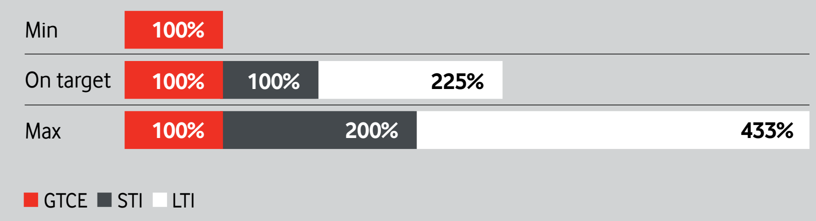
Achievement of the FY2022 LTI represents the final vesting percentage for awards made in June 2019, where the three-year performance period concluded on 31 March 2022. These shares will vest in June 2022 and will be disclosed in the table of single total figure of remuneration using the closest practicable share price of R147 for Vodacom shares as at 31 May 2022.

Metric	Weight	Threshold 40% – Target 100% – Maximum 200%	Weighted result of maximum[1]
OFCF	**70%**	93.0%	**65.0%**
TSR	**30%**	200%	**60.0%**

The overall achievement of target is
125.0%
The comparable Group LTI achievement for FY2021 was 118.7%.

1. The awards made represent a maximum achievement award of 200%. The above achievement percentages represent the amount of this award which will vest.

Shameel Joosub (CEO)



- The maximum STI for Shameel is twice the target. This is the maximum business performance multiplier as no personal multiplier is applicable.
- Similarly to the STI, Shameel does not have an individual performance multiplier on LTI. Therefore, the maximum represents the potential maximum of shares that could vest, whereas on-target represents the number of shares that are anticipated to vest.
- Dividends are received in cash on all outstanding unvested scheme awards at each dividend declaration date. Since the dividend varies from period to period, it has not been included in the pay mix indicated above.

Tables of single total figure of remuneration

The following tables were prepared in line with King IV and relevant practice notes, and include an LTI amount. The LTI shares vesting in June 2022 are valued as at 31 May 2022, the closest practicable date at a share price of R147.00 for Vodacom shares and GBP1.30 for Vodafone shares based on an exchange rate of R19.64 as at 31 May 2022.

MS Aziz Joosub	FY2022	FY2021	% increase	Currency
GP	**13 151 869**	12 569 250	4.6	ZAR
Other[1]	**4 800**	4 800	–	ZAR
STI[2]	**16 744 389**	17 683 718	(5.3)	ZAR
LTI[3]	**29 474 569**	16 987 905	73.5	ZAR
Vodacom shares	**25 215 094**	14 593 052	72.8	ZAR
Vodafone shares	**4 259 475**	2 394 853	77.9	ZAR
Dividends[4]	**8 136 250**	7 762 669	4.8	ZAR
Total (pre-tax)	**67 511 877**	55 008 342	22.7	ZAR
Total (post-tax)[5]	**37 131 532**	30 254 588	22.7	ZAR

1. This includes the Vodacom cellphone benefit.
2. These amounts relate to the STI payable in June 2022, derived from performance for the year ended 31 March 2022.
3. LTI awards made in June 2019 vesting in June 2022.
4. Dividends are the total of cash receipts during the financial year based on unvested share awards, as well as dividends received on Siyanda units.
5. Post-tax values are indicative using a 45% taxation rate applied to the gross amount.

Outstanding share awards (value of shares)

In the tables below, the value at award represents the face value of shares at the time of award. The value at year end, after adjusting for share price movements and the targeted vesting level, thus represents the current estimate of value likely to accrue to participants.

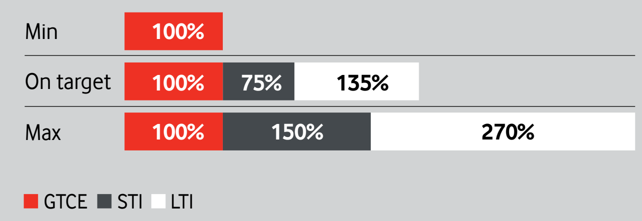
The column indicated by "settled in the year" represents the cash value of all awards that were settled per King IV's disclosure requirements. Similarly, the column indicated by "forfeited in the year" represents the cash value forfeited by participants in the year.

Financial year awarded	Date Awarded	Value at award Date	Estimated effect of share price[1]	Estimated effect of performance targets[2]	Forfeited in the year[3]	Settled in the year[3]	Value at year end[4]	Currency
Conditional benefit – restricted shares								
2014	May 2013	23 669 391	6 996 279	–	–	–	30 665 670	ZAR
Vodacom shares – with company performance vesting conditions								
2019	Jun 2018	29 680 063	(3 294 470)	–	(10 725 659)	(15 659 934)	–	ZAR
2020	Jun 2019	32 200 093	8 144 057	(20 172 075)	–	–	20 172 075	ZAR
2021	Jun 2020	42 866 299	5 702 207	(24 284 253)	–	–	24 284 253	ZAR
2022	Jun 2021	44 367 781	5 479 772	(24 923 777)	–	–	24 923 776	ZAR
Vodafone conditional shares								
2019	Jun 2018	293 288	(100 644)	–	(84 812)	(107 832)	–	GBP
2020	Jun 2019	316 238	16 140	–	–	–	332 378	GBP
2021	Nov 2020	305 589	8 617	–	–	–	314 206	GBP
2022	Aug 2021	317 080	37 409	–			354 489	GBP
Siyanda units								
2019	Mar 2019	700 690	734 870	–	–	–	1 435 560	ZAR
2020	Jun 2019	22 481	22 375	–	–	–	44 856	ZAR
2020	Nov 2019	7 120	7 832	–	–	–	14 952	ZAR
2022	Mar 2022	6 536	(152)	–	–	–	6 384	ZAR

1. The estimated effect of share price is based on the share price movement between the date of award and the closing price on 31 May 2022.
2. The estimated effect of performance targets is based on the targeted 50% vesting being applied.
3. Shares settled and forfeited in the year at a share price of R135.49 for both scheme and matching awards.
4. Value has been calculated using the closest practicable share price, as at 31 May 2022, being R147.00 for the Vodacom share price, GBP 1.30 for the Vodafone share price at an exchange rate of R19.64 and R42.00 for the Siyanda units.

Remuneration report continued

Raisibe Morathi (CFO)



- The maximum STI for Raisibe is twice the target. This is the maximum business performance multiplier as no personal multiplier is applicable.
- Similarly to the STI, Raisibe does not have an individual performance multiplier on LTI. Therefore, the maximum represents the potential maximum of shares that could vest, whereas on-target represents the number of shares that are anticipated to vest.
- Dividends are received in cash on all outstanding unvested scheme awards at each dividend declaration date. Since the dividend varies from period to period, it was not included in the pay mix above.

Tables of single total figure of remuneration

The following tables were prepared in line with King IV and relevant practice notes, and include an LTI amount. The LTI shares vesting in June 2022 are valued as at 31 May 2022, the closest practicable date at a share price of R147.00 for Vodacom shares and GBP1.30 for Vodafone shares based on an exchange rate of R19.46 as at 31 May 2022.

RK Morathi	FY2022	FY2021[6]	% increase	Currency
GP	**9 506 250**	3 750 000	153.5	ZAR
Other[1]	**1 606 720**	6 001 600	(73.2)	ZAR
STI[2]	**9 128 363**	3 895 503	134.3	ZAR
LTI[3]	**7 030 716**	–	–	ZAR
Vodacom shares	**7 030 716**	–	–	ZAR
Vodafone shares	**–**	–	–	ZAR
Dividends[4]	**1 194 671**	360 022	231.8	ZAR
Total (pre-tax)	**28 466 720**	14 007 125	103.2	ZAR
Total (post-tax)[5]	**15 656 696**	7 703 919	103.2	ZAR

1. This includes the Vodacom cellphone benefit and a cash payment for bonus loss from previous employer.
2. These amounts relate to the STI payable in June 2022, derived from performance for the year ended 31 March 2022.
3. Sign-on share awards – expected to vest in November 2022.
4. Dividends are the total of cash receipts during the financial year based on unvested share awards, as well as dividends received on Siyanda units.
5. Post-tax values are indicative using a 45% taxation rate applied to the gross amount.
6. The figures for FY2021 reflects for 5 months remuneration vs FY2022 which is for 12 months.

Outstanding share awards (value of shares)

In the tables below, the value at award represents the face value of shares at the time of award. The value at year end, after adjusting for share price movements and the targeted vesting level, thus represents the current estimate of value likely to accrue to participants.

The column indicated by "settled in the year" represents the cash value of all awards that were settled per King IV's disclosure requirements. Similarly, the column indicated by "forfeited in the year" represents the cash value forfeited by participants in the year.

Financial year awarded	Date awarded	Value at award date	Estimated effect of share price[1]	Estimated effect of performance targets[2]	Forfeited in the year	Settled in the year	Value at year end[3]	Currency
Vodacom shares – with company performance vesting conditions								
2022	Jun 2021	4 499 987	555 784	(2 527 886)	–	–	2 527 885	ZAR
Vodacom shares – without company performance vesting conditions								
2021	Nov 2020	5 999 960	1 030 756	–	–	–	7 030 716	ZAR
2021	Nov 2020	5 999 960	1 030 756	–	–	–	7 030 716	ZAR
2022	Jun 2021	4 499 987	555 784	–	–	–	5 055 771	ZAR
2022	Nov 2021	1 600 097	104 074	–	–	–	1 704 171	ZAR
Vodafone shares								
2022	Jun 2021	113 756	4 794	–	–	–	118 550	GBP
Siyanda units								
2021	Nov 2020	1 123 268	339 593	–	–	–	1 462 861	ZAR
2022	Mar 2022	6 536	(152)	–	–	–	6 384	ZAR

1. The estimated effect of share price is based on the share price movement between the date of award and the closing price on 31 May 2022.
2. The estimated effect of performance targets is based on the targeted 50% vesting being applied.
3. Value has been calculated using the closest practicable share price as at 31 May 2022, R147.00 for the Vodacom share price, GBP 1.30 for the Vodafone share price at an exchange rate of R19.64 and R42.00 for the Siyanda units

Funding of share plans and dilution details of the shares used for the scheme are included in the Group's consolidated AFS and directors' report, available on www.vodacom.com.

Termination of office payments

No termination of employment payment for executive directors was made in FY2022.

Shareholding

Details of the beneficial interests of directors in Vodacom's ordinary shares (excluding interests in the LTI) are set out in the directors' report in the consolidated AFS, available online on www.vodacom.com.

Policy compliance

The disclosure presented in this report is based on awards to qualifying employees. All remuneration decisions were made in total compliance with the remuneration policy as previously approved by shareholders. There were no known deviations from the policy in FY2022.

NED payments

NED fees are benchmarked against a peer group of similarly sized companies as outlined on **page 107.**

Based on Board and committee membership during the year, the following payments were made to NEDs for the financial year ended 31 March 2022:

FY2022 fees

Name	Director fee R	ARCC Chairman R	ARCC member R	RemCo Chairman R	RemCo member R	NomCo member R	SEC Chairman R	SEC member R	Other committees[3] R	Total R
SJ Macozoma[2]	3 336 116	–	–	–	–	–	–	–	–	3 336 116
DH Brown[2]	716 535	405 555	–	–	160 255	–	–	–	303 387	1 585 732
F Bianco[1]	524 933	–	–	–	199 026	166 901	–	–	–	890 860
P Klotz[1]	524 933	–	–	–	–	–	–	–	104 128	629 061
P Mahanyele-Dabengwa[2]	524 933	–	–	293 800	–	135 251	–	–	69 234	1 023 218
NC Nqweni[2]	524 933	–	221 071	–	–	–	–	137 361	89 234	972 599
A O'Leary[1]	524 933	–	–	–	–	–	–	–	–	524 933
JWL Otty[1]	524 933	–	–	–	–	–	–	–	104 128	629 061
KL Shuenyane[2]	524 933	–	219 288	–	–	–	240 383	–	173 362	1 157 966
S Sood[1]	524 933	–	–	–	–	–	–	–	–	524 933
CB Thomson[2]	524 933	–	219 288	–	–	–	–	–	69 234	813 455
LS Wood[1]	524 933	–	–	–	160 255	135 251	–	170 594	–	991 033
	9 301 981	405 555	659 647	293 800	519 536	437 403	240 383	307 955	912 707	13 078 967

Notes:
1. Fees paid to Vodafone and not the individual director.
2. Fees excluding VAT paid.
3. Ad hoc committee fees made in accordance with the fees approved by shareholders at the AGM on 19 July 2021. FY2022 ad hoc committee fees relate to the investment committee which deliberated various transactions undertaken by Vodacom. Fees also relate to the independent committee of the board constituted to deliberate the acquisition of the 55% stake in Vodafone Egypt.

FY2021 fees

Name	Director fee R	ARCC Chairman R	ARCC member R	RemCo Chairman R	RemCo member R	NomCo member R	SEC Chairman R	SEC member R	Other committees R	Total R
SJ Macozoma[3,5]	2 433 612	–	62 440	–	–	38 797	112 622	–	–	2 647 471
PJ Moleketi[3,4]	906 582	–	–	–	–	–	–	–	–	906 582
DH Brown[3]	635 710	380 533	–	–	152 623	–	–	–	284 324	1 453 190
V Badrinath[1,2,10]	381 000	–	–	–	113 852	94 950	–	98 116	96 005	783 923
F Bianco[1]	508 000	–	–	–	–	–	–	–	–	508 000
P Klotz[1,6]	508 000	–	–	–	–	–	–	–	99 171	607 171
P Mahanyele-Dabengwa[3]	508 000	–	–	267 092	–	87 803	–	–	–	862 895
NC Nqweni[3,8]	508 000	–	148 103	–	–	–	–	92 024	–	748 127
A O'Leary[1,2,11]	127 000	–	–	–	–	–	–	–	–	127 000
JWL Otty[1]	508 000	–	–	–	–	–	–	–	162 471	670 471
KL Shuenyane[2,3,9]	351 133	–	148 103	–	–	–	116 314	25 558	99 171	740 279
S Sood[1]	508 000	–	–	–	–	–	–	–	–	508 000
CB Thomson[3,7]	508 000	–	210 544	–	–	–	–	–	–	718 544
LS Wood[1]	508 000	–	–	–	152 623	126 600	–	–	–	787 223
	8 899 037	380 533	569 190	267 092	419 098	348 150	228 936	215 698	741 142	12 068 876

Notes:
1. Fees paid to Vodafone and not the individual director.
2. Fees for a portion of the year.
3. Fees excluding VAT paid.
4. PJ Moleketi resigned as director and Chairman of the Board on 21 July 2020.
5. SJ Macozoma appointed as Chairman of the Board on 22 July 2020.
6. P Klotz appointed on 1 April 2020.
7. CB Thomson appointed on 1 April 2020.
8. NC Nqweni appointed as an alternate director to P Mahanyele-Dabengwa on 1 April 2020.
9. KL Shuenyane appointed on 21 July 2020.
10. V Badrinath resigned on 31 December 2020.
11. A O'Leary appointed on 1 January 2021.

Disclaimer

Non-IFRS information

This report contains certain non-IFRS financial measures which have not been reviewed or reported on by the Group's auditors. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses, because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to the comparable IFRS measures.

Normalised growth

All amounts in this integrated report marked with a * represent normalised growth, which presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as base) and excludes the impact of merger, acquisition and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results. We believe that normalised growth, which is not intended to be a substitute for or superior to reported growth, provides useful and necessary information to investors and other interested parties for the following reasons:

- It provides additional information on underlying growth of the business without the effect of certain factors unrelated to the operating performance of the business;
- It is used for internal performance analysis; and
- It facilitates comparability of underlying growth with other companies, although the term normalised is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies.

Trademarks

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Forward-looking statements

This Integrated report, which sets out the annual results for Vodacom Group Limited for the year ended 31 March 2022, contains "forward-looking statements" which have not been reviewed or reported on by the Group's auditors, in respect of the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include, but are not limited to, statements in respect of: expectations regarding the Group's financial condition or results of operations, including the confirmation of the Group's targets and expectations for the Group's future performance generally; expectations regarding the operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; expectations regarding adjusted EBITDA, capital additions, free cash flow and foreign exchange rate movements; and expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets" (including in their negative form). By their nature, forward-looking statements are inherently predictive and speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service rollouts, mobile data, enterprise and broadband; changes in foreign exchange rates, as well as changes in interest rates; the Group's ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; the impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the Group's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues; and changes resulting directly or indirectly from the COVID-19 pandemic.

All subsequent written or oral forward-looking statements attributable to Vodacom, to any member of the Group or to any persons acting on their behalf, are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this document will be realised. Subject to compliance with applicable laws and regulations, Vodacom does not intend to update these forward-looking statements and does not undertake any obligation to do so.

Glossary

*	All amounts in this Integrated report marked with a * represent normalised growth, which presents performance on a comparable basis. This adjusts for trading foreign exchange, foreign currency fluctuation on a constant currency basis (using the current year as base) and excludes the impact of merger, acquisition and disposal activities, at a constant currency basis where applicable, to show a like-for-like comparison of results.
#	Information pertaining to South Africa only.
2G	2G networks are operated using global system for mobile (GSM) technology which offers services such as voice, text messaging and basic data. In addition, the entire Group's controlled networks support general packet radio services (GPRS), often referred to as 2.5G. GPRS allows mobile devices to access internet protocol (IP) based data services such as the internet and email.
3G	A cellular technology based on wideband code division multiple access (CDMA) delivering voice and data services.
4G	4G technology offers even faster data transfer speeds than 3G/HSPA.
5G	Fifth-generation wireless is the latest iteration of cellular technology, engineered to greatly increase the speed and responsiveness of wireless networks.

BEE
Black economic empowerment is a programme launched by the South African government to redress inequalities by giving previously disadvantaged groups opportunities previously not available to them. It includes measures such as employment equity, skills development, ownership, management, socioeconomic development and preferential procurement.

Churn
Churn is calculated by dividing the annualised number of disconnections during the period by the average number of monthly customers during the period.

Consumer
A customer in their individual capacity accessing mobile and/or fixed products and services.

EBITDA
Earnings before interest; taxation; depreciation and amortisation; impairment losses; profit/loss on disposal of investments, property, plant and equipment and intangible assets; and profit/loss from associate and joint ventures, restructuring costs and BEE income/charges.

Enterprise
A customer that is a business or company accessing mobile and/or fixed products and services.

FTTx
The number of fixed-line connections in South Africa, which includes fibre to the home and fibre to the business.

International
International comprises the segment information relating to the non-South Africa-based cellular networks in Tanzania, the Democratic Republic of Congo, Mozambique and Lesotho, as well as the operations of Vodacom International Limited and Vodacom Business Africa.

n/a
Not applicable.

n/m
Not measured.

Smart devices
Smart devices include smartphones, tablets and modems.

South Africa
Vodacom South Africa is commonly referred to as South Africa in the integrated report. It relates to Vodacom (Pty) Limited, a private limited liability company duly incorporated in accordance with the laws of South Africa and its subsidiaries, joint ventures and SPVs.

TSR
Total shareholder returns consist of the aggregate share price appreciation and dividend yield.

Corporate information

Vodacom Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 1993/005461/06)
(ISIN: ZAE000132577 Share code: VOD)
(ISIN: US92858D2009 ADR code: VDMCY)
(Vodacom)

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