Vodacom Tanzania Public Limited Company

Annual Integrated Report

for the year ended 31 March 2023

Together we can

Contents

1. Overview

01 Who we are
02 Vodacom Tanzania at a Glance
04 Chairman's review
06 The value we impacted

2. Our business

08 Managing Director's review
12 Our products and services
13 Our investment case
14 Our business model

3. Our business environment

16 How we sustain value
18 Our operating context
22 Our key relationships
24 Our material risks and opportunities

4. Our strategy

28 Our strategic priorities
28 Vigorously defend mobile
30 Expand and escalate M-Pesa growth
31 Relentlessly pursue Fixed
32 Innovate and lead Enterprise
32 Extract Wholesale value
33 Leveraging our brand position
35 Our strategic enablers
35 Digital care and experience
37 Technology leadership in network and IT
38 Retain and develop a high performing team

5. Our purpose

41 Digital society
43 Inclusion for all
44 Planet
46 Corporate Social Responsibility Report (CSR)

6. Our financial performance

7. Governance

54 Our leadership team
56 Corporate governance report
58 Corporate governance activities
60 Remuneration Report 2023

8. Consolidated annual financial statements

63 Report of the directors
81 Statement of directors' responsibilities
82 Declaration by the head of finance
83 Report of the independent auditor
86 Consolidated and separate financial statements

9. Notice of annual general meeting

10. Additional information

155 Share information
156 Corporate information
157 Definition of terms
159 Disclaimer

Where to find more information:

PG Find relevant information in **this report.**

www Read more on our website at **www.vodacom.co.tz**

Vodacom Tanzania's Annual Report 2023

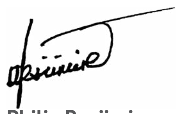
This is Vodacom Tanzania's seventh annual report, and the sixth following our listing on the Dar es Salaam Stock Exchange on 15 August 2017.

Written primarily for current and prospective investors, this report provides an overview of our business, business model and operating environment, and reviews our strategy, operational and governance performance for the financial year 1 April 2022 to 31 March 2023. Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the Value Reporting Foundation's Integrated Reporting Framework, the Dar es Salaam Stock Exchange (DSE) Public Limited Company Rules 2022, and the Companies Act, 2002. Ernst & Young ('EY') assured our annual financial statements and has provided an unmodified opinion (pages 83 to 85).

The Board has applied its collective mind to the preparation and presentation of the information in this report. The Board believes that this report addresses all material issues and presents a balanced and fair account of the Group's performance for the reporting period, as well as an accurate reflection of our core strategic commitments. The directors have applied their judgement regarding the disclosure of Vodacom Tanzania's strategic plans, and they have ensured that these disclosures do not place the company at a competitive disadvantage. The Board approved this annual report on 13 July 2023.

Signed on the Board's behalf:

Justice (Rtd) Thomas B Mihayo
Chairman
13 July 2023



Philip Besiimire
Managing Director
13 July 2023

Delivering social value through our core purpose

Vodacom Tanzania's purpose is 'connecting for a better future'. The United Nations Sustainable Development Goals (SDGs) provide a globally agreed articulation of what that 'better future' looks like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Vodacom Tanzania is committed to harnessing its technology and resources, as a leading African telco, in the attainment of these goals, supporting governments, communities, businesses and individuals to build a better future. Through our business of providing increased access to reliable and accessible data, messaging, voice and mobile money services, we are making a valuable contribution to meeting national and global developmental objectives.

Vodacom Tanzania has identified and prioritized the following eight SDGs where we believe we can make the most meaningful impact:

Who we are

Vodacom Tanzania is Tanzania's leading communications company providing a wide range of services for consumers and enterprise including voice, data, messaging, financial services, and Enterprise solutions to over

16.7 million customers

Vodacom Tanzania listed on the Dar es Salaam Stock Exchange on 15 August 2017. Vodacom Tanzania and its subsidiaries (together 'the Group') are majority owned by Vodacom Group Limited, a company registered in South Africa, which in turn is majority owned by Vodafone Group PLC., a company based in the United Kingdom.

Our purpose

Why we exist

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

Our vision

Where and who we want to be

To be a **leading digital company** that empowers a connected society

Connecting for a **better future**

To be the **employer of choice** (The best place to work)

Our way

How we operate

1. Earn customer loyalty
2. Create the future
3. Experiment – learn fast
4. Get it done together

Our strategic priorities

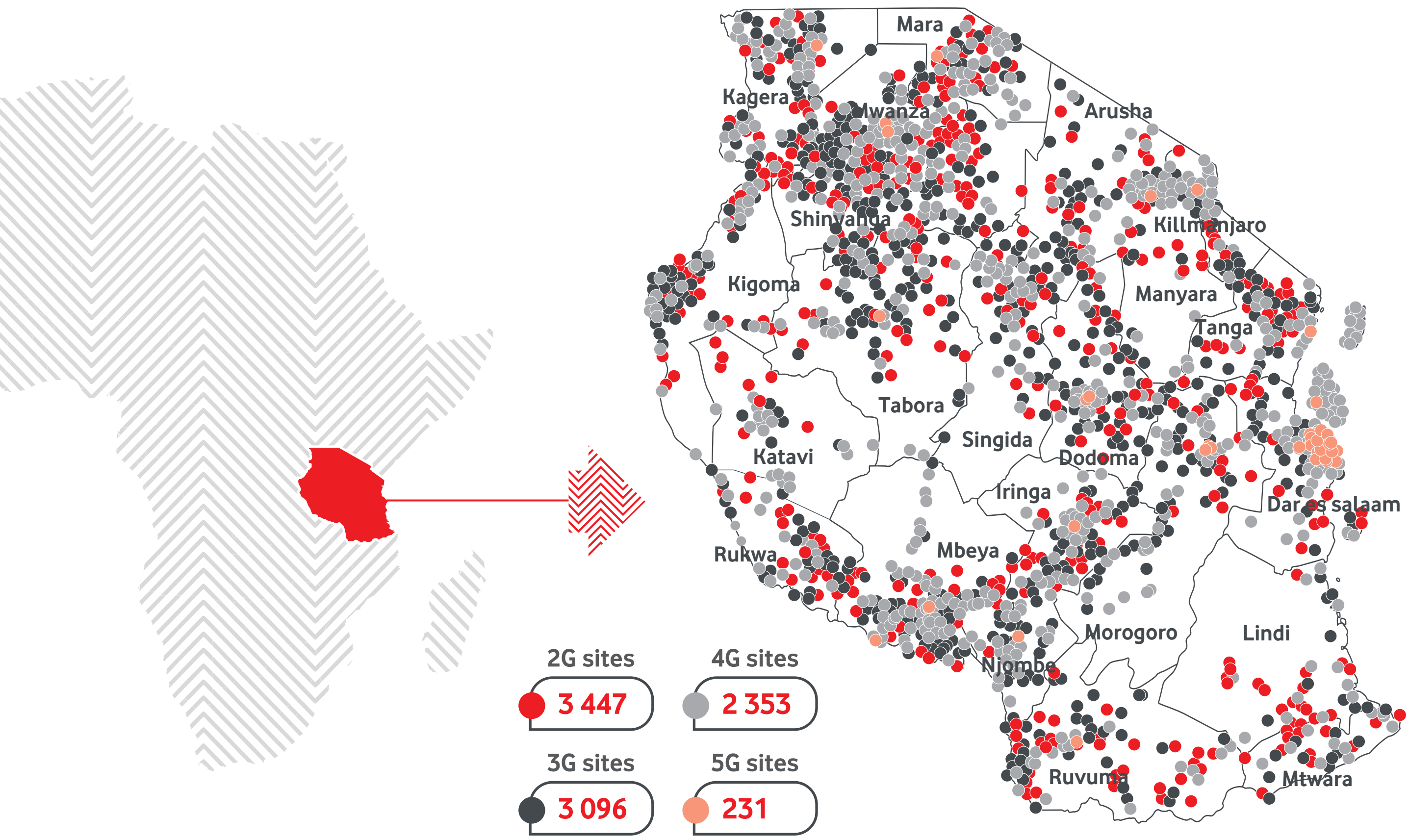
Driving growth through new businesses while protecting the core

Vigorously defend **mobile**	**Expand and escalate M-Pesa growth**	Relentlessly pursue **Fixed**	Innovate and lead **Enterprise**	**Extract Wholesale value**	Leveraging on our brand position

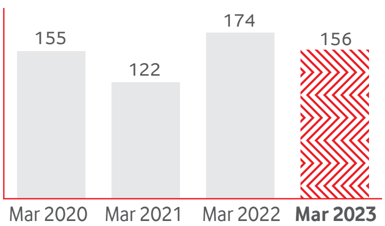
Digital **Care** and **Experience**	Technology leadership in **network** and **IT**	Retain and develop a **high performing team**

Improve the **return on capital employed**

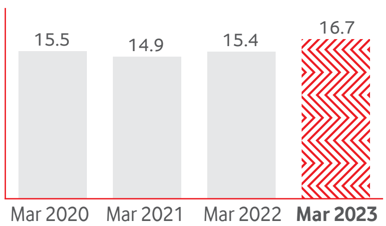
Vodacom Tanzania at a glance



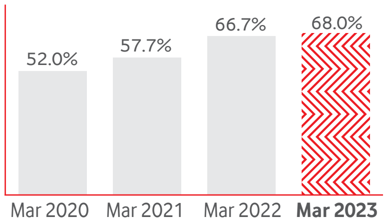
4 years CAPEX
(TZS billion)



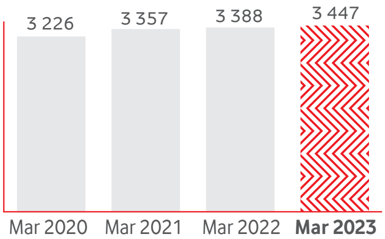
90 days customers
(million)



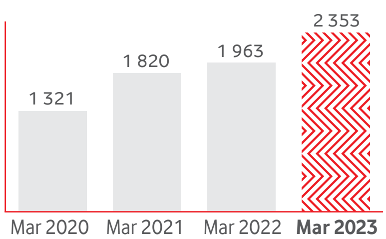
Broadband coverage



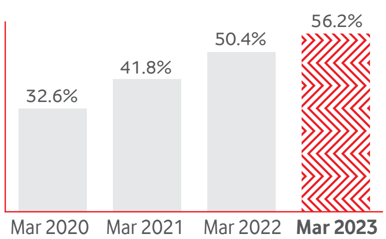
Total number of sites



Total number of 4G sites



4G population coverage




5G

Chairman's review

It has been highly encouraging to see the Company back on a positive trajectory this year, after a challenging period that largely resulted in subdued financial performances in recent times. With the Company generating TZS44.6 billion in profit after tax, the Board is pleased to recommend that shareholders approve a final dividend equivalent to 50% of our profit after tax – in accordance with our stated dividend policy.

I am particularly pleased with the manner in which the Company executed its strategy and strengthened its resilience, ultimately contributing to a strong set of results for the year. As indicated in my previous annual review, this year was expected to be a challenging year, mainly due to uncertainties associated with the war in Ukraine, which has resulted in significant increases in energy costs. Additionally, a recurrence of COVID-19 restrictions specifically in China, led to the re-emergence of supply chain disruptions causing delays and price escalations in some of our critical imports.

Our excellent financial and operational results are testament to the quality of the Company's purpose-led strategy and its ability to execute on a deliberate plan aimed at connecting people to a better future. Despite global social-economic turbulences and a highly competitive market environment, the Company performed well financially and maintained its leading position in terms of market share and customer net promoter score. Performance has also been aided by a more predictable regulatory environment, with significantly improved levels of engagement with Government and closer alignment on goals, as together we strive to harness the sector's potential to promote digital and financial inclusion.

Underpinning the Company's performance has been its visible commitment to delivering on its purpose and improving the lives of millions of Tanzanians by providing high quality communications and mobile financial services, with enhanced access to more inclusive digital services. By investing in network infrastructure, increasing access to affordable smart-devices, and developing innovative and affordable products and services in fin-tech, education, health and agriculture, the Company is not only ensuring its long-term resilience and growth, but also making a hugely important contribution to the Tanzanian economy.

Looking back at the past year, it is very pleasing to see the positive impact that the company's significant investment into network infrastructure, and efforts made in driving adoption of data and new services, particularly in M-Pesa – lending, insurance and merchant payments. In addition to launching new services on our M-Pesa platform – a key driver of financial inclusion – we have seen significant progress in digitising the agriculture, health and education sectors. This follows broadband coverage expansion, 5G roll out and successfully completion of deployment of a new future-proof IoT platform, further supported by spectrum acquired in October 2022. In a particularly encouraging development this year, we have seen a significant increase in the number of small-scale farmers registered on our M-Kulima platform, which is digitising the agriculture value chain, offering an innovative digital solution to stakeholders including the government. Availability of these advanced technologies provides an important foundation for provision of transformative services, critical for supporting Tanzania's economic and social transformation.

Our ability to make these investments in infrastructure and service offerings has been enhanced by an encouraging improvement in the quality of dialogue with government on material issues affecting the ICT sector. This is evidenced, for instance by the fruitful engagements at a ministerial level regarding the impact of last year's mobile money levies on financial inclusion in Tanzania. Following these discussions, we saw a series of reductions in the levies, with the maximum levy-band at the end of March 2023, 80% lower than maximum levy charged when levy was introduced in July 2021. This has been to the benefit of all, particularly consumers, and emphasises the importance of constructive dialogue between business and government in finding solutions to fully realise the benefits of information technology in achieving the country's developmental objectives.

From a governance perspective, there have been two new appointments this year to the Board. Following the resignation of Sitholizwe (Sitho) Mdlalose as Managing Director in July 2022 who went to lead our larger sister operating company Vodacom South Africa, we were pleased to appoint Philip Besiimire as the Company's new Managing Director, effective 15 October 2022. Philip has an exceptional track record of growing businesses and delivering strategic transformation, with more than 15 years' experience of leadership and commercial execution in the sector, working with one of the largest telco companies in Africa. We are already seeing the benefits of Philip's leadership, energy and experience, which I am confident will help us further strengthen the Company's leadership position in the sector. We were also delighted to welcome Ms Kanini Mutooni as an independent non-executive director, and member of the Audit, Risk and Compliance Committee, effective September 2022. Ms Mutooni brings significant leadership experience at both an executive and board level, as well as deep experience in investment banking and impact investment.

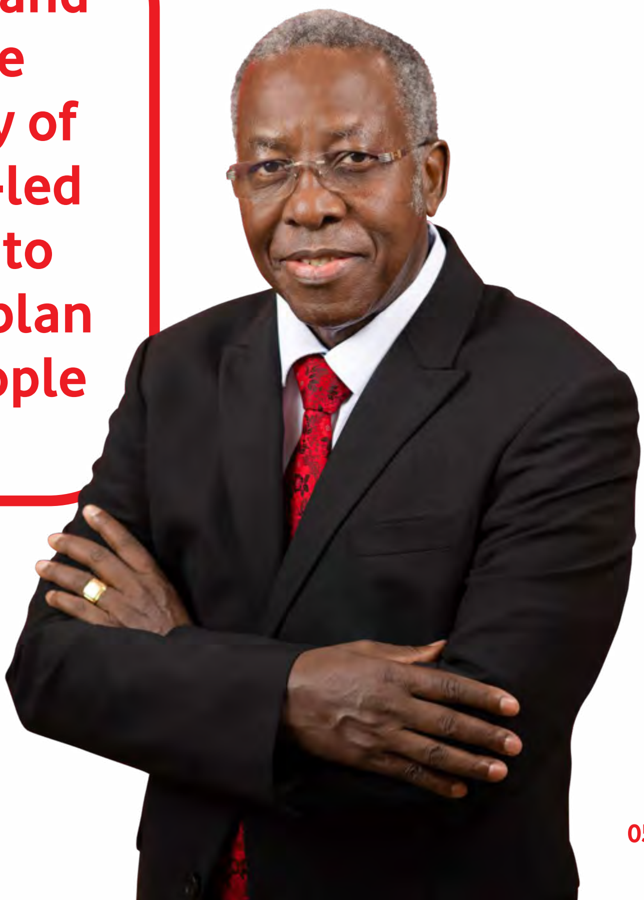
Having conducted a Board performance evaluation last year, we are pleased that the results indicate that we have a Board that brings a diversity in skills, experience, insight and gender perspective to ensure that we provide effective independent oversight of the Company performance and strategic direction to hold the executive team to account on its fiduciary, ethical and social responsibilities.

Looking to the immediate future, I am cautiously optimistic about the economic outlook based on the encouraging signs of economic recovery, which follow the lifting of global pandemic-related restrictions. This recovery comes amidst a shortfall of rain in the country, which has negatively impacted electricity production and agriculture, in addition to the global economic pressures from the war in Ukraine. Not only these, but also the global inflation outlook remains another area of potential macro-pressure. Nonetheless, I am confident that the Company has the right strategy, leadership team, and culture in place to navigate these uncertainties while remaining focused on growth.

I wish to thank my colleagues on the Board for their continued insight and advice. I am very happy that the Board has jointly and severally become more inquisitive, interactive and a tool driver of the company through the executive team. And on their behalf, I would like to express our appreciation to the executive team and all the employees for their work and dedication in delivering very pleasing performance. Finally, I would encourage all of you, our stakeholders, to review this annual report, reflect on performance and strategy, and give us feedback. Holding us to account is valuable in helping us deliver on our purpose.

Justice (rtd) Thomas B Mihayo
Chairman
13 July 2023

"Our excellent financial and operational results are testament to the quality of the Company's purpose-led strategy and its ability to execute on a deliberate plan aimed at connecting people to a better future".



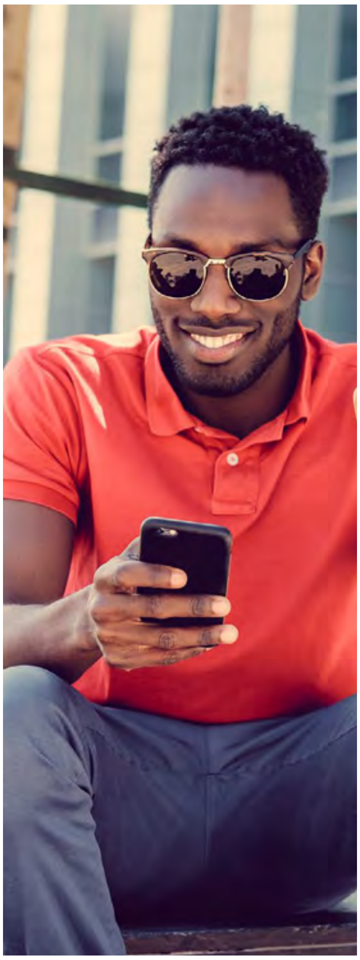
The value we impacted

Our performance

Customers	Smartphone users	M-Pesa customers
16.7 million	**5.3 million**	**8.2 million**
up 8.9%	up 27.9%	up 20.0%

Service revenue	Mobile data revenue
TZS1 053.8 billion	**TZS273.7 billion**
up 10.2% (underlying: 13.2%[1])	up 34.2%
M-Pesa revenue	**EBITDA**
TZS357.1 billion	**TZS329.4 billion**
up 8.4% (underlying: 16.6%[1])	up 9.7% (underlying: 15.1%[1])
Profit after tax	**CAPEX**
TZS44.6 billion	**TZS156.0 billion**
(underlying: TZS5.6 billion[1])	14.5% of revenue

1. Underlying performance includes an add back of TZS29.3 billion in service revenue, TZS16.3 billion in EBITDA and TZS11.9 billion in profit after tax being impact of the levies in the first quarter of the year. Additionally, the underlying performance excludes TZS50.9 billion tax expense saving from deferred tax asset recognition.



For our customers

Provision of critical connectivity services

Financial inclusion enhancement through M-Pesa

Launched Inclusive care initiatives to serve customers requiring special care

Rated first in customer Net Promoter Score (NPS)

Expanded our network coverage[2]

4G coverage	3G coverage	2G coverage
56.2%	**85.0%**	**93.1%**
of population	of population	of population
up 5.8pp	up 23.9pp	up 0.2pp

Extended our network: rolling our 231 5G sites, adding 390 4G sites, 228 3G sites, 59 2G sites, 283 kilometres of fibre and enhancement of IT infrastructure.

Launched country's first 5G network: to enable advanced digital services and enhanced customer experience.

2. Based on Vodacom Tanzania internal estimates.

For our shareholders

TZS22.3 billion
paid in dividends to equity shareholders

A total of
TZS571.5 billion
in dividends since listing in 2017

For our employees

TZS65.2 billion
spent on employees, including salaries, training and skills development

Provided self-development online training to over
500
employees

44%
female representation in management

In our community

TZS530 billion
cash contributions to public finances in taxes, levies, spectrum, and regulatory fees

302 sites
built over ten years in support of Government's rural coverage programme

TZS537.1 billion
spent on over 400 local suppliers and partner companies in Tanzania

More than
TZS1.7 billion
spent on social investment[1]

Indirect employment provided to over
150 000[2]
Tanzanians

Support to agricultural sector – over
3.1 million
farmers registered on M-Kulima platform

Our life-saving M-mama program is live and operational in
8 regions
including Zanzibar

1. Include CSI funded directly by Vodacom Tanzania and injections from our related parent company through Vodafone Foundation, a UK registered charity, number 1193984.
2. Includes freelancers and M-Pesa agents.

Managing Director's review

Since joining the Company in October last year, I have been impressed by the quality of the management team and staff, and the strong execution of the strategy. Personally, it has been an incredible privilege to be afforded the opportunity to lead Vodacom Tanzania, one of the country's largest companies and one that is instrumental in a sector that plays a significant role in ensuring the smooth functioning of the Tanzanian economy and the wellbeing of its citizens.

During the year under review, our purpose-led strategy faced ongoing macro challenges associated with the war in Ukraine. Despite these obstacles, we accelerated our 'Tech for Good' initiatives to provide solutions to key societal challenges and meaningfully contributed to reducing the digital divide in Tanzania. Pleasingly, we also reported a significant year-on-year improvement in our financial performance.

One of our key purpose driven interventions in the year was to improve access to our services for people with special needs, consistent with our 'inclusion for all' objective. Through inclusive care initiatives, we made structural changes to improve access for physically challenged people across 80 of our retail shops and service desks. We also introduced dedicated counters for special needs customers in our retail shops. In addition, we trained over 30 retail support personnel on basic sign language knowledge, who are placed in key customer service channels including WhatsApp video. In the last third of the financial year, these initiatives benefitted 1 300 customers, showcasing our quest of putting our customers at the centre of everything we do.

Our M-Kulima and M-Mama services are prime examples of how we can scale our 'Tech for Good' solutions in partnership with government. M-Kulima provides farmers with the benefits of digital agricultural services, including; cashless electronic payments, market information and weather forecasts. Through this mobile-first solution we continued to digitize farming communities, while also providing the government with key statistics for the agricultural sector. In close collaboration and support from the ministry responsible for agriculture, we accelerated the number of farmers registered to over 3.1 million from 140 000 in the prior year, with an impressive TZS4.6 billion of disbursements made to farmers securely through M-Pesa during the year. The expansion of our M-Mama program to 14 regions is progressing well. We are already live and operational in 8 regions, including Zanzibar. This service provides emergency transport connecting mothers and new-borns to vital life-saving healthcare in rural areas.

Consistent with our focus on bridging Tanzania's digital divide, we invested TZS156.0 billion in network capacity, coverage and IT infrastructure improvements. We enhanced our broadband coverage with 390 additional 4G sites and 228 new 3G sites. In September 2022, we announced a key technology milestone with a launch of Tanzania's first-ever 5G network, ending the financial year with 231 sites supporting this technology. In October 2022, we participated in a spectrum auction conducted by the Tanzania Communications Regulatory Authority and successfully acquired four blocks of low and mid-band spectrum for a price of US$63.2 million. This significant investment will accelerate our future network expansion plans and help us unlock the growth potential from products such as fixed-wireless access. Our network investment, coupled with smartphone adoption and investment in spectrum supported 4G data usage growth of 57.1%.

In executing on our commercial strategy we focused on customer experience through personalisation. This was supported by machine learning capabilities and multi-product offerings. Pleasingly, our customer experience efforts were reflected in market leadership of customer share and Net Promoter Score. Our key customer performance indicators grew pleasingly in the year, despite the impact of intense market competition and the barring of service to 238 000 customers that hadn't completed their multiple sim-ownership declaration. I will cover our strategy execution in detail later in my review.

From a financial performance perspective, we generated TZS1 053.8 billion of service revenue, up 10.2%, or 13.2%[1] on an underlying basis. The growth was driven by a strong result from mobile data, a recovery in M-Pesa and accelerating fixed growth. The M-Pesa recovery was partially supported by reduction in government levies on mobile money transfer and withdrawal transactions, following a collaborative process to drive financial inclusion. We commend the government for reducing the levies as we believe that the reduction will boost our contribution to financial inclusion through affordable M-Pesa services. In addition to the levy reduction, M-Pesa's recovery was also supported by a good uptake in our new revenue growth areas comprising of lending, insurance, international money transfers (IMT) and merchant services. In the year, the contribution of these new growth areas to M-Pesa revenue exceeded 25%, more than double the prior year's level.

We generated TZS81.5 billion in operating profit, up 26.5%, or 51.7%[1] on an underlying basis. The growth was supported by our strong revenue performance and cost containment initiatives, partly offset by 5.1% increase in depreciation and amortisation reflecting investments in our network, IT infrastructure and newly acquired spectrum. It is pleasing to report a net profit after tax of TZS44.6 billion or TZS5.6 billion on an underlying basis[2], a significant improvement from the loss of TZS20.3 billion in the prior financial year.

1. Underlying performance includes an estimated add back of TZS29.3 billion levy impact on service revenue and TZS16.3 billion on EBITDA.
2. Underlying performance includes an estimated add back of TZS11.9 billion levy impact on profit after tax and excludes TZS50.9 billion upside from deferred tax asset recognition.

Executing our purpose-led strategy

Upon joining Vodacom, it became immediately apparent that the business was on a strong trajectory, with all business units trending positively and consistent with the growth ambitions. After reviewing the strategy, I encouraged the Board to continue with the existing ambitions, as I believe this to be the right approach to deliver growth and value to our stakeholders.

As reviewed in more detail throughout this report – and briefly summarised below – we have seen strong execution this year against the six strategic pillars and three underlying strategic enablers.

Vigorously defend the mobile business

We delivered a good performance in this strategic pillar, which saw us maintaining our leadership position in the market with 30%[1] customer market share. Pleasingly, we gained 3.2pp of data users' market share[2] in the strategically important Dar Es Salaam region, the main economic hub in the country, with the highest number of data users, and relatively high levels of average revenue per user (ARPU). Encouragingly, we ended the year with an 8.9% growth in customer base to 16.7 million, and a 15.1% increase in number of data users to 8.7 million, of which 60.3% were smartphone users, setting us up well for success in other areas. This growth was supported by strengthening our capabilities in customer value management (CVM) and big data analytics, increasing the number of smartphone users on our network by 27.9% and maintaining a strong and well-incentivised salesforce presence on the ground. Commercial initiatives were well supported by high quality of service[1] and resilience in our network underpinned by our continued investment in network and supporting IT systems.

Expand and escalate M-Pesa growth

M-Pesa is a critical service that gives us a competitive differentiation advantage. During the year, we focused on adding products to our M-Pesa portfolio aimed at building a diverse business while also expanding our contribution to financial inclusion. **Firstly,** we accelerated enrolment of businesses that accept electronic payments through our merchant payments system. Our merchant base reached 150 000, a significant increase, with these merchants accepting payments worth over TZS6 trillion, from over 2 million customers during the year. **Secondly,** our lending products portfolio served more than 4 million customers, who benefitted from a trillion worth of micro loans issued in the year. The beneficiaries of micro loans included 75 000 agents who received over TZS100 billion, which supported the agents in fulfilling their short term financing needs. **Thirdly,** we continued to see a recovery of peer to peer and cash out transactions volume following the reduction of levies. We are proud that M-Pesa continues to play a pivotal role in supporting the country's social-economic development by contributing to financial inclusion evidenced by an increase of 20% year on year to 8.2 million customers. We continue to focus on the enhancement of our M-Pesa super-app and its adoption, which will provide an incredibly rich user-experience with access to many exciting products and solutions.

1. According to TCRA report for the quarter to March 2023. Additionally, on page 47 of TCRA report, Vodacom was the leading mobile network operator in terms of quality of service with a score of 96.83%, a 3.24pp lead gap.
2. Combined 3G and 4G data users per Facebook Analytics reports extracted in April 2022 and April 2023.

"We accelerated our 'Tech for Good' initiatives to provide solutions to key societal challenges and meaningfully contributed to reducing the digital divide in Tanzania. Pleasingly, we also reported a significant year-on-year improvement in our financial performance".

Relentlessly pursue fixed

Our fixed business has performed satisfactorily, with customers growing 68% in the year as we continued to expand connectivity and communications solutions to businesses and residential customers. After successfully launching the country's first-ever 5G network in September 2022, and acquiring significant blocks of low and mid-band spectrum in October 2022, we have expanded our fixed wireless footprint in all the major cities. Our biggest use-case for 5G is in business-to-business, focusing on small to medium enterprises. Looking ahead, we anticipate strong growth in this segment off the back of a very pleasing performance in the second half of this year. We also see great potential for growth in fixed wireless to the home, where we are making positive inroads.

Innovate and lead Enterprise

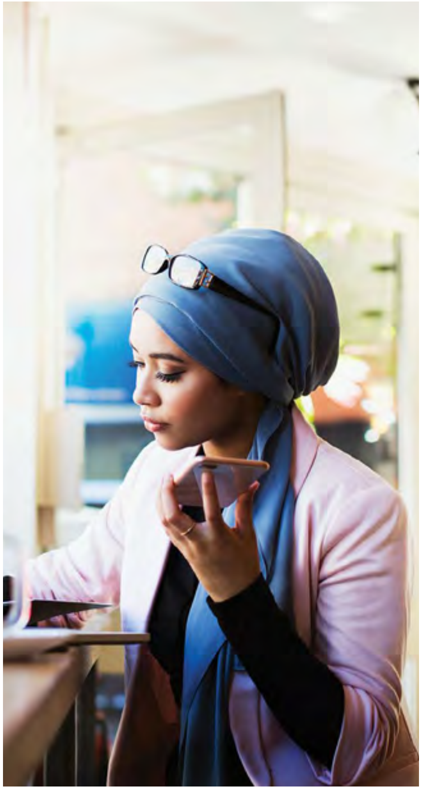
Building off our strong base as the leading provider of communications and data services to the enterprise market in the country, we will seek to deepen our capabilities beyond mobile connectivity to deliver advanced services in areas such as cloud hosting, security, and IoT, as well as expanding into providing digital solutions to the country's priority sectors of agriculture, education and health. We see valuable potential to scale up and commercialise our IoT solutions, harnessing Vodafone's recognised leadership in this area and building on our strong self-built fibre footprint in the metropolitan areas, as well as leveraging off leased national long-distance assets. We recently finalised deployment of a new IoT platform, making us the first Tanzanian mobile network operator to have a locally available end-to-end IoT stack with all data stored locally, offering exciting opportunities such as metering for utilities, and asset tracking in mining and logistics. We made great progress this year in registering farmers in our M-Kulima agricultural initiative in partnership with the ministry of agriculture. More than 3 million small-scale farmers are now registered on our platform, offering various innovative solutions digitising the agriculture value chain. We also have several other products in the pipeline including solutions for the health sector and fast-moving consumer goods (FMCG) industries.

Extract wholesale value

There remains work to be done for us to fully realise the opportunities to monetise our assets in network, fibre, cloud and data centres. We are continuing to identify partnership opportunities through joint ventures or special purpose vehicles, focusing on our fibre and tower infrastructure. We have successfully on-boarded some new customers for our recently modernised data centres, and are looking to expand and attract large global hosting companies that are seeking a foothold in Tanzania and Africa. Despite a muted performance, I remain optimistic about realising the potential from our wholesale pillar in the new financial year.

Leveraging our brand positioning

We have consolidated our strong brand position and maintained our leading position in headline NPS, NPS for combined network performance and overall customer care NPS. An important contributor to the strength of the Vodacom brand is the widespread appreciation of the work the Company is doing to deliver on its purpose – to 'connect for a better future'. We will keep working on enhancing 'our share of hearts' and enriching our brand equity.



Our strategic enablers

Our pleasing performance on these strategic ambitions is underpinned by our three key enablers: ensuring technology leadership in network and IT, investing in retaining and developing a high performing team, and a relentless focus on enhancing the customer experience.

- This year, we invested TZS156.0 billion (14.5% of revenue) in network and IT infrastructure, expanding our network coverage and capacity, accelerating our 4G roll-out and introducing 5G in priority areas, and further modernising the network to enhance cybersecurity.
- We have continued to prioritise the learning and development of our employees, building the skills and capabilities needed for a future-fit digital tech company, and instilling an inclusive employee culture that values agility and innovation. While more work remains to be done on this front, it is particularly pleasing to have achieved 44% representation of women in the leadership cohort.
- It is worth mentioning that this year we received a number of accolades, in appreciation of our performance and achievements in various service related indicators, evaluated by customers and other stakeholders. We maintained our leadership in terms of the customer experience – exemplified by our strong NPS scores – and introduced further innovations to enhance our digi-care channels and automate our processes. This makes it easier for all customer-facing staff to make informed customer-related decisions, as well as empowering customers to increasingly perform tasks on their own. We are very intentional about making our services easy to use and more transparent, as we believe these are essential components of a positive customer experience.

Responding to a dynamic operating context

Our strategy has been designed to ensure that the Company is well positioned to manage the highly demanding challenges, and seize the potentially rewarding opportunities, associated with a very dynamic operating environment.

In a highly regulated industry, it is important to have regulatory and policy predictability. As our recent experience has shown, policy interventions can have a profound impact on our performance. We have been encouraged by recent levels of dialogue with government, the shared desire to stimulate investment in the country, and the visible positive impact of our collaborative partnerships in education, health and agriculture. In seeking sustainable and mutually beneficial initiatives, it is critical that we continue to engage constructively with government to keep abreast of the policy priorities, build internal capability to anticipate and respond to regulatory developments, and where possible to seek better alignment in terms of approach.

From a market landscape perspective, we operate in a highly competitive market, with aggressive price competition from traditional MNOs, as well as increasing competition from non-traditional sources associated with the significant speed of digital disruption. This new competition – characterised for example by the entry of banks into fin-tech – requires us to continuously evolve and ensure our strategy remains relevant while at the same time maintaining a laser sharp focus on attracting, developing and retaining talent. With data scientists in high demand, and with new digital skills needed in fin-tech and other digital areas, it is essential that we create an environment that is fit for purpose, and recognises the different mind-set needed to appeal to younger current and prospective employees.

Recently, we have begun to see investors putting increased pressure on companies' ESG performance and disclosure. Fortunately – as I believe this report demonstrates – Vodacom Tanzania has a strong track record of using its resources, technology and reach, to deliver on its purpose and promote digital inclusion and innovation in an environmentally and socially responsible manner. We will continue to expand on our reports of this nature to ensure we address the public demand for information.

In responding to all of these challenges, we need to make significant new investments in people, systems and technology. With the need to deliver a visible return on the capital invested, and in the context of very low tariffs and stiff competition; to succeed, we need to continue to excel in the execution of our strategy, supported by a committed and engaged team.

Looking ahead, we will continue with our commercial execution momentum and focus on managing our expenses to improve returns to our shareholders. At Vodacom, customer satisfaction is at the forefront of our strategic priorities. We are committed to further improve customer experience through innovative and simplified products and investments in the network infrastructure to address evolving customer expectations and needs. Supported by our business partners and resources across the wider Vodacom Group, we will continue to leverage our system of advantage powered by our customer value management (CVM) systems.

It is our commitment to continue delivering on our social contract directly and through partnerships, including driving digital and financial inclusion. This is in line with our purpose of connecting Tanzanians to a better future by providing technological solutions to social challenges.

Our leadership team will remain focused on taking proactive actions to mitigate potential impacts on our business performance from the wide ranging effects of the war in Ukraine.

My appreciation

At the end of my first six months at the helm of Vodacom Tanzania, I would like to express my sincere appreciation to the Board for entrusting me with this responsibility, and to all my colleagues on the executive team, the staff across the company, and our shareholders and other stakeholders, for their contribution in helping the Company to continue to positively change lives through technology.

Philip Besiimire
Managing Director
13 July 2023

Our products and services

We have over 16.7 million active individual customers using our various products and services.

Consumer products and digital services

Voice

- Mobile

Data

- Mobile broadband
- Mobile internet
- Fixed

Messaging

- SMS and social media applications

Value added services

- Media and entertainment (News and updates, Video and Music streaming, Gaming & Trivia)
- Education and advertisement (Silabu and SmartBango)
- Self-Care (My Vodacom app, Website and Airtime Advance)
- Health (Afyacall and Elimika)
- Transport and Market place (Paisha)

Customer Care

- Call centre
- Service-desks
- Vodacom shops
- Self-care (My Vodacom app, USSD code, M-Pesa app)
- DigiCare (customer support through social media, website, WhatsApp and a Live Chat app)
- Customer alerts (flash messages)
- Inclusive care and priority desks

M-Pesa

Deposits and withdrawals

Through over 125 000 agents and bank transfers

Person-to-person transfers

In country and international money transfers (IMT)

Self-Care

- M-Pesa Super-App

Electronic payments

- Virtual M-Pesa Visa card
- Merchants (Lipa kwa Simu)
- Consumer to Business 'C2B'
- Business to Consumer 'B2C'
- Business to Business 'B2B'

Financial services

- M-Pesa overdraft 'Songesha'
- Savings and loans (M-Pawa, X-Pawa, M-Godi and Halal Pesa*)
- Group savings (M-Koba and Changisha)
- Agent Term Loans
- Insurance services

* Halal Pesa savings account that abide to Sharia law.

Enterprise

Mobility solutions

- Voice
- Small medium enterprises packages
- Data
- Internet of Things (Machine to Machine platform)
- Reverse Charge services
- Bulk messaging
- SIM manager
- Value Added Services (Closed user group and Ring back tone)

Fixed and wholesale solutions

- Internet services
- Inter-branch capacity
- Hosting/co-location
- Cloud solutions
- SIP services
- Digital solutions including M-Kulima and Connected schools

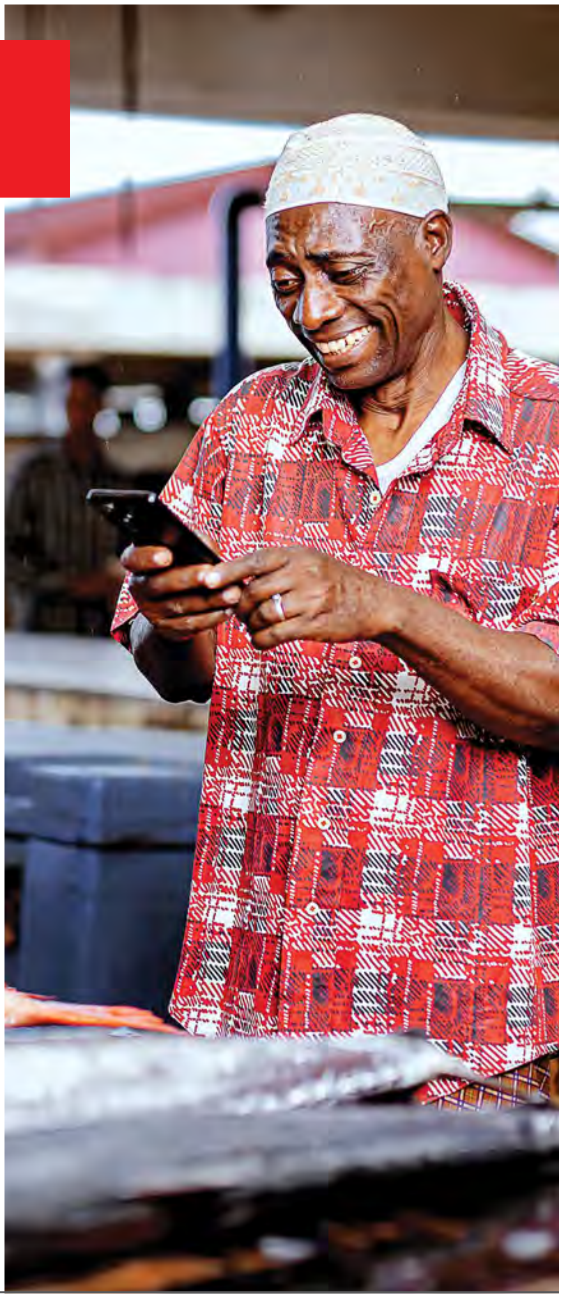
Our investment case

Vodacom Tanzania is a leading mobile network operator (MNO) in Tanzania with a strong purpose-led business model and a compelling track-record of effective management and quality execution in delivering on our strategy. Operating in a dynamic and rapidly digitising economy, we see exciting opportunities to generate sustained revenue growth over the medium and long-term, while making a substantial contribution to the country's socio-economic development, as the country's only publicly listed MNO.

The opportunities for growth lie in growing our lead in mobile, expanding and scaling our new services in M-Pesa, and becoming the digital partner of choice in the enterprise space. We are continuing to develop innovative products and services, including in areas such as Internet of Things (IoT) and fixed connectivity, building on our well-established differentiator as a leading global brand. We are committed to delivering on our purpose – connecting for a better future – through the responsible provision of improved voice and data connectivity, and enhanced access to more inclusive digital services.

We have identified the following drivers supporting our investment case:

- A proven strategic resilience supported by our diversified transformative revenue streams.
- Tanzania has a young, growing population with significant scope for further digital adoption, in both connectivity and the uptake of mobile financial services.
- Tanzania has a relatively strong and stable GDP growth, which creates demand for efficient supporting infrastructures including connectivity and mobile financial services.
- We are the leading mobile operator in Tanzania, with over 90% voice population coverage, and recognised as the preferred service provider with a strong purpose-led brand and the largest mobile money network.
- With the best data network across the country, and 5.3 million smartphone users, a 60.3% penetration to data users, we are best placed to benefit from increasing smartphone penetration and mobile data uptake.
- We have significant opportunities to continue our leadership in the provision of mobile financial services by further expanding our M-Pesa ecosystem through innovative products and by providing highly demanded technological solutions to the community.
- Our investments in artificial intelligence (AI), machine learning and customer value management (CVM) systems positions us at the leading operator in providing customized offers that grow revenue and reduce the impact of price competition.
- We believe that market consolidation – achieved through merger-integration and/or the failure of unprofitable operators – is inevitable over the long-term; we have strong cash flow generation and a robust balance sheet to support further strategic investments.
- We are part of the Vodafone Group, globally recognised for their leadership in mobile financial services and innovative digital services in emerging markets.
- Our continued investment in infrastructure supports delivery of our business objectives and our purpose including social contract.



Our business model

What we do

We secure access to spectrum, invest in mobile and fixed networks and information technology (IT), develop and distribute a wide range of products and services tailored to our market segments, and offer a broad range of financial services through our M-Pesa ecosystem. Coupled with our excellent customer care and brand programme, these activities enable us to ensure revenue growth and high levels of cash generation, which is used to reinvest in the resources and relationships that we rely on to deliver on our purpose: connecting for a better future.

Our value chain activities

Spectrum, network, and IT infrastructure

Most of our communication services depend ultimately on having access to spectrum. We strive to secure this access at a competitive price through auctions, proactive engagement with government and the regulator, and/or through partnerships with, or acquisitions of, existing spectrum rights-holders. Over the past seven years, we have invested over TZS1.0 trillion in expanding and upgrading our mobile network and the supporting IT infrastructure. We have the largest nationwide data network in the country, with 4G coverage across the country and 5G in strategic locations across the country, supported by our activities to continuously enhance our customers' experience with our network.

Procurement activities

We manage a significant supplier landscape with total procurement spend in FY2023 of TZS690.9 billion. We are able to leverage off the global purchasing power and responsible procurement practices of the Vodafone Procurement Company ('VPC'), enabling the purchase of responsibly manufactured network equipment, handsets and other services on favourable terms. This year, 22.3 % of purchases (TZS153.8 billion) were processed through VPC. We balance the benefits of global purchasing with our commitment to promoting economic opportunities in Tanzania by promoting local procurement when feasible and appropriate. This year, more than 75% of total procurement spend (amounting to TZS537.1 billion) was on suppliers in Tanzania.

Product and service development

We are continually developing new products, services, and pricing models, informed by our segmented customer approach that caters for each customer's needs, wants and behaviours in both the consumer and enterprise markets. We place a strong emphasis on protecting customer privacy, enhancing cybersecurity and mitigating the overall risk of data theft or loss. We have been implementing the 'agile' methodology across various departments to ensure we respond faster in a constantly changing environment. We have been developing innovative products and services in various new streams, including IoT and financial and digital services. We are deepening our use of machine learning and customer value management (CVM) platforms to deliver personalised offers to our customers, popularly known as 'Just 4 You' offers.

Customer service

Providing the best customer experience, and instilling a 'customer first' attitude, is an important source of market differentiation for Vodacom, and a key strategic priority. We listen to our customers, constantly seeking to deepen our understanding of their needs to provide targeted product and service offerings. Our ambition is to provide a seamless, personalised, one channel, digital customer experience, with exceptional customer service being our primary goal.

Sales and distribution

We use various sales and distribution channels including wholesale distributors, retailers, franchise stores, direct sales partners, street vendors and informal resellers. We have the largest retail footprint in Tanzania, with 461 nationwide retail points, more than 25 000 freelance distributors and 125 000 active M-Pesa agents. This retail network is further supported by direct sales forces, independent dealers and agents, franchises, informal distribution channels and a nationwide network of wholesale channels.

Managing our brand and reputation

We build a brand with purpose, developing and maintaining a reputation as a company that is leading Tanzania into the digital age and improve lives through digital technology.
We communicate our service offerings and maintain our strong brand presence through our marketing and brand strategy, with iconic Vodacom brand being an important driver of purchasing decisions for consumers and enterprise customers. External reputation surveys regularly show Vodacom as one of the most recognised and trusted brands in Tanzania, with our consistent NPS leadership and various industrial awards attesting to our brand strength.

How we create value

We generate profit by investing in our mobile and fixed networks to attract and retain consumer and enterprise customers with compelling voice, data, messaging, financial and digital products, and related services.

Our competitive differentiation lies in the reach and quality of our network and infrastructure, our strong distribution channels, the innovation and range of our products and services, the quality of our relationships with key stakeholders, our proven ability to manage costs, and the strength of the globally recognised Vodacom brand.

Our revenues

Most of our revenue comes through selling mobile telecommunication and digital services to 'pre-paid' customers, as well as fee income from providing mobile financial services to consumers and merchants. The balance of our revenue is generated from various other products and services that we sell across both our consumer and enterprise customer bases. These include digital and financial services, fixed and IoT, all underpinned by our Big Data, loyalty and CVM capabilities. We focus investment across our key strategic drivers – data both mobile and fixed, M-Pesa, digital and value added services (VAS), and enterprise – all of which are expected to yield strong growth, significantly offsetting the decline of our more mature and traditional revenue streams, such as mobile voice and messaging.

Key revenue differentiators

- Globally recognized and established brand with a strong reputation across Tanzania.
- Leading mobile finance service offering (M-Pesa), supported by a world-class payment platform and highly innovative solutions.
- Revenue diversification with a growing share of new revenue streams (in mobile and fixed data, M-Pesa and digital).
- Superior network with extensive voice and data coverage, and state of the art technology.
- Largest retail footprint in Tanzania's telecoms sector.
- Leading provider of fixed and mobile communications services to Tanzania's large-enterprise market.
- Demonstrated ability to harness machine learning and CVM platforms to develop personalised offers that better suit customer needs and behaviour.
- Ability to leverage off our relationship with Vodacom and Vodafone to drive global best practice.
- Our best-in-class customer service support systems.

Service revenue	FY23	FY22
Voice	**26.9%**	30.0%
Data	**26.0%**	21.3%
M-Pesa	**33.9%**	34.5%
Fixed	**1.8%**	1.6%
Other	**11.4%**	12.6%

M-Pesa revenue	FY23	FY22
New services	**27.4%**	13.0%
Traditional services	**72.6%**	87.0%

Our costs

We have a good track record of optimising expenses and converting revenue into cash flow. This track record is supported by a culture of cost containment across the business through our cost transformation initiatives. We have delivered considerable cost savings in recent years by enhancing efficiencies in network operating expenditure, renegotiating contracts, optimising publicity spend, and delivering a leaner, more efficient business through organisational restructuring. Our resulting strong cash flow helps us to maintain a high level of capital re-investment, primarily in our network infrastructure, to maintain our strong competitive position in network coverage, call quality and strong data speed. We continue to allocate investments to directly support commercial strategies, and projects that enhance our customers' experience.

Key cost differentiators

- Proven track record of running effective cost saving initiatives.
- Ability to optimise costs through efficient use of Robotic Process Automation (RPA), investment in big data, and artificial intelligence (AI).
- Leveraging global best practice on cost optimisation through our relationship with Vodacom and Vodafone groups.
- Continuously upgrading and modernising our network to deliver improvements in operating costs through more efficient technologies and network innovation. Benefitting from the purchasing power of the Vodafone Procurement Company ('VPC').
- Robust governance processes for approving new or revised products and investments.

How we sustain value

Investing in the resources and relationships impacting on value.

	Critical inputs (2023)[1]	Our activities to sustain value
HC IC **People, culture and governance** Human and intellectual capital	• 581 employees (2022: 560) • Strong Board and robust governance systems • Experienced executive team • Agile, performance-based, purpose-led culture • Service providers delivering efficiently and effectively on agreed terms	• Competitive remuneration and personal development opportunities • TZS344.2 million invested in employee training and leadership development, including upskilling employees for digital transformation • Agile business processes implemented across business units • Various initiatives to further strengthen our existing reputation as a quality employer • Regular engagement with employees to foster strong culture and ensure consistent delivery on targets • Sustained focus on employee, contractor and supplier safety
SRC **Quality relationships with key stakeholders** Social and relationship capital	• 16.7 million customers (up 8.9%) • Constructive engagement with regulators, informed by mutual trust • Sustained levels of investor confidence • Positive supplier relationships • Trusted brand and reputation	• Continued investment in ensuring network and IT quality, strong positive customer experience, and segmented products and services • Regular and frank engagement with regulators, pursuing full compliance • Continuing to participate actively in government's rural coverage agenda • Regular investor communication • Delivering societal value through connectivity and digital services in areas such as inclusive finance, education, health and agriculture • Inclusive customer care initiatives • Credible governance processes • Corporate social responsibility programs
MC **Network and IT infrastructure** Manufactured capital	• 3 447 base stations (up 1.8%) • 2 338 km of self-built fibre (up 13.8%) • TZS156.0 investment in network (down 10.3%) • US$63.2 million investment in spectrum	• Maintaining our network and IT leadership through targeted investment • Upgrading and modernising our network and IT systems • Further enhancing our IT and related systems and processes to support machine learning analytics and cyber security • Acquired additional four blocks of low and mid band spectrum, a critical resource for our network expansion plans • Launch of 5G technology
FC **Financial capital**	• TZS1 724 billion market capitalisation (FY 2022: TZS1 724 billion) • TZ54.9 billion free cash flow (over 200% increase)	• Diversifying revenue streams • Employing smart capex deployments • Maintaining strong corporate governance structures and finance team • Realising benefits of purchasing power on network equipment, devices and opex through VPC • Leading in application of AI and CVM to increase revenues and optimise costs
NC **Natural resources** Natural capital	• Radio spectrum: 700, 900, 1 800, 2 100, 2 300MHz bands for mobile, and 2 300 and 3 500 for fixed 4G & 5G • 82.4GWh electricity (up 19.8%) • 9 020.5 kilolitres of fuel (up 46.4%) • 31 114.6 kilolitres of water (up 15.7%) • 31 963.2 tons of refrigerants and fire suppressants used (GHG contributor) (up 1.0%) • Plastics, paper and related inputs	• Strong focus on energy efficiency and GHG mitigation across our network • Recycling handsets and network equipment • Identifying opportunities to use IoT to promote resource efficiency, for example through smart metering and vehicle tracking • Dematerialising by using smaller SIM cards and encouraging electronic recharges

1. Data for all inputs as at 31 March 2023.

Value created | Value eroded | Value sustained

Results of our activities (2023)

Maintained employee motivation, skills, and diversity through:
- TZS65.2 billion in wages and benefits
- 43.8% female representation in senior management

Sustained evidence of staff satisfaction:
- Top Employer award for seven consecutive years
- 93% engagement index score in Spirit Beat survey
- Reasonable staff turnover at 6%
- Increased uptake of Employee Assistance Program (EAP) support for staff

Health and safety performance
- No work-related fatalities for eleven consecutive years
- Community safety in partnership with National Traffic Police unit

Trade-offs

Investing in attracting, retaining, and developing talent in the highly competitive digital space is one of the most significant costs to our business. While this impacts short-term financial capital, it is an essential investment in generating longer-term returns in all capital stocks. Our commitment to driving a digital company, and effectively harnessing the role of artificial intelligence (AI), may result in pressure on some existing traditional job functions (depleting human and social capital), but also raises opportunities in new roles. Balancing efficiency gains (improved financial capital) against the human and social costs of job cuts (human and social capital) is a persistent potential trade-off.

Positive customer relations
- Leader in consumer net promoter score (NPS) with 20-point gap over nearest competitor
- Various awards received for customer service
- Further progress in developing smarter personalised offerings following AI deployment
- Our inclusive care initiatives aimed at serving people with special needs have benefitted over 1 300 customers

Generally positive government relations, supported for example by:
- TZS1.5 trillion total cash contribution to public finances over last three years
- Enabling financial inclusion to more than 8.2 million M-Pesa customers
- Building 302 Universal Communications Access Fund sites in the past eleven years
- Various social investment initiatives

Maintaining quality relationships across all stakeholders may require trade-offs in certain relationships as we balance competing stakeholders' interests. For example, investing in biometric-based SIM Card registration devices required significant short- and medium-term financial capital inputs, but enables us to meet regulatory requirements, maintain customers, and generate positive returns over the longer-term.

Positive results in most areas
- TZS156.0 billion CAPEX investment to address network and IT plans
- 59 new 2G sites
- 228 new 3G sites
- 390 new 4G sites
- 231 new 5G sites
- Network resilience supporting 26.0% growth in data carried in our network, with close to 70% carried in 4G network
- 16 points lead gap on Combined network performance NPS
- Recognised as a leading company in Vodafone Group for cybersecurity

Building and maintaining our infrastructure requires significant financial capital, and appropriate levels of human and intellectual capital, as well as certain natural capital inputs and outcomes. An extensive network is a key basis for bridging the digital divide and sharing the substantial social benefits of digital connectivity. As a purpose-led organisation we have committed to reducing the environmental impacts associated with our network infrastructure and services. An important trade-off is balancing the customer and regulatory calls to reduce prices and enhance quality, with the need to generate the financial capital needed for network investment.

- 26.5% increase in operating profit to TZS81.5 billion
- TZS63.3 billion operating Free cash flow
- Service revenue up 10.2% to TZS1 053.8 billion
- EBITDA up 9.7% to TZS329.4 billion
- Generated TZS44.6 billion profit after tax as opposed to a loss in prior year

There is an important trade-off between the short-term interests of certain investors and other interest groups that seek to maximise short-term gains in financial capital, with our longer-term growth objectives that require investment of financial capital. Finding the right balance between the short-term and long-term – and in different stakeholder interests – is a key focus in our strategic decision-making.

- Estimated 32 789 tonnes CO_2 emissions from electricity, diesel and refrigerants usage (scope 1&2) (down 10.2%)
- 759.4 tonnes of total GWP refrigerants and fire suppressants replenished (down 28.0%)
- Proportionate increase in energy consumption relative to increase in network elements including new technologies.
- Prevented over 29 tons of plastic waste, and over 172 tons of paper usage

Using and impacting natural resources – which sometimes negatively affects human and social capital – is a key trade-off for generating value across other capitals. As a purpose-led company we are committed to minimizing the environmental impacts of our operations and activities, and to realizing the significant potential for digital products and services to deliver positive environmental outcomes.

Our operating context

The sectors we operate in – telecoms, digital, and financial services in an emerging market – poses a dynamic operating context that presents both demanding challenges, as well as potentially rewarding commercial opportunities for innovation and growth.

We have identified four broad trends that have a material impact on our business, all broadly similar to those identified in recent previous years. By ensuring effective execution of our strategic commitments, we believe that the Company is well positioned to manage the risks and realise the opportunities associated with each of these trends.

An uncertain global macro-economic environment impacting a post-COVID recovery

Tanzania's economy has shown good signs of economic recovery following the impact of the pandemic, with tourism, mining and other services all benefiting from the lifting of global pandemic-related restrictions. This recovery has been impacted however by global and local headwinds, including the war in Ukraine, a volatile global macro-economic environment, and a shortfall in rainfall negatively impacting local electricity production and agriculture.

The IMF has projected economic growth for the country of 5.2% in 2023, with inflation expected to surpass the Bank of Tanzania's target and reach around 5.3% by year-end despite price subsidies on fuel and fertilizer. The current account deficit is projected to remain elevated in 2023 amid the uncertain global environment. In the medium term, real GDP growth is projected to rebound to around 7%, inflation to return to less than 5%, and the current account deficit to moderate as the global shocks subside and the authorities' reforms start to pay off[1].

The war in Ukraine has impacted global food and energy prices, heightened inflationary pressures, and contributed to enhanced market uncertainty and volatility, all of which is constraining consumer spend and general investor confidence.

Our response

- In the context of an uncertain global macro-economic outlook, we anticipate that consumer spend in Tanzania will remain under pressure for the immediate future, further amplifying an already intense price-based competitive environment. Heightened price-based competition and subdued consumer spending, highlights the value of providing segmented personalised offers through our customer value management systems CVM), relevant to our customers' lifestyle and spend, informed by big data analytics and supported by an effective cost containment programme.
- We strive to contribute towards economic growth and development stimulation, and mitigate some of the underlying structural challenges by delivering on our core purpose of 'connecting for a better future', through our activities in three broad areas: creating a digital society, driving inclusion for all, and protecting our planet (see page 40). In our enterprise business we are exploring exciting commercial opportunities to deliver strong social value in critical areas such as health, education, and sustainable agriculture. By focusing on our social contract and core purpose, the Company will continue to make a meaningful contribution to the UN SDGs and help to enhance the underlying social and environmental conditions critical to economic development and business success.

1. IMF Staff-Level Agreement on First Review of the Extended Credit Facility (February 2023).

A dynamic regulatory and policy environment

Mobile network operators tend to face high levels of regulatory scrutiny in almost all markets. This is unsurprising given the scale of the contribution of the telecoms sector to a country's economic growth and development. In Tanzania, our activities have been significantly impacted in the recent past by various policy developments from our two main regulators – the Tanzania Communications Regulatory Authority (TCRA) for GSM services, and the Bank of Tanzania (BoT) covering our digital financial services – with significant impacts associated with customer and SIM registration requirements and levies on mobile money transfers and withdrawals.

We have recently seen a much more favourable regulatory environment and improved levels of dialogue. The most significant recent regulatory and policy developments are listed below:

- **SIM Card Registration:** On 7 February 2020, new SIM Regulations were published, mandating biometric registration only and restricting the number of SIMs held per customer. Subsequently, on 1 July 2020, the Tanzania Communication Regulatory Authority (TCRA) issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM cards ownership through their mobile phones. Furthermore, the TCRA and mobile network operators implemented an approval process that allowed customers to request for additional SIM cards by visiting service providers' retail outlets or an automated process through Unstructured Supplementary Service Data (USSD). Customers are allowed to have more than one SIM card if they follow the correct approval process. On 13 February 2023, Vodacom Tanzania barred 238 000 SIM cards that did not complete the multiple-SIMs declaration process as per TCRA's directives. Subsequent to barring, TCRA again permitted the usage of *106# and 100 to allow the barred customers to do verification through this process. As a result, over 30 000 of the barred customers have successfully verified their SIM cards and reactivated. We continue with efforts to recover barred customers.
- **Levies on airtime and mobile money transfers and withdrawals:** On 30 June 2021, the President approved the Finance Act, which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions and airtime recharges. For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Following our engagements and due consideration by the government, the following amendments were implemented:

  3 September 2021: An initial 30% levy reduction, to a maximum levy of TZS7 000.

  1 July 2022: An additional 43% reduction to the maximum levy band was passed through the Finance Act 2022, marking a cumulative 60% reduction since the levy's introduction. This reduction set the maximum levy chargeable at TZS4 000.

  The Finance Act also re-defined the scope of the levy, to also include withdrawal and transfers through banks which were earlier excluded. The levy, which was previously chargeable on mobile transactions only, also became applicable to transfers between mobile accounts, between bank accounts and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATM).

  1 October 2022: Through a special supplement to the National Payment System (Electronic Money Transactions levy) (Amendment Regulations) the maximum levy chargeable was set at TZS2 000, equivalent to 20% of the levy charged at introduction. This decision further reduced end-user charges, and has meaningfully revived and accelerated our contribution to the financial inclusion agenda, through the use of M-Pesa services.
- **Spectrum Auction:** On 15 August 2022, the TCRA published a public notice inviting bids for licensing spectrum blocks intended for international mobile telecommunication services through auction, which was held on 11 October 2022. The following spectrum frequencies were auctioned and assigned: one block of 2 x 10MHz in the 700MHz band; two blocks of 1 x 35MHz in the 2 300MHz band; three blocks of 2 x 15MHz in the 2 600MHz band and one block of 1 x 20MHz in the 2 600MHz band (TDD), and four blocks of 1 x 40MHz in the 3 500MHz band (TDD). We participated and secured winning bids for the one block of 700MHz, the two blocks of 2 300MHz and the one block of 2 600MHz (TDD) for a total bid price of US$63.2 million. The spectrum acquired is a critical strategic resource for delivering value to shareholders and fulfilling our purpose through our network expansion and widened product portfolio objectives.

Our response

- We continuously monitor changes to regulations and licencing requirements and engage regularly with the TCRA and other regulatory authorities to ensure compliance with all relevant regulatory requirements.
- We have invested significantly in compliance awareness training across the company and in our distribution channel to ensure that our business units are sensitized, including through training programs such as the 'Doing What is Right' Programme on legislative and regulatory requirements, supported by an annual self-assessment. More than 93% of employees completed their training on DWR.
- We have a robust governance processes and a strong culture of compliance across the company, administered through our dedicated Risk and Compliance department, which is charged with responsibility for monitoring, evaluating and managing risks across the company.
- We maintain proactive relations with government and relevant regulatory bodies and tax authorities, informed by a shared understanding of the need for inclusive economic development and the important contribution of a profitable business sector. These engagements are undertaken individually, and through the Tanzania Mobile Network Operators' Association (TAMNOA).

A highly competitive market

Vodacom Tanzania operates in one of the most competitive telecommunications markets in Africa, with six mobile network operators (MNOs), as well as heightened competition from new sources, such as the growing entry of banks into digital financial services. Our three largest MNO competitors are continuing to drive very aggressive pricing, leading to one of the lowest effective voice and data prices in Africa, which places sustained pressure on already tight operating margins.

These low prices constrain our ability to drive our ambitious revenue growth by undermining our capacity to make some of the necessary long-term investments in the highly capital-intensive infrastructure needed to drive a faster 'digital dividend' in the country.

Our response

- The strengthened competitive environment, sometimes from unexpected sources, highlights the importance of remaining agile, in identifying and realising opportunities for innovation. We continuously monitor existing and new competitors, and are exploring opportunities for innovative partnerships, including as part of a potential consolidation within the sector.
- To compete effectively and deliver a differentiated customer experience, we maintain a strong focus on the strength and reach of our network, the quality of our customer care, the pricing and nature of our services and devices, backed by our strong brand reputation. These are areas in which we have demonstrated competitive performance, as evidenced for example by our sustained leadership in customer service NPS and network speed.
- To increase our relevance to customers, we continue enhancing our personalised 'Just for You' offers, providing customers with relevant services, reflecting their usage behaviour through our strong CVM and machine learning capabilities.
- We are continuing to engage with the government through the regulator and other relevant stakeholders on the importance of price stability to support investments in this highly capital intensive industry.

Seizing commercial opportunities in bridging the digital divide

Tanzania offers significant opportunities for innovation and growth in developing and rolling out enhanced connectivity and new digital services. With a young and growing population, and comparatively low levels of internet and smartphone penetration rate, there is huge scope for the Company to play a meaningful role in promoting digital inclusion and bridging the digital divide. This can be achieved by facilitating access to essential services, including specifically by driving digitisation opportunities in finance, education, agriculture, e-commerce, and health.

For these opportunities to be fully realised, necessary investment is required in both mobile and fixed data networks. For this to happen, it is critical that data prices are stable and at a level that justifies the investment required in network infrastructure and digital products and services. Equally, we need also to address challenges relating to the accessibility of digital services, particularly cost of smart devices, access to digital skills, and levels of consumer awareness especially in rural areas. Recognising the critical importance of facilitating digital inclusion and supporting long-term infrastructure investment, the government has also made various valuable interventions to support extension and availability of communication services.

Our response

- To realise the valuable commercial opportunities for digital growth in Tanzania, we have overtly positioned the Company as a leading digital company that empowers a connected society by helping to close the digital divide in Africa's key economic sectors.
- We are doing so by developing industry-specific digital products and services – in fields such as education, healthcare, agriculture, and financial services, and using new technologies such as IoT – to realise fresh opportunities for revenue growth, as well as harnessing innovation to drive positive social and environmental change.
- We continue to invest significantly in the networks and technology of the future, fostering a company culture that attracts and develops the best digital talent, and redefining our approaches to customer engagement.
- We actively participate in programs to support network roll out in the underserved areas in partnership with the government through the Universal Communications Service Access Fund (UCSAF).
- Whenever possible, we also invest in enablers such as our recent spectrum acquisition, as well as investment on the future-ready human resources, to support our medium to long term requirements.


Red Relax]
Life's a breeze on
Red Relax]
vodacom
KIPAUMBELE KWA
WATEJA WENYE ULEMAVU
PRIORITY TO DISABLED PERSONS

Our key relationships

Vodacom Tanzania's ability to deliver long-term value depends on the contribution and activities of a range of different stakeholders, and on the quality of our relationship with them. In the table below we briefly outline those stakeholder groups who have a substantive impact on our ability to create value; we outline their contribution to value creation, our means of engaging with them, and the stakeholders' identified priority interests relating to our business activities.

Customers

Provide the basis for revenue growth by purchasing our products and services.

Means of engagement

- Call centres, retail outlets and online.
- My Vodacom app, M-Pesa app, USSD code, self-help channels.
- Weighted net promoter score ('NPS') feedback interviews and focus groups.
- Social media interaction.
- Vodacom Tanzania website.

Priority interests

- Better value offerings.
- Faster data networks and wider coverage.
- Making it simpler and quicker to deal with us.
- Converged solutions for business customers.
- Privacy of information.
- Feedback on service-related issues.
- Safety of M-Pesa transactions.
- Customised customer service.
- Managing the challenge of data-usage transparency.
- Readily available services.

Government and regulators

Provide access to spectrum and operating licences, the basis for creating value.

Means of engagement

- Participation in public forums.
- Engagement on draft regulations and bills.
- Engagement through industry bodies.
- Publication of policy engagement papers.
- Partnering on key programmes such as inclusive education, inclusive growth in agriculture, and inclusive climate action.

Priority interests

- Ensuring spectrum is managed as a strategic resource.
- Regulatory compliance on issues such as customer registration, mobile termination rates, service quality, price, security and privacy, and safety, health and environmental performance.
- Participating and promoting opportunities for economic development.
- Contribution to the tax base.
- Industry development.
- Fair market development.

Investors and shareholders

Provide the financial capital needed to sustain and grow.

Means of engagement

- Investor interactions, including conferences and meetings.
- Annual and interim consolidated results.
- Quarterly reports.
- Annual reports, preliminary announcement calls and AGM.
- Investor relations page in our website.

Priority interests

- Responsible practices to manage risks and opportunities and ensure financial growth.
- Sound corporate governance practices.
- Transparent executive remuneration.
- Improved liquidity of shares.
- Stable dividend policy.

Employees

Provide the skills and inputs needed to realise our vision.

Means of engagement

- Internal website, 'Workplace'.
- Newsletters, internal magazine, and electronic communication.
- Employee hotline/Speak Up line.
- Engage App.
- Leadership road shows.
- Engagement surveys.
- Online training.
- Executives' discussions – 'fireside chat'.
- Health and welfare consultations as needed.

Priority interests

- Opportunities for personal and career development.
- Competitive remuneration.
- Knowledge sharing across the Group.
- Building the coaching capability of leaders.
- Better understanding of reward structures.
- Health and safety.
- Being heard.
- Safe working environment.

Suppliers

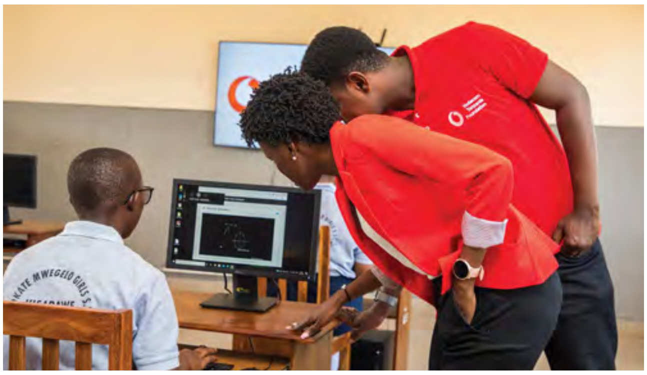
Affect our ability to provide products and services.

Means of engagement

- Supplier forums.
- Ongoing site visits.
- Procurement processes (including tendering).
- Audits.

Priority interests

- Timely payment and fair terms.
- Transparent and fair tender processes.
- Relevant health and safety standards, and environmental, social and governance (ESG) expectations.
- A 'fair' share of the local purchases (local spend).



Communities

Provide a social licence to operate and strengthen the socioeconomic context.

Means of engagement

- Public participation where new base stations are needed.
- Vodacom Tanzania corporate social responsibility initiatives in partnership with communities.
- Social media pages.

Priority interests

- Access to our communication services and services such as finance, health, and education.
- Free-to-use social media, health, education, and job sites.
- Responsible expansion of infrastructure.
- Responsible business practices.
- Business existence continuity.

Business partners

Custodians of our brand, and key to delivering the best customer experience.

Means of engagement

- Store, franchise and retail visits.
- Management engagements.
- One-on-one business meetings.
- Training sessions on new products and services.

Priority interests

- Fair treatment.
- Top management involvement with customers.
- Making it simpler and quicker to deal with us.
- Being heard as partners.

Media

Have a potentially significant influence on other stakeholders' perceptions.

Means of engagement

- Face-to-face and telephonic engagement.
- Interviews with key executives.
- Media releases.
- Roundtables.
- Product launches.

Priority interests

- Being informed of key activities and offerings.
- Transparency on our performance.
- Evidence of responsible business performance.

Our material risks and opportunities

Vodacom Tanzania PLC has a mature risk management framework that is aligned with Group requirements and guided by local regulatory risk management guidelines, under which our Risk Management Charter, as well as governance structures, are established.

We have a dedicated Risk and Compliance department responsible for managing our risk profile and mitigating potential impact. The department has a role of ensuring business plans and priorities are implemented consciously of the potential risks.

Our material risks are identified through our Principal Risks Framework, which provides the Executive Committee and Board with a robust assessment of the principal risks facing the Group. An embedded enterprise risk management process supports the identification of these risks. The risk appetite for each principal risk is reviewed and approved by the Board to enable informed risk-based decision-making. The Board considers these risks when setting strategies, approving budgets, and monitoring progress against targets. Our executive team regularly reviews our risk management processes to better identify, assess, and monitor our material risks, ensuring that we are responsive to the business environment dynamics.

The Group's risk heat map (Figure 1) sets out the top 10 principal risks as identified through the risk management process; the heat map depicts residual risk after considering mitigating risk factors. This is supported by the risk and speed of impact report (Figure 2), reflecting the rate at which the Group would experience adverse impacts if the risk materialised.

Figure 1: Vodacom principal risks FY2023
(impact versus likelihood)

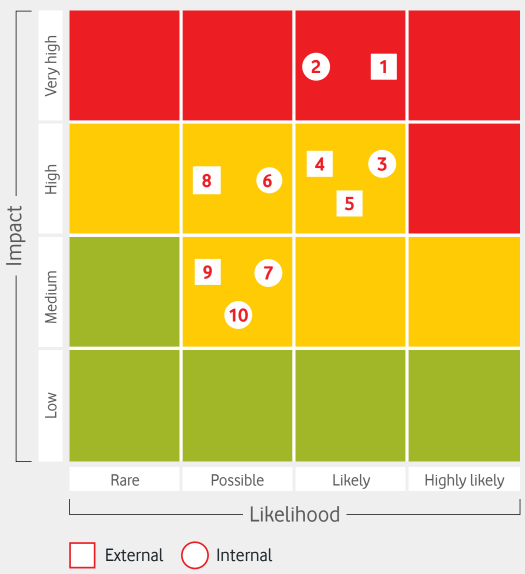
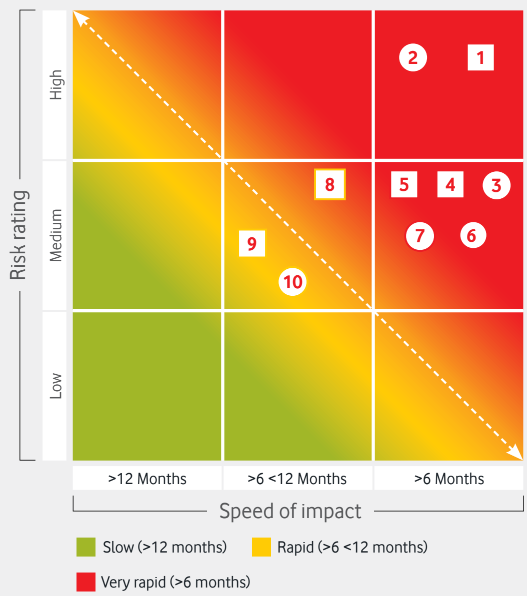


Figure 2: Vodacom speed of impact FY2023



Risk

1. Cyber threats
2. Taxation
3. Technology resilience
4. Financial and economic conditions
5. Market disruption
6. Regulatory compliance
7. M-Pesa platform
8. Spectrum
9. Third party management
10. Litigation

Increased Decreased

The table below reviews the top 10 material risks as identified through our risk management process, depicting the residual risks after considering our mitigating risk factors.

1 Cyber threats

(FY2022: 2)

Risk trend	Speed of impact
Increased	**<6 months**

Context

- An external cyber-attack, insider threat or supplier breach – malicious or accidental – could result in service interruption and/or breach of confidential data, with resulting negative impacts on our customer, revenue and reputation and potential cost associated with fraud and/or extortion.

Mitigating actions

- Strong security basics, including perimeter controls, infrastructure (hygiene), protecting data leakage, preventing loss of availability, controlling information between endpoints and the cloud.
- Cybersecurity policies and processes implemented, and cyber security culture promoted.
- Cyber-privilege User Access Management, through Cyber-ark.
- Local cybersecurity monitoring and Cyber Intelligence Centre (CIC) aggregates security monitoring.
- Vulnerability scanning and periodic penetration tests are performed.
- Implementation of log monitoring tools and discrepancies followed up.
- Control self-assessment: Over 10 000 control tests performed.
- Anonymization and pseudonymization of data projects are implemented.
- End-point detection and response in place.

2 Taxation

(FY2022: 4)

Risk trend	Speed of impact
Increased	**<6 months**

Context

- Changes in local or international tax rules, and/or challenges by the tax authority, could expose us to liabilities.

Mitigating actions

- Systems in place to ensure efficient management of tax, ensuring these stand up to any potential challenges by authorities.
- Active engagement with governments and tax authorities to ensure good working relationships and help manage potential impacts of legislative change.
- Expert tax advice sought as needed.
- Report publicly on tax issues.

3 Technology resilience (FY2022: 5)

Risk trend	Speed of impact
Up	**<6 months**

Context

- A complete technology failure – in our network and IT infrastructure, IT platforms, or essential technology service providers – resulting in a major impact on our customers, revenues and reputation.

Mitigating actions

- Implement technology resilience controls in line with Vodafone's Technology Resilience Policy (TRP).
- Conduct on-going Business Continuity Management (BCM) tests, and 24/7 IT and network monitoring.
- Deploy security monitoring tools across our infrastructure.
- TRP plans are in place and reviewed annually.

4 Financial and economic conditions (FY2022: 7)

Risk trend	Speed of impact
Up	**<6 months**

Context

- The challenging macro-economic environment in Tanzania could result in currency devaluation and an unstable economy, placing pressure on consumer spending.
- Macro challenges associated with the war in Ukraine, currently driving increases in fuel and commodities prices, inflation, foreign currency exchange volatility and supply chain disruptions.

Mitigating actions

- Risk-averse interest rate, foreign exchange, and counterparty risk practices in place, aligned with Vodacom Group and the cost containment programme.
- Our cost containment programme ensures we have a robust cost structure, capable of absorbing adverse indirect impacts from poor economic performance and/or changes to economic policies.

5 Market disruptions (FY2022: 1)

Risk trend	Speed of impact
Down	**<6 months**

Context

- We face increasing competition from traditional and non-traditional sources.
- Our ability to compete effectively depends on the capacity and coverage of our network, the quality of our customers' experience, and the pricing and nature of our services and devices.
- Proactively anticipating, and where necessary responding to, changing market conditions is essential to maintaining revenue growth.

Mitigating actions

- Maintain competitor differentiation through our leadership in the quality and speed of our network.
- Deliver a differentiated customer experience by continuously reviewing the pricing and relevance of our products, services, and devices, developing innovative propositions, and investing in the quality of customer services, including through advanced CVM capabilities.
- Execute bundle rules and special offers regulations to stabilize market price aggression.

6 Regulatory compliance (FY2022: 3)

Risk trend	Speed of impact
Down	**<6 months**

Context

- Any breach of legal and regulatory requirements due to either not identifying requirements or inadequately assessing current compliance requirements exposes Vodacom Tanzania to significant financial and reputational damage.

Mitigating actions

- Continuous monitoring of changes to key laws, regulations, and licence requirements.
- Ensure business units are sensitized, including through training programmes such as the "Doing What is Right" Programme on legislative and regulatory requirements.
- Annual self-assessment of the Compliance Matrix.
- Engage with regulators to seek clarity and sufficient time to implement new requirements.

Increased Decreased

M-Pesa platform

(FY2022: 11) **7**

Risk trend	Speed of impact
Increased	**<6 months**

Context

- Adverse financial regulation changes, failure of systems (including network failure) and processes could negatively impact operations, reputation and revenue of our M-Pesa business.

Mitigating actions

- Established a risk management and governance framework for M-Pesa limited and introduced new risk management controls.
- Detective and preventive processes in place, such as the maker-checker and fraud alert processes.
- The Anti-Money Laundering team performs 'Know Your Customer' compliance reviews to check compliance of the newly registered agents and customers.
- Monitor agent activities to identify suspicious transactions.
- Check processed M-Pesa transactions against the approved transactions, to detect invalid and/or fictitious transactions.
- M-Pesa funds risk spread across seven banks in Tanzania, including international banks.
- Established a mechanism for exchanging fraud information with other MNOs for counter measures.

Spectrum

(FY2022: 10) **8**

Risk trend	Speed of impact
Increased	**6-12 months**

Context

- Delays in obtaining additional spectrum, and/or unavailability of spectrum, would impede cost-effective expansion of Vodacom's RAN, both for increasing capacity and for future technology (such as 5G) to ensure network leadership.

Mitigating actions

- Continuing engagement with Government and regulators.
- Due diligence processes and business case analysis undertaken for potential acquisitions and strategic partnerships.
- Re-farm 1 800MHz spectrum for deployment of 4G services.

Third-party management

(FY2022: 13) **9**

Risk trend	Speed of impact
Decreased	**>12 months**

Context

- Failure to manage Group's third-parties and partners could have a reputational impact on the Group due to the third-party actions that expose operations or customer data if not aligned to Group's processes.

Mitigating actions

- Robust Supply Chain Management (SCM) policy and procedures in place, enforced and monitored.
- Ensure that contracts agreed with all suppliers and partners, comply with business continuity, confidentiality, privacy and other requirements.
- Comprehensive due diligence process performed on new partners during on-boarding process.
- Continue to ensure that service level agreements in place and monitored.

Litigation

(FY2022: 10) **10**

Risk trend	Speed of impact
Increased	**<6 months**

Context

- An adverse outcome in any litigations could lead to financial loss, negative publicity and/or reputational damage.

Mitigating actions

- Proactive and regular engagement with the TCRA.
- Close monitoring of the progress of cases in arbitration/court, managed by our external legal counsel.

Our strategy

Our strategic priorities

Driving growth through new businesses while protecting the core

Vigorously defend **mobile**	**Expand and escalate M-Pesa growth**	Relentlessly pursue **Fixed**	Innovate and lead **Enterprise**	**Extract Wholesale value**	Leveraging on our **brand position**

Digital **Care** and **Experience**	Technology leadership in **network** and **IT**	Retain and develop a **high performing team**

Improve the **return on capital employed**

Delivering on our strategy

Vigorously defend **mobile**

Tanzania offers significant potential for growth in the digital and internet-based services sector, with the country's young and urbanising population, coupled with the low levels of smartphone penetration, fuelling growing demand for mobile digital and data services.

To capitalise on these opportunities, we are implementing various initiatives to get the most out of the opportunities to further grow our customer market share. Our ambition is to execute this through driving further uptake of data to support bridging of the digital divide, managing value perception and expanding our digital services portfolio. To expand our market share, data uptake and ensure customer stickiness, we focus on initiatives to increase smart devices penetration and use our big data systems to further provide hyper personalized offers. It is our commitment to strive to always remain competitive and relevant to our customers while responsibly protecting the market value.

Our 2023 performance

Growing customer market share and revenue

In the context of intense market competition, we have seen pleasing results from our strategies in defending our customer market share leadership and increasing data revenue and data customers.

We maintained a strong focus this year in defending our overall market share across the country, specifically in the strategic territories with significant penetration of smart devices, data users, and the highest levels of ARPU. At year-end, we saw pleasing progress with a maintained overall market leadership of 30.0%[1], with solid inroads made in expanding market share in the challenger market while defending our position in our strongholds.

Overall, we ended the year with a very pleasing 8.9% growth in our customer base to 16.7 million customers in total. Data customers were up 15.1% to 8.7 million, reflecting the positive impact of our strategy to ensure we remain competitive and understand our customers' needs. This enabled us to provide customers with relevant offers through customer value management (CVM).

1. Tanzania Communication Regulatory Authority quarterly statistics report as at March 2023

Value created | Value eroded | Value sustained

Data traffic was up 26.0% year-on-year, supported by 57.1% growth in 4G traffic. The continuing strong demand for mobile data services lends strong support to the investment case for increasing access to affordable smartphones and data services, and for further enhancing customers' data experience through investment in our network.

Mobile data revenue increased 34.2% to TZS273.7 billion, with contribution to service revenue increasing by 4.6pp to 26.0%, only 0.9pp off the historically dominant voice contribution. The continued growth in data users and revenue has assisted in offsetting the decline in mobile voice revenue, which was down 1.2% year-on-year, an improvement from a 5.0% drop in FY2022. The drop in voice revenue reflects a 22.0% year-on-year decline in average voice prices resulting from stiff market competition. The impact of declining voice prices was partly offset by an increase in both, the number of voice users and the average usage per customer driven by our strong CVM and acquisition initiatives.

In response to aggressive price competition, we have run various successful marketing campaigns highlighting the specific benefits of our world-class 4G and 5G network, addressing consumer perceptions relating to data costs, and emphasising our significant contribution to positively transforming lives.

Our Tuzo loyalty programme, which operates across both our M-Pesa and GSM platforms, is the only fully functioning loyalty programme in the Tanzanian telco sector, and remains an important differentiator in improving customer retention.

Accelerating smartphone adoption

Driving uptake of 4G devices, and increasing our 4G market share, is fundamental to delivering on our broader growth ambitions in terms of data user and revenue growth.

This year we achieved solid growth of 27.9% in active smartphone users, ending the year with 5.3 million users, a 60.3% penetration to our data customer base, up 6.1pp year-on-year.

We expanded our 4G market share[1] by 3.7pp, a testament to the effectiveness of our commercial strategies. Our initiatives included targeted smartphone campaigns, subsidised 4G entry-level devices, innovative device financing schemes, and the compelling value propositions for customers and our sales team.

Ensuring personalisation through customer value management and big data

This year's strong growth in customer numbers and data revenue has been underpinned by the valuable progress made in further strengthening our segmented offers, using our advanced CVM platform powered by big data analytics as an important competitive differentiator.

Our strategy execution built on uptake of our 'Just 4 You' personalised offers, also resulted in a pleasing increase in average number of days in a month, that a customer is active on our network.

We will continue to drive personalised propositions to meet customers' diverse interests, with sustained strong uptake, to drive attachment and grow market share.

1. Statistics based on Facebook analytics reports.

Providing reasons to consume data

We are pleased with an improvement in data prices per megabyte, which together with increased usage per customer underpinned by our commercial execution led to a 17.0% improvement in data ARPU, supporting overall data revenue growth.

We have continued to see pleasing performance this year in development, uptake, and monetisation of our various digital service offerings in entertainment, education, agriculture, health, and transport. However, overall Digital and VAS revenue declined 1.0% year-on-year, reflecting a strategic decision taken to address customers experience from some of the products' design. We are confident of growth in the future after the transition period, supported by our partnership agreements with globally leading digital platforms, and further enhancements in the customer experience and on our digital platforms.

Airtime Advance Credit Service (ACS) continued to support customers spend. This year, the amount borrowed increased by more than 28% compared to the previous year's borrowing. Airtime advance is critical in supporting service access to our customers when they are unable to finance payment for airtime.

We have continued to enhance the features and general user-experience of My Vodacom App bringing simplicity in accessing our various services. This year we added 15 new functions to My Vodacom App, bringing the total to 56 value-adding features. In further improving customer experience, we are working on integrating My Vodacom app into the M-Pesa super-app.

Delivering operational efficiencies

We made valuable progress this year in accelerating the number of customers' electronic recharges particularly via M-Pesa through various customer incentive schemes as well as changes to salesforce commissions. Our electronic recharges contribution to total recharges expanded by 7pp over that of the last financial year. This uptake is critical in reducing the costs associated with paper vouchers including production, distribution, and channel support incentives.

Increased electronic recharges has also supported avoidance of an estimated usage of 172 tons of paper for producing vouchers, supporting environment protection in both forestry and wastes.

We have secured further efficiency gains by ensuring that we remain competitive yet cost-efficient in rewarding our distribution channel partners. We continuously reprioritise elements of our operational expenditure, and identifying opportunities for automation and efficiency optimisation through Agile squads.

Expand and escalate **M-Pesa growth**

Our world-class mobile financial service offering, M-Pesa, continues to be a key driver of revenue growth and brand differentiation, and plays a crucial role in promoting financial inclusion and stimulating economic activity across Tanzania.

M-Pesa is intended to grow further through building on success of the existing traditional and non-traditional services in our current M-Pesa product portfolio, while accelerating development of new innovative products and services, and growing our active M-Pesa customer base penetration. We intend to transition our M-Pesa App into a Super App underpinned by world-class technology. The Super App will continue to offer services ranging from loans and savings, seamless QR and person-to-person transfers, to entertainment and personalised shopping experiences, promoting greater financial inclusion. M-Pesa service is backbone to our contribution to financial inclusion.

Our 2023 performance

Following the significant challenges in the prior year – associated with the Government's levy on mobile money transfers and withdrawal transactions – our M-Pesa business has continued a steady recovery this year, fuelled mainly by growth from new services specifically lending, and insurance services, international money transfers and merchant services. Although our traditional peer-to-peer transactions have not yet fully recovered from the impact of the levies, the value of transactions in the new growth areas reflected an exceptional increase of close to 200%, with strong commercial execution in accelerating our new financial services playing a significant role in driving customer recovery and ARPU.

We currently have 8.2 million 30-day active M-Pesa customers an increase of 1.4 million or 20.0% year-on-year, served by our distribution network of more than 125 000 agents. M-Pesa continues to lead the mobile financial service sector in the country, with a market share of 36.5%[1].

It was encouraging that the total number of transactions through M-Pesa grew 22.5%, with value transacted increasing 13.3% year-on-year to an average of over TZS5.9 trillion per month.

Scaling our digital financial services

We made pleasing progress this year in scaling and embedding new products and services in the digital finance arena specifically lending and insurance, achieving circa 100% growth year-on-year in terms of value and revenue. The growth is driven by product adoption and attachment attained through effective commercial execution, including product enhancements and improved customer experience.

We further expanded our insurance-related offerings, with some innovative new options including micro-health insurance and insurance premium financing.

Our pioneering 'Songesha' overdraft service to customers, and agents – launched in FY 2021 – continued to perform well, with more than four million customers, close to 20% year-on-year growth. The total value of overdrafts issued grew significantly to over a trillion shillings. Songesha supported expansion of businesses of close to 100 000 agents, improved their customers' experience, and further strengthened financial inclusion. Overall, we achieved a pleasing growth in Songesha revenue, increasing its contribution to total M-Pesa revenue by 3.4pp.

We saw a double digit revenue growth this year in international money transfers (IMT), with receipts from more than 200 destinations and expanded remittances to include the Southern Africa Development Community (SADC) region. This growth reflects successful commercial execution, the addition of new partners in the remittance space, and further expansion into the broader Tanzanian diaspora. Of the total IMT value, remittances grew 24.2% year-on-year.

Our M-Pesa virtual cards aimed at easing customer's online payments continued to perform well, with more than 216 000 active virtual cards and payments worth over TZS65 billion processed during the year.

As part of our commitment to driving financial inclusion in Tanzania, this year, there has been a pleasing significant uptake in our group savings M-Koba product, following a dedicated campaign of awareness-raising and on-boarding. Launched three years ago, this product enhances the levels of visibility, security, safety and trust associated with traditional informal group savings schemes that are popular, particularly among women across the country. The substantial increase of over 200% in value processed on the platform and the growth in number of users reflects significant benefits in terms of promoting financial inclusion and women empowerment.

Ensuring unrivalled merchants

We have seen significant growth this year in our 'Lipa kwa simu' merchant solution, an end-to-end payment platform for our customers and businesses. We closed the financial year with over 150 000 active merchants, significantly up from 40 000 at the start of the year, reflecting successful execution of our goal to drive penetration of our merchants' solutions.

To put things in perspective, this year the platform facilitated payments worth TZS6.1 trillion, an increase of over 200% on value processed in the prior financial year.

Becoming Tanzania's true super-app

We made significant progress this year in developing and rolling out a 'one-stop shop' in our significantly enhanced M-Pesa super-app. During the year we added several new mini-apps, enabling M-Pesa customers to access a range of valuable new functionalities, including:

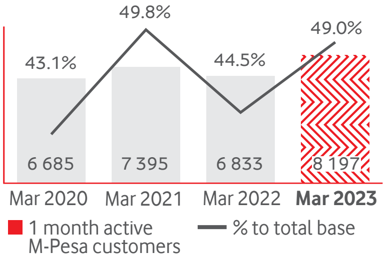
- Accessing various online merchants' websites as 'mini apps'.
- A direct link for making and tracking government payments.
- Ability to pay multiple recipients (up to five) in a single transaction for either fixed or varying amounts.
- Accessing an online marketplace' for insurance services.
- Watching DSTV shows through redirection.
- Using fingerprints for access and transactions authentication instead of a PIN.

To drive further penetration of the M-Pesa super-app and its various associated products and services, we have run several aggressive marketing campaigns, all of which have contributed to a substantial 68.5% growth in the number of active monthly users accessing the app which is however still low. A continued increase in smartphone users is expected support our ambitions in super app adoption.

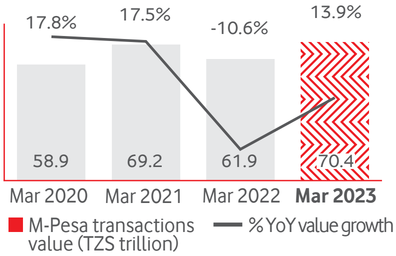
1. Tanzania Communication Regulatory Authority's quarterly communications statistics as at March 2023.

Value created | Value eroded | Value sustained

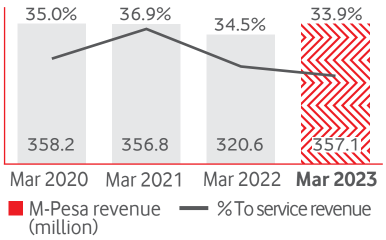
1 month active M-Pesa customers
(thousand)



M-Pesa transactions value
(TZS trillion)



M-Pesa revenue
(TZS billions)



Relentlessly pursue **Fixed**

As part of our transformation from a traditional Telco to a digitised Tech Company, we have placed a strong strategic focus on expanding our reach in fixed service.

There is a lot of untapped opportunities in the fixed service that we are looking forward to pursuing. We will tap the business opportunities through differentiation, providing our customers with the best and secured data experience at homes and offices.

Our 2023 performance

We made encouraging progress this year in driving scale and market share in our fixed services. We launched our 5G network, expanded our fixed-line LTE network to cover the major cities, further streamlined our customer on-boarding processes, and continued to leverage off our Pan-African presence and international partnerships with leading digital solutions providers.

Our fixed wireless access service was mainly provided through 4G for which we added 390 new 4G sites over the year. The roll out of 231 new 5G sites in the second half of the financial year is a further boost in driving our fixed services, providing better speeds and low latencies hence improved customer experience.

The acquisition of the four blocks of low and mid-band spectrum in the government auction in October 2022, is also expected to further open opportunities and support our ambitions in driving fixed services.

With the expanded reach and capacity of our fixed services in the country's major cities, we grew our customers by approximately 68.0%, with revenue up 27.3% year-on-year. This performance was achieved in the context of aggressive price competition, as well as a global supply shortage of integrated circuits/microchips that resulted in delivery delays of handsets and routers for fixed connectivity.

We made positive progress this year towards our goal of becoming the largest provider of broadband services to the Tanzanian SME sector, acquiring the largest share of new SMEs, and growing our SME customer base year-on-year. This growth reflects the quality of our service offerings and superior network availability. It is also a result of our streamlined customer on-boarding processes and compelling tariff plans, supported by a growing internal team and new reselling partners.

It was also pleasing that, during the year, we successfully renewed and maintained a significant portion of our customers, and acquired many new customers from the associated opportunities that arose.

Innovate and lead **Enterprise**

Vodacom Tanzania is the leading provider of communications and data services to the large enterprise market in the country, serving multiple industry segments with a range of solutions that meet specific customer needs.

Building off this strong base – and harnessing our technical expertise, recognised service levels and brand reputation – we believe our enterprise business provides valuable opportunities for further revenue and customer growth. Our focus is on provision of services that addresses advanced technological business challenges and providing sector specific IoT solutions.

Our 2023 performance

We achieved another year of solid customer and revenue growth across Enterprise. We had decent growth in our data revenue and positive albeit lower voice revenue growth, off the back of our existing and new corporate accounts and service offerings.

Becoming the digital partner of choice in agriculture, education and health

We have made significant progress in rolling out our 'M-Kulima' platform, ending the year with more than 3.1 million small-scale farmers registered on the platform, substantially up from 140 000 in the previous financial year. This dramatic increase is a result of joint efforts, including a partnership with the Ministry of Agriculture, in a drive to accelerate registration of farmers that has proven important not only to us, but also in facilitating certain government activities. The platform is digitising the agriculture value chain by offering a complete digital solution in farmers' profiling, communication, financial transactions, pesticides and fertiliser loans, digital extension services, insurance and education. In addition to delivering direct agricultural benefits, the initiative provides additional value in speed of payments and security to the parties involved. To drive further uptake and realise opportunities both economic and social, we are working closely with various partners, piloting potential services that can be administered through the M-Kulima platform.

We are continuing to drive uptake of our 'connected education' and 'VodaShule' platforms aimed at digitising the education ecosystem through digital books, live boards, classrooms, and school management solutions. This year, as part of our new partnership with Microsoft, we started rolling out their Office 365 services to education institutes free of charge. We also entered new partnerships with some major universities, providing them with connectivity and related services.

On health, we have been working with our various partners including the ministry of health, to pilot new services that once concluded, will be rolled out.

Leading in new service areas

This year, we delivered strong revenue growth in our IoT business. This is an emerging arena in which we see exciting potential to further scale up and commercialise our IoT solutions, harnessing Vodafone's recognised leadership in this area to grow the market in Tanzania. In doing so, we will help the Government deliver on its priority to digitise the economy including the SMEs, as well as contributing to key social and environmental objectives towards improved livelihoods.

During the financial year we finalised the deployment of our new IoT platform, making us the first operator in Tanzania to have a locally available end-to-end IoT stack with all data stored locally. This platform will enable us to provide valuable tracking-related services, such as metering for power and water utility companies, asset tracking in logistics companies, and smart precision agriculture.

To deliver on our new and growing service offerings – relating to our IoT platform, as well as the sector-specific services across Enterprise – we have maintained a strong focus this year on deepening the digital and sector-specific skills within our team. Our aim is to ensure that we have the necessary specialists to develop and deliver digital solutions in each of our targeted focus areas, both through our internal skills development initiatives and by recruiting talent in areas such as IoT, big data analytics, and customer value management.

Extract **Wholesale value**

Given the scale of our available assets in network, fibre, cloud and data centres, we are identifying opportunities to realise the full potential of these assets in those instances when we have excess capacity.

Our ambition is to extract wholesale value and monetise these assets through mutually beneficial partnerships, sharing our network and data centres, and realising fibre co-build opportunities. This strategic objective is long-term in nature, and it may not necessarily deliver immediate results.

Our 2023 performance

This year we conducted a detailed assessment of our available assets, and the identification of specific opportunities to utilise and monetise excess capacity – specifically in terms of fibre, data centre and hosting.

We modernized and expanded the capacity in one of our data centres, and successfully on-boarded several ISPs who are now using this capacity to deliver services to their customers.

Value created | Value eroded | Value sustained

Leveraging our **brand position**

Meeting our strategic objectives and delivering long-term growth depends ultimately on the quality of our relationships with our key stakeholders – our customers, government and regulators, investors, suppliers, the media, and the public. As outlined on page 10, we engage regularly with our stakeholders to ensure that we understand and appropriately address their priority interests, and to maintain our existing strong brand and reputation.

Our ambition is to continue to deepen brand loyalty in the hearts of our stakeholders, enhancing further the customer experience, and meeting evolving stakeholders' expectations by clearly delivering on our Social Contract. We aspire Vodacom brand to be at the heart of every stakeholder.

Our 2023 performance

We have had a pleasing year in terms of consolidating our strong brand and market position, maintaining our overall market share leadership this year, with 30.0% of customer market share. We also maintained our leadership in mobile financial services sub-sector, with M-Pesa customer market share of 36.5%[1].

We were consistently rated first in terms of customer net promoter score (NPS) throughout the year. We ended the year with strong lead gaps over our closest competitor in headline NPS, NPS for combined network performance and overall customer care NPS.

Our strong brand positioning and performance earned us numerous external awards, recognising the quality of our customer service, the strength of our network, our commitment to innovation and social inclusion, quality of our financial reporting, and the work of our human resources and marketing teams.

PG Read more on **page 42.**

Building a brand with a purpose

Our purpose is to 'connect for a better future'. We strive to use our technology, network, reach and resources, improve the lives of millions of Tanzanians by connecting people and things to the internet, driving inclusion for all, and reducing our environmental impact. Our corporate social responsibility initiatives are democratising health and education, empowering women and improving living standards in the society. As reviewed in more detail on page 40, we have made significant progress this year in delivering on purpose-led commitments in our three focus areas: co-creating a **Digital society,** driving **Inclusion for all**, and protecting our **Planet**. Through our activities in these three areas, we are making a positive contribution to the UN Sustainable Development Goals, Tanzania's Vision 2025 and its national Five-Year Development Plan.

1. Both stats from Tanzania Communication Regulatory Authority's quarterly communication statistics as at March 2023.
2. Broadband service measured at the rate of 1 Mbps.

Accelerating support to government

We have historically been working with the government of Tanzania on a range of initiatives, supporting the government to digitize many of its activities and services, as well as contributing actively to its commitment to bridge the digital divide and optimise the benefits of improved voice and data connectivity, and enhanced access to more inclusive digital services. This includes co-operation in areas around rural communications coverage through UCSAF, M-Kulima farmers' digitisation through ministry responsible for agriculture and women and child health projects including our infamous M-Mama through ministry responsible for health.

Through use of M-Pesa, we have supported efficiency in government-related payments in such areas as water and electricity utilities. Our M-Pesa services including merchant payments, lending, insurance, IMT and the traditional peer to peer transfers have proven important in promoting financial inclusion, and contributing to key social and environmental goals.

Our IoT services supports economic efficiency including for example facilitating energy and water efficiency through smart metering and boosting agricultural productivity for example M-Kulima.

Enhancing digital accessibility

As outlined in more detail on pages 41 and 42, we have continued to make significant investments to enhance digital accessibility by expanding the coverage and improving the quality of our network across the country, and by to driving smartphone penetration to enable more people to access data and digital services. At year-end, 68%[2] of the Tanzanian population was covered by Vodacom broadband, and we ended the year with 5.3 million smartphone users in our customer base.

Future proofing our network infrastructure

This year we invested TZS156.0 billion (14.5% of revenue) in our network and IT infrastructure, to expand our network coverage and upgrade capacity, support our 4G acceleration and roll-out of new 5G sites, and further modernize the network to enhance security and resilience and drive operational efficiencies. Our objective is to ensure that Tanzanians have access to reliable and widely available services through our Vodacom brand.

Vodacom Tanzania's Awards 2022

Vodacom Tanzania received numerous national and international accolades this year, recognising the collective efforts by our management team and employees in improving digital access and delivering quality communications and technological solutions to Tanzanians.

- Three awards from Tanzania Digital Awards 2022: **Best Customer Care**, for our effective use of digital technologies to create innovative solutions and foster digital transformation for customers; and **Best Mobile Money App** for our M-Pesa App; and **Innovative Telco Company of the Year.**
- Two awards from Consumer Choice Awards Africa 2022: **Most Reliable and Quality Network Telecom Service Provider of the Year,** and **Most Preferred Quality and Speed Internet Service Provider.**
- Two awards from Tanzania Trade Development Authority: **Best Telecommunication Exhibitor** and first runner-up as **Investor for the year.**
- **Team of the Year 2022,** awarded by the Tanzania Marketing Science Association to Vodacom's marketing team for its efficient marketing choices in the country.
- **Employer of the Year for 2022 in Talent Management and Development,** awarded by the Association of Tanzania Employers.
- **Employer award** from Top Employers Institute, for our activities positively impacting the community.
- **Most Compliant Taxpayer in Telecommunication Sector in Financial Year 2021/2022,** awarded by the Tanzania Revenue Authority for our good track record on tax compliance.
- **Best Presented Financial Statements Award for 2021 in the Trading and Distribution Category,** awarded by the National Board of Accountants and Auditors of Tanzania for the third successive year.
- **First place in telecommunication category,** awarded at the Ministry of Agriculture's Nane 2022 Farmers Day celebration.
- **Private Sector Outstanding Corporate Social Responsibility award**, awarded by the Tanzania Private Sector Foundation in recognition of our social impact programmes across the country.
- **Top 100 Executives** list recognised two senior Vodacom officials for their excellence and leadership capabilities: Ms Linda Riwa (Director of Consumer Business Unit) and Ms Aileen Meena (Head of Marketing and Enablement).

Our strategic enablers

Value created Value eroded Value sustained

Digital care and experience

Fulfilling our purpose relies on maintaining and growing our customer base, by ensuring that customers have the best possible experience across our multi-product ecosystem.

As part of our strategic goal of making 'digital first' the way we work, we aim to combine the best of digital technology and personal interaction to evolve our customer experience and support through a personalised omni-channel digital solution that promotes inclusion and generates loyalty to our brand.

Our 2023 performance

We have had a decent year, achieving strong performance in various areas across the business. In customer service, which is a customer facing role, we were pleased with overall proof points attained relating to customer satisfaction.

We were consistently rated first in terms of customer NPS throughout the year, ending the year with a solid lead over our closest competitor.

We have continued to maintain overall market share leadership this year, a reflection of our strong customer acquisition and retention execution, including excellence in customer care which is the face of the company.

We received several external awards this year in recognition of the quality of our customer service.

PG Read more on **page 34.**

Scaling digital care

We have continued to develop and enhance our digi-care channels with the aim of reducing call centre volumes and handling times, and to increase first-call resolution rates. This year, we ran several initiatives to increase the uptake and effectiveness of our digital engagement channels:

- We have been revamping our TOBi platform and chatbot functionalities, increasing the use of machine learning to make our chatbots more engaging and intuitive through additional functionality and integration, ensuring that as far as possible common account and service-related queries are effectively addressed, and when necessary, that customer queries are channelled to the right agent. With the rollout of the new platform, we anticipate further improvements in usage and adoption rates.
- We have undertaken various educational and promotional campaigns to encourage adoption of digital over more traditional channels, and stimulate a 'digital first' culture. This has contributed to a 7% year-on-year growth in volume of customer service issues handled through digital channels.
- We have extended the self-reversal functionality for erroneous M-Pesa transactions sent to other networks. This has improved the customer experience, providing more control to the customer and reduced demands on call-centre agents.
- Recognising that many customers prefer to speak to an agent, as opposed to self-help, we have improved our IVR (Interactive Voice Response) to make it easier for customers to access us, but also with the messaging to encourage self-care. Although this has promoted an overall 10% increase in calls, our belief is that this will lead to a longer-term reduction in calls through a more effective process of elimination.
- To further empower the customer, we have introduced a self-care ticketing query facility, where a customer can now track their tickets when they call on the IVR or when using My Vodacom app.
- We have an agile squad that is supporting us in automating some of our more repetitive processes. This year we expanded the team, focusing particularly on the finance, customer service and fraud units. We have now fully automated over 140 processes. This has contributed to improving customer turn-around time, freeing up agents and staff for higher quality customer and operational engagements, and delivering valuable cost savings.

Transforming the customer experience

This year, we introduced a Customer Experience Board – comprised of all EXCO members – to help us accelerate our experience improvement decisions, ensuring that all relevant areas of the business are aware of what is happening, and helping us to prioritize areas for improvement.

By challenging identified customer pain points through systems stabilities and fixes, and running effective customer education initiatives, we have improved the customer experience in call centres, with our touchpoint Net Promoter Score (tNPS) up 5pp, and with a service level average of 80% at year-end. Majority of customer queries are now resolved within six hours.

To further enhance our product offerings and customer engagements, we have increased our use of machine learning, CVM technologies, and customer-centric go-to-market processes, with the aim of informing the development of differentiated, highly personalised offerings.

We continued to provide customers with data management tips through our customer education platform ('Ni Rahisi Tu') to curb the misperception of unknown depletion of megabytes bought, as well as empowering customers to manage their spend and usage. Through this platform, we are also encouraging and empowering customers to self-service through our numerous self-care options.

Inclusive care

As part of our commitment to 'inclusively' serve our customers better, we have placed a particular focus this year on customers with hearing and physical movement challenges. In a key development, we recruited eight customer service personnel fully conversant in sign language, and trained an additional thirty front line representatives on basic sign language skills. We have also introduced access to sign language support via a WhatsApp video helpline stationed in the call centre.

We did physical upgrades constructing wheel chair ramps in more than 80 Vodacom shops to ease customer access to our touchpoints as well as installing priority desks for the disabled in our retail stores.

Creating expert agents

As we expand our product portfolio, we have continued to invest in strengthening our agents' skills to support our more sophisticated products in the digital, financial, insurance and fixed space, with the aim of ensuring that customers are always attended to by a knowledgeable and confident agent. We have also leveraged on support tools to further empower our call centre, enabling them to provide quality advice to customers as part of our drive to cement an 'ask once' culture and improve first call resolution rates.

We have seen further strong uptake this year in our 'SUPA Agent' programme, categorizing our agents into qualification classes based on specific work quality and knowledge criteria. We have witnessed an increasing number of agents graduating into higher class a reflection of customer service excellence.

Value created | Value eroded | Value sustained

Technology leadership in network and IT

Connecting our customers for a better future requires significant investment in network infrastructure and IT systems, as well as continued innovation to strengthen cybersecurity, maintain customer privacy and to secure operational efficiencies. We are strongly committed to operate our network responsibly, reducing our environmental footprint.

Our 2023 performance

Investing in infrastructure to expand capacity, coverage and resilience

In FY2023, we invested TZS156.0 billion equivalent to 14.5% of revenue, on capital expenditure spent in network and IT infrastructure. This investment was used to expand our network coverage, upgrade network capacity, roll-out 5G sites and fibre in priority areas, further modernize the network to enhance security and resilience while also driving operational efficiencies.

An important highlight this year was the strategic acquisition of spectrum in the auction convened by the Tanzania Communications Regulatory Authority in October 2022. Through our three winning bids, we secured four blocks of low and mid-band spectrum for a total price of US$63.2 million. This investment in spectrum is an important strategic enabler, allowing us to further expand our 4G and 5G coverage to support both mobile and fixed data services and upgrade capacity, supporting our commitment to bridge the digital divide and deliver on our purpose.

This year, we added 390 new 4G sites, bringing the total to 2 353 4G sites and increasing our reach to 56.2%[1] of the country's population, up from 50.4%[1] last year. We added 228 new 3G sites, reaching a total of 3 096 3G sites, enabling us to provide 3G data services to around 85.0%[1] of the population. We also added 59 new 2G sites, including 7 sites as part of the government's rural coverage programme, bringing our 2G coverage to 93.1%[1] of Tanzania's population. Our fibre network is now over 4 500 kilometres and our 5G network has reached 231 sites.

As a result of our cumulative investment in network coverage and capacity, 68%[1] of the population is now covered by broadband[2]. Looking to the year ahead, in addition to further upgrading our network capacity and expanding our coverage generally, we plan to expand our footprint in certain strategic areas. We will also continue to support government's rural coverage initiatives through UCSAF projects

To provide for continuing growth in network traffic and address specific instances of network congestion, we invested in various end-to-end capacity upgrades across the country, further enhancing the overall customer experience. We also made further progress this year in modernising our radio network (RAN) by deploying new sites or changing existing base stations to single radio access network (SRAN).

During the year we successfully completed deployment of a new future-proof IoT platform. We are now the only MNO in Tanzania with a locally available end-to-end IoT stack with all data stored locally.

The impact of efficient network operations and investment is reflected in the strong performance in our KPIs relating to network availability, dropped calls' rate, accessibility, and data download and upload rates. At year end, we were once again Tanzania's top-rated service provider in terms of quality of service[3] and maintained our lead in overall network NPS, with a solid lead gap over our nearest competitor.

Strengthening cybersecurity and maintaining customer privacy

In line with the Vodafone Technology 2025 strategy, we have continued to invest in strengthening and modernising our cyber security systems to ensure that customers enjoy our services securely, reliably and without incident. Vodacom Tanzania was once again rated the best market in the global Vodafone Group in terms of the implementation and effectiveness of our cyber security baseline controls (CSB), and we were the first region in the Group to reach the globally-set target for cybersecurity baseline controls.

This year, in partnership with a global cybersecurity company, we launched a Bug Bounty Programme, in which we offered monetary rewards to ethical hackers for successfully discovering and reporting a critical vulnerability in any of our externally facing applications. This has already proved very effective in identifying and addressing potential vulnerabilities.

In terms of managing information security, we maintained certification of ISO 27001 (Information Security Management System) and are also fully compliant with the EU GDPR (General Data Protection Regulation).

Reducing our environmental impact and securing operational efficiencies

As part of a Vodafone group-wide commitment to improve energy efficiency and reduce greenhouse gas emissions by 50% by 2025 (on a 2019 baseline), we have been realising opportunities to reduce energy usage in our data centres, and we are working with our network providers to accelerate grid connectivity to reduce usage of the more carbon-intensive diesel generators. This year, we also completed a gap analysis aimed at securing certification to ISO 50001 on energy management.

As part of our cost containment programme, we have continued to drive network and IT efficiencies, including consolidating network towers through our co-build and sharing strategy, delivering some of our key IT products internally, and streamlining some of our internal processes through increased digitisation and robotic process automation (RPA).

1. Based on Vodacom Tanzania internal estimates.
2. Measure at a rate of 1Mbps.
3. TCRA quarterly report for March 2023, page 47.

Retain and develop a high performing team

To fulfil our core purpose and strategic objectives, we need access to diverse talent and future-ready skills, built on an inclusive employee experience that fosters personal growth, and a culture that values agility, innovation, and customer service. Vodacom Tanzania has always excelled in attracting, nurturing and retaining talent, and we take pride in consistently being rated an employer of choice.

Since launching our Spirit of Vodacom initiative in December 2019 – developed in alignment with the Vodafone Group – we have focused on deepening the 'Spirit' culture that fosters innovation, teamwork and agile learning, while increasing individual and team autonomy to encourage decision-making at a more decentralised level. These are all important attributes aimed at accelerating our transformation from a Telco to a Tech Company.

Our 2023 performance

Diverse talent and future-ready skills

We have continued to invest significantly this year in building the internal skills and capabilities needed to meet our ambition of being a future-fit digital tech company. This year, around 500 employees engaged in internal and external training opportunities, including specifically in such areas as block chain, Robotic Process Automation (RPA), artificial intelligence (AI) and machine learning, big data and analytics, IoT, cybersecurity, fintech, public cloud skills, digital media and 5G.

As part of our goal of achieving skills transformation across the identified core specialties, we have retained a strong focus on encouraging employees to develop '#1MoreSkill', with around 90% of our staff undertaking training sessions this year aimed at developing a new skill.

Leadership development and senior management succession planning remains a top priority. More than 250 of our executives and managers have received various leadership and management refresher training over the past three years, with 66 leadership development initiatives run this year. We have retained a particular focus on developing female leaders, through participation in initiatives such as the McKinsey Black Leadership Management Accelerator and the nine-month Female Future Leaders Programme.

The positive impact of our skills development and succession planning interventions is reflected both in the number of new senior appointments made internally, as well as in the recruitment of our staff to fill management positions elsewhere in the Vodafone group family. This year, thirty promotions were made internally to management positions, many of which were women. It is pleasing to report that our target of 44% women in director and head of division positions has been reached on schedule.

Currently, all but two of our thirteen executives are Tanzanians, resulting in an 84.6% level of local representation a director level (exco), up from 30.8% six years ago. This positive change is critical for local empowerment as well as business sustainability though self-reliance represented by localisation of the leadership team.

In the context of a highly competitive market for skills – particularly in the digital technology field – our ability to attract and retain the best talent is strengthened by being part of the Vodafone and Vodacom groups. This enables us to provide employees with access to attractive global career development opportunities, including regional and international assignments, short-term rotational secondments, structured mentoring programmes, and ongoing education and leadership development opportunities. Currently, six Tanzanian Vodacom employees are working on various assignments within the Vodacom group family.

We are continuing to play our part in addressing the global gender disparity in STEM careers by collaborating with government, the private sector, and academia to encourage young girls to pursue STEM subjects. Since its launch, our #Codelikeagirl programme has engaged more than 1 700 girls aged 14-18, equipping them with coding skills and life skills, and inspiring them to consider ICT and STEM subjects. Participants attend a one-week training course, covering basic knowledge of computer languages and programme development including 'HTML' and 'CSS', a computer language for web-page structuring.

Agile and efficient operating model

In 2019, Vodacom Tanzania became the first International Business operation in the Vodacom Group to adopt Agile structures, principles, and tools. Since then, all our employees have been trained in Agile processes through the Vodafone University online portal.

We have now successfully launched seven Agile squads and trained 17 staff members as 'Robotic Process Automation Citizens'. Using RPA, we have fully automated 103 processes, saving more than 140 000 person-hours this year alone.

Our various Agile interventions have enhanced the quality of engagement across business units and contributed to material improvements in productivity and efficiency, as well as encouraging greater alignment and accountability on mutually agreed performance indicators.

Value created Value eroded Value sustained

Digital and personalised experience

As part of our drive to become a digitally led company, we have continued to automate and digitize our employee engagement activities, introducing best-in-class digital solutions to facilitate secure communication and enhance collaboration and innovation across our dispersed workforce. This includes fully digitising employee on-boarding, providing an online self-service exit clearance process, introducing ToBi chatbot functionalities for HR, and encouraging further uptake of our employee-focused mobile app. This year, we achieved 58% active-user uptake on our Grow with Vodacom app, just short of our 60% target.

We are incredibly proud that Vodacom Tanzania maintained its top position this year across Vodacom and the Vodafone group for our Team Spirit Index and engagement scores. This affirms our success in fostering the Vodacom culture and Spirit behaviours among all our employees on earning customer loyalty, creating the future, experimenting, learning fast, and getting it done together.

We made further progress this year in contributing to the Vodafone group's goal of being recognized as the world's best employer for women by 2025. We have introduced various strategies and initiatives towards this objective, including progressive provisions on parental leave, and programmes to combat gender based violence and sexual harassment. These are supported by our leadership development and training programmes – including the graduate trainees – aimed at increasing the representation of women across the organisation and at the leadership level.

We further enhanced the employee value proposition, including securing staff discounts on relevant products and services.

Our workplace initiatives have once again been recognised this year, with Vodacom Tanzania receiving the Association of Tanzania Employers (ATE) Employer of the Year 2022 award for Talent Management and Development, as well as the Top Employer Tanzania and Top Employer Africa awards for the fifth consecutive year.

Health, safety and wellbeing

This year was Vodacom Tanzania's eleventh consecutive year with zero work-related fatalities, reflecting the positive impact of our activities in embedding a strong safety culture. We are the first region across the Vodafone group to achieve this, an achievement recognised at a group level through this year's Vodacom Group CEO award.

We have maintained a strong focus on employee health and safety, with a particular focus on embedding health and safety practices in our supplier engagements, and in ensuring full safety compliance. We continue to use enhanced digital solutions to monitor high-risk activities – such as driving, working at heights, and electrical works – supported by our various management engagements to ensure compliance with the Vodacom Absolute Rules.

We have been sharing our best practice safety learnings across the broader Vodafone group. As part of this, the digitised and fully automated permit-to-work and journey management tools that we developed last year have recently been rolled in the Vodacom markets in South Africa, Kenya and Democratic Republic of Congo (DRC).

We continued to execute our employee wellbeing programme, running various awareness sessions on issues such as mental health, nutrition, healthy lifestyles, and sound financial and investment management. We are pleased with the positive feedback received from employees regarding the importance and effectiveness of the wellbeing initiatives undertaken.

In addition to meeting all legally required policies, we have introduced progressive policies and procedures that address issues such as paternity leave and mandatory leave, diversity and inclusiveness, and employee speak up – whistleblowing rights.

Our well-being activities have been recognised across the group, with Vodacom Tanzania awarded the first runner-up position in the Global Wellbeing challenge. The resulting award money was donated to a charity identified by employees, and help a girls' school with books, desks, chairs and solar panels.

Our workforce performance indicators	Unit	March 2023	March 2022	March 2021	March 2020	March 2019
Number of full-time employees	Number	**581**	560	569	551	548
Female in EXCO	%	**38.5**	38.5	36.4	30.8	36.4
Female (HoD and EXCO level)	%	**43.8**	40.0	41.2	41.2	41.2
Female employees	%	**37.5**	37.3	35.7	37.0	36.5
Local (Tanzanians) % in EXCO	%	**84.6**	84.6	72.7	69.2	54.5
Total training spend	(TZS bn)	**0.3**	0.2	0.7	1.0	0.7
Employee turnover	%	**6.0**	10.5	6.7	6.7	8.9

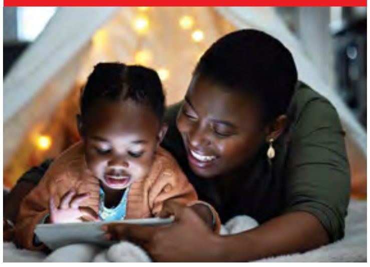
Our purpose

Vodacom Tanzania's purpose is to 'connect for a better future'. We strive to improve the lives of millions of Tanzanians by connecting people and things to the internet, driving inclusion for all, and reducing our environmental impact.

We believe that the most effective way we can accelerate socioeconomic transformation and contribute meaningfully towards national and global development objectives is through the responsible provision of improved voice and data connectivity, and enhanced access to more inclusive digital services.

As part of Vodafone and the Vodacom Group, we have committed to delivering on three broad focus areas aimed at contributing meaningfully to the United Nations Sustainable Development Goals (UN SDGs):

Co-creating a **Digital society**



Driving **Inclusion for all**

Protecting our **Planet** by reducing our environmental impact

Through our activities in these three areas, we are making a positive contribution to the following eight SDGs:

Delivering on our purpose and social contract

Value created | Value eroded | Value sustained

Digital society

Bridging the digital divide is critical to transforming Tanzania from an agricultural economy to a knowledge-based, semi-industrialised middle-income economy. By promoting digital inclusion, the mobile telecoms sector is already contributing significantly to the country's developmental goals. We have the potential to play a significant further role by increasing access to critical services, driving productivity gains across key business sectors, and facilitating inclusive economic opportunities. We are continuing in our activities to bridge the digital divide through our sustained investment in extending communication services to underserved areas, while facilitating affordability initiatives in smartphones and providing low-cost price packages to democratize communications. We also strive to develop tailored digital solutions that supports digitisation of businesses, government services and critical sectors to resolve social and environmental challenges.

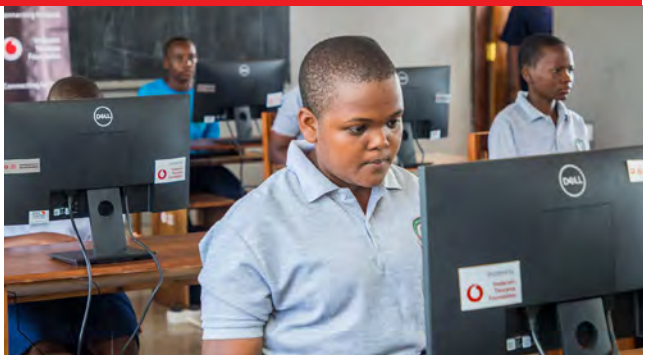
Connectivity for all

This year, we invested TZS156.0 billion in expanding the coverage and improving the quality of our network. We added seven new sites in rural Tanzania and rolled out a total of 849 sites to further support access to data services, including the 231 new 5G sites. Among the new sites, 19 sites were rolled out in special-purpose areas[1] in collaboration with the government through the Universal Communications Service Access Fund (UCSAF). At year-end, we had 1 687 rural sites[2], including 302 sites[2] built in collaboration with UCSAF over the past eleven years of our partnership. As a result of our investment in network coverage and capacity, 68%[2] of the population is now covered by broadband.

We have continued to promote digital inclusion through our affordably priced packages offered under our 'Just 4 You' umbrella, powered by our CVM and machine learning platforms. Close to 8.0 million customers, monthly, use our Just 4 You offers.

We also continued to facilitate service accessibility through our airtime credit advance service platform, which enables customers to access telecommunications services, including data, by loaning airtime or bundles for repayment in their next recharge. This year, 8.2 million customers benefitted from TZS72.5 billion airtime advance issued, an increase of 5.8% over last year's value.

We continued to drive smartphone affordability to enable more people to access data and digital services. Despite challenge of increasing device purchase price due to global microchips shortage, our efforts delivered a 27.9% increase in smartphone users to 5.3 million. We continue to work with government and our partners to identify opportunities to stimulate smartphones' demand and assist on affordability.



Promoting financial inclusion

We have made significant further strides this year in promoting financial inclusion through our various M-Pesa service offerings. Over 8.2 million monthly active M-Pesa customers processing close to 1.5 billion transactions, worth over TZS70 trillion for the year are connected to the formal financial services through M-Pesa. We are proud of this largest reach of any mobile financial services provider in Tanzania.

Our M-Pesa service provides various valuable services, including money transfers, merchant payment solutions, personal and communal savings, short term loans, overdraft facilities and insurance services. Through these services and their design, M-Pesa promotes some formalisation in financial dealings and a step in financial inclusion, critical especially for a significantly unbanked population.

- Through the M-Pesa wallet, our M-Pawa and X-Pawa customers have ready access to a savings account service. During the year, total deposits into these services were more than TZS150 billion.
- Our M-Koba savings product, operated in partnership with the Tanzania Commercial Bank (TCB), has been designed primarily for use in communal savings and credits associations. Historically, members of these associations have suffered from cash loss as a result of poor record keeping, insecure storage, theft and even dishonest practises by those entrusted to maintain the groups' savings. By design, M-Koba has eliminated these risks. During the year, more than TZS150 billion deposits were made into M-Koba portfolio.
- We have enabled M-Pesa customers to access M-Pawa loans, as well as overdrafts through our Songesha facility. During the year, over 4.4 million customers benefitted from our overdraft facility, which is easily accessed and does not require any paper work or collateral.
- Our Songesha offering for agents benefitted almost 100 000 agents, with around a trillion shillings' worth of overdraft and term loans issued to finance their businesses and ensure service availability to customers.

1. It should be noted that not all the sites built in collaboration with UCSAF are rural sites, the basic criteria for funding is facilitating services to the underserved areas, which are commercially unattractive – which could geographically be in urban areas.
2. Definition of a rural site is based on Vodacom's internal criteria and not necessarily a geographically rural area. The number of 'rural sites' may also change between comparative years following internal reviews and reclassification.
3. Measured at 1 Mbps.

Digitising critical sectors

Our M-Kulima agricultural platform now links more than 3.1 million smallholder farmers to the agriculture value chain, providing access to information, services, and markets via SMS and App, and enabling faster and safer payments through M-Pesa. The significant increase in the number of registered farmers from 140 000 in the last year, was due to accelerated registration executed in collaboration with the government through the ministry of agriculture. The M-Kulima platform digitises the farming community while providing the government with a handy source of statistical data for the sector. Our current base includes farmers in six regions across Tanzania, covering a range of crops, including maize, beans, sunflower, tobacco, lentils, coffee, green gram, grapes, and dairy.

Through our Connected Education platform, a commercial scheme operated in collaboration with our partner 'Opportunity education', we provide online classes, examinations, markings and other class-related activities. A total of 34 schools are registered in this scheme, which provides them with access to online educational materials approved by the Tanzania Institute of Education. Educational institutions registered in the scheme also gets tablets as part of the package to enable access to the internet.

Through our E-Fahamu (instant schools) initiative, which is part of our corporate social responsibility activities, we assist digitisation of schools that would otherwise remain unconnected to the internet. We collaborate with our partners Universal Communications Service Access Fund (UCSAF), African Child Projects and the Tanzania Institute of Education, to provide identified needy schools with facilities for students and teachers to access online educational content. A total of 185 000 registered students are active in our portal. Our donations include building and furnishing ICT labs (rooms), devices and free access to the internet. During the year, we conducted an awareness campaign reaching close to 400 000 students and 15 000 teachers, furnished ICT labs in our legacy project in Mbeya and Dodoma, and donated 517 desktop computers, 23 printers, 22 televisions sets, 479 tablets and 183 routers. Our total spend in E-fahamu activities was close to TZS1 billion[1].

Our IoT solutions include several platforms that promote efficiency and simplify users' experience. These include services such as connected smart power and water utility meters – that reduces the need for in-person interaction and significantly improves customers' billing efficiency and collections' rate. The platform also supports asset management solutions that improve asset utilisation efficiency and provide maintenance alert and security enhancement through location identification.

1. Include funding from both Vodacom Tanzania Public limited and funding by our parent foundation – Vodafone foundation.

Digitising government

Through our M-Pesa payment solutions, supported by the willingness of the government of Tanzania to drive digitisation of payments, we have made significant progress in facilitating electronic payments in such areas as water and electricity utilities, education and city parking. Our customers easily access the options to effect government payments in our M-Pesa super app, which provides direct links to the government payments' gateway – GePG. Apart from other benefits, payment digitization is important for speed of transacting, safety, records keeping and tracking.

Our new IoT platform – the first locally available end-to-end IoT stack with all data stored locally – will help the government deliver on its priority to digitise the economy in particular the SME sector. The platform will also support solutions for other key social and environmental objectives, for example by facilitating energy and water efficiency through smart metering, or boosting agricultural productivity and livelihoods.

Value created   Value eroded   Value sustained

Inclusion for all

We are working to alleviate poverty and inequality in Tanzania through numerous initiatives that assist every citizen to have equal access to services. Our initiatives include programmes on access to communications, democratising education and health, supporting technology start-ups and women empowerment. The impact of our initiatives in these areas are in addition to the significant benefits achieved through our activities in promoting inclusive finance and agriculture addressed under our Digital Society initiatives.

Inclusive access to our communications service

In supporting equal access to our services, we launched inclusive customer care initiatives to support easy and convenient use of our services for customers with physical challenges. We are customer centric – for us it is critical that these customers access comfortably, all the support services needed. In driving this, we launched our inclusive care initiatives that included:

- Constructing ramps to support wheel chair or non-stairs access in more than 80 shops across the country.
- Introducing sign language customer service, in which eight sign language specialists were recruited, and over thirty existing employees in our touch points were trained on basic sign language skills.
- Launching a WhatsApp video call customer service attended by a sign language specialist.
- Providing special counters in our main outlets, dedicated for customers who needs special support.

These initiatives aim at ensuring that our customers get equal access to our services regardless of their physical conditions. We are pleased that in just four last months of the financial year, close to 1 300 customers were served under the inclusive care initiatives.

Democratising education

Our reliable, high-quality data network across the country enables Vodacom customers to have access to quality educational sources through the internet. Our extended coverage for high speed internet accessed through mobile and fixed data services enables our customers to access electronic libraries, online educational materials, lectures and other supportive content. We are committed to continue providing the best data services to support efficient transmission of online materials including the educational contents.

PG Also refer to Connected education and E-Fahamu initiatives already reported under the Digital society pillar on **page 42.**

Democratising health

M-mama is a programme established in partnership with the Vodafone Foundation and the government of the United Republic of Tanzania, aimed at reducing maternal deaths through the provision of emergency transportation for pregnant women to healthcare centres in rural areas. The programme which is already live and operational in 8 regions, was officially launched by the President of Tanzania in April 2022, and is in expansion phase to cover 14 regions. Since its initiation in 2013 as a pilot, our flagship M-Mama programme has assisted more than 19 000 expectant mothers and newly born infants mainly in the Lake region areas of Mwanza and Shinyanga where it was piloted.

Through our corporate social responsibility projects, we contributed towards health service by providing hygienic support to secondary and primary schools in Mwanza, Rukwa and Manyara regions donating 52 pit latrines worth TZS169 million.

PG Read more on **page 46.**

Supporting technology start-ups

In year 2020, we launched the 'Digital Accelerator Programme' in partnership with Smart Lab, an experienced player in the start-up domain. During the year, we supported and mentored the top 3 out of 13 shortlisted projects in fintech, education, health, media, e-commerce, agriculture, tourism and cybersecurity. Our objective is to help young Tanzanians to transform their potentially game-changing product ideas into successful businesses that helps to create jobs and solve societal challenges. Since inception, the programme has supported and mentored 28 start-ups.

Women empowerment

This year, 564 girls participated in our successful #Codelikeagirl programme, an initiative that aims to provide and expand technological skillsets for 14-18-year-old girls, to stimulate the development of digital solutions for sustainable social and economic development, and to encourage girls to consider ICT and STEM subjects. The participants to this programme are identified through local secondary schools. Since initiation, more than 1 700 young girls have attended the programme, forming a growing young talent pool for technology.

PG Read more on **page 38.**

We are an equal opportunity employer and we live this spirit in our organisation. Our female employees make 39% of our Directors from 36% two years ago. In the next leadership level, female employees are 45% of our heads of divisions an increase from 42% two years ago. We are proud that in overall terms, 44% of our leadership team in Vodacom Tanzania are female, up from 41% two years ago.

PG Read more on **page 39.**

Planet

We are minimising the environmental impact of our business activities by investing in climate-smart, energy-efficient networks and solutions, reducing waste across our value chain, enhancing climate resilience through tree-planting, and ensuring compliance with environment impact assessment requirements.

Climate change, energy, and water efficiency

We continue to drive energy and water efficiency initiatives, and contain our carbon footprint, by modernising our data centres and driving efficiencies in our mobile network. During the year our energy consumption increased, mainly due to increased investments into new technologies particularly 4G and 5G (see page 16). However, our efforts in consistently undertaking steps to manage impact of our network operations to the planet is evident.

- We invested in initiatives to improve energy efficiency including upgrading of cooling systems and UPS leading to an estimated 792MGh saving in electricity consumption.
- We have connected 87% of our network access sites to the grid up from 84% in the prior year, reducing the use of higher-impact diesel generators.
- We are currently in the process of completing ISO certification of our Energy Management Systems.

Waste reduction

Our longstanding focus on encouraging customers to switch from using scratch cards to adopting electronic recharges – such as M-Pesa, ATM machines, and Vodafasta – has contributed to reducing an estimated 171.6 tons in paper-waste this year, resulting in a cumulative estimated reduction of over a thousand tons of paper in the past seven years.

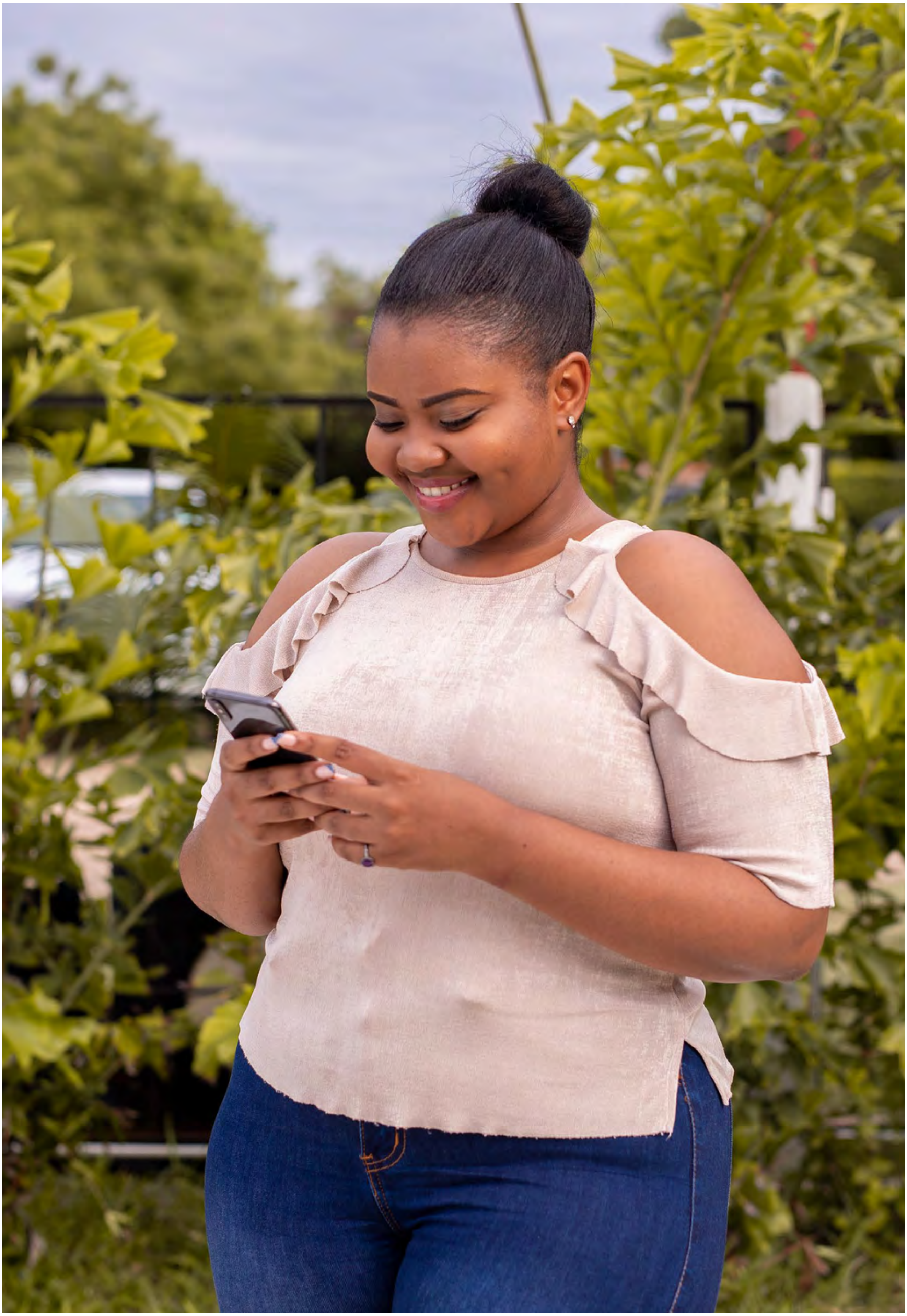
Our switch to smaller-sized SIM-cards with biodegradable material, has reduced plastic usage and plastic waste by an estimated 28.9 tons this year, resulting in a total estimated reduction of 180 tons in plastic waste over the past seven years.

Biodiversity and climate resilience

This year, we continued with maintenance of our Kijanisha Dodoma 'greening' project spending TZS140 million. The project is aimed at increasing awareness and mobilising communities on climate change and biodiversity issues as well as maintaining the previous years' planted trees. Since inception, this project which is undertaken in partnership with the World Wide Fund for Nature (WWF) and the Dodoma City Council, has planted 112 000 surviving trees in the capital of Dodoma.

Communities have benefited not only from the trees planted, but also through our continuous capacity building and entrepreneurship development programmes, helping community members – mainly youth and women – to realise economic opportunities through environmentally sustainable activities in areas such as smart home cookers and renewable energy.

Sustainability KPIs	Unit	March 2023	March 2022	March 2021	March 2020	March 2019
Number of full-time employees	Number	**581**	560	569	551	548
Number of full-time female employees	Number	**218**	209	203	204	200
Female in EXCO	%	**38.5**	38.5	36.4	30.8	36.4
Female (HoD and EXCO level)	%	**43.8**	40.0	41.2	41.2	41.2
Female employees	%	**37.5**	37.3	35.7	37.0	36.5
Total spend on employees	(TZS bn)	**65.2**	63.8	61.6	57.7	59.4
Total training spend	(TZS bn)	**0.3**	0.2	0.7	1.0	0.7
Work related fatalities	Number	**Zero**	Zero	Zero	Zero	Zero
Product and Service Responsibility (Customer NPS)	Position	**1st**	1st	1st	1st	1st
Employees Engagement Index score	%	**93**	85	86	86	85
Customer base (90 days)	Number ('000)	**16 735**	15 368	14 861	15 513	14 133
M-Pesa users (monthly base)	Number ('000)	**8 197**	6 833	7 395	6 685	6 989
Data users (monthly base)	Number ('000)	**8 748**	7 603	7 695	7 687	7 892
CAPEX investment	(TZS bn)	**156.0**	173.9	122.4	154.6	171.4
Total tax and levies paid to government	(TZS bn)	**530.0**	516.9	429.7	434.8	391.5
Airtime advance to customers	(TZS bn)	**72.5**	68.6	43.3	38.2	34.6
Total value transacted in M-Pesa	(TZS tn)	**70.4**	61.9	69.2	58.9	50.0
Beneficiaries of Songesha overdraft	Number ('000)	**4 444**	3 776	3 541	2 001	
Rural sites (UCSAF)	Number	**302**	283	260	217	199
Rural sites (Total)	Number	**1 687**	1 680	1 660	1 570	1 518
Number of Customers in Rural sites	Number	**7 689**	7 016	6 719	6 298	6 192
Customers in rural sites	%	**54**	57	56	53	53
Paper usage saved by focusing on electronic recharges	Tons	**172**	134	140	175	155
Plastic usage saved by using small size simcards	Tons	**29**	15	22	30	31



Corporate Social Responsibility Report (CSR)

Guided by the UN Sustainable Development Goals, Tanzania's Vision 2025 and its national Five-Year Development Plan, our Corporate Social Responsibility function seeks to positively impact the lives of underserved members of the Tanzanian community by leveraging Vodacom's technological and digital capabilities, infrastructure and partnerships to deliver pioneering projects in maternal health, education, and environmental protection.

Our 2023 performance

Health – SDG 3

(Good health and wellbeing)

3 GOOD HEALTH AND WELL BEING

Total spend this year of more than

TZS500 million

Our M-Mama programme, conducted in collaboration with the Vodafone Foundation and the government of Tanzania, provides emergency transportation for pregnant women and new-borns in rural areas. The objective is to prevent and reduce maternal deaths and child mortality by leveraging on mobile communications technology to trigger ambulance service using community taxis as ambulance with government ambulances where available.

The main deliverables to date are:

- Being live and operational in eight of 14 intended regions.
- Benefiting more than 19 000 people since inception in 2013.
- Saving an estimated 700 lives through the programme.
- Investing more than US$8 million in the project since inception.

PG More details can be found on **page 43.**

We have project to promote hygiene in primary and secondary schools in Mwanza, Rukwa and Manyara regions. Our objective is to create a conducive environment for students and teachers to focus in studies and deliver good educational performance. During the year, we donated 52 pit latrines in the programme, spending close TZS169 million.

Education – SDG 4

(Quality education)

4 QUALITY EDUCATION

Total spend this year of close to

TZS1 billion

We have continued to provide support to numerous educational initiatives across the country. The projects are conducted in partnership with the government departments including UCSAF, various ministries including ministry of education and vocational training and the ministry of science and technology, as well as with various non-governmental organisations including the African Child Projects.

Our major CSR initiative is E-Fahamu portal connectivity project that provides free access to educational material. We have more than 185 000 registered students and 15 000 registered teachers on the portal. During the year we donated 517 desktop computers, 479 tablets, 183 routers, 23 printers, and 22 television sets.

PG Read more on **page 42.**

#Codelikeagirl programme is another education-related initiative undertaken in collaboration with our human resources department to encourage girls aged between 14-18 years to develop coding skills and valuable life skills, and encouraging them to consider the uptake of ICT and STEM subjects. This year 564 girls attended the training to make it more than 1 700.

PG Read more on **page 38.**

Environmental protection – SDG 13
(Climate action)

13 CLIMATE ACTION

Total spend this year of

TZS140 million

Since 2020, in partnership with the World Wide Fund for Nature (WWF) and the Dodoma City Council, we have been jointly implementing the Kijanisha Dodoma and Kijani Zaidi programmes, an ambitious tree-planting and educational initiative to green Tanzania's capital city. There are an estimated 112 000 flourishing trees out of 150 000 planted, delivered by more than TZS600 million spent since project launch.

PG Read more on **page 44.**

Through our Vodacom Business Unit, we have continued to roll out our M-Kulima digital agricultural platform that currently links more than 3.1 million smallhold farmers to the agriculture value chain. Among many benefits, the platform enables registered farmers to access information and extension services and helps them to conduct responsible farming.

PG Read more on **page 31.**

Our strategic focus

In the next three years, we will focus on the following areas:

Reduction of infant mortality

Vodacom remains dedicated to reducing premature infant mortality by providing equipment and technology, conducting capacity building initiatives, and raising awareness among unskilled health workers. We actively engage in public-private partnerships to combat infant mortality, collaborating with the Vodafone Foundation, United States Agency for International Development (USAID) and the Government of Tanzania through relevant ministries responsible for Health, Local Government, and Information and Technology. Following a review of the program, our M-mama will extend its reach to all regions of Tanzania by October 2023.

Rural coverage

Our commitment to bridging the digital divide drives us to continue supporting connectivity in underserved rural communities. By providing affordable communication access, we promote inclusion for all, aligning with our purpose.

Inclusive education

To foster inclusive and equal education, we will enhance technology and internet access in government schools across Tanzania. Our goal is to increase ICT learning opportunities for students in impoverished rural and urban communities. By 2025, we aim to impact over one million students by reaching 1 500 schools.

Climate change and biodiversity

We are actively involved in addressing climate change and biodiversity loss in Tanzania. Our initiatives focus on community education regarding environmental care, promoting smart agriculture and tree planting, facilitating access to clean energy, and supporting workshops related to the climate change agenda.

Finance Director's review

We have a strong track record of driving operational efficiencies and limiting cost growth through various transformational and tactical cost containment initiatives aimed at delivering cost efficiency.

This year, we have had various cost pressures emanating from global headwinds as well as operational headwinds. The increase in global fuel price contributed significantly to the increase in energy cost, while chipset shortage led to an increase in acquisition cost as well as devices cost. Operationally, the increase in expenses was mainly contributed by the additional investments including new technologies such as 5G and annual escalation of service contracts, particularly relating to tower leases. We were pleased that, our cost containment measures delivered more than TZS49 billion savings – which partially mitigated the increase in expenses and delivered an improved company profitability.

Hilda Bujiku
Finance Director

Consolidated	2023	2022	Year-on-year % Change
Service revenue (TZs m)	**1 053 762**	956 515	10.2
of which			
Mobile voice revenue (TZs m)	**283 547**	286 985	(1.2)
M-Pesa revenue (TZs m)	**357 136**	329 557	8.4
Mobile data revenue (TZs m)	**273 702**	203 985	34.2
Digital & VAS revenue (TZs m)	**35 797**	36 294	(1.4)
Mobile incoming revenue (TZs m)	**46 340**	48 105	(3.7)
Fixed revenue (TZs m)	**19 509**	15 328	27.3
Revenue (TZs m)	**1 073 018**	971 025	10.5
EBITDA (TZs m)	**329 398**	300 341	9.7
EBITDA margin (%)	**30.7**	30.9	(0.2)pp
Capital expenditure (TZs m)	**155 981**	173 955	(10.3)
Capital intensity[1] (%)	**14.5**	17.9	(3.4)pp
Customer market share[2] (%)	**1st**	1st	maintained
Active customers[3] (thousand)	**16 735**	15 368	8.9
30 days' active M-Pesa customers[4] (thousand)	**8 197**	6 833	20.0
Active data customers[5] (thousand)	**8 748**	7 603	15.1
MoU per month[6]	**275**	232	18.5
ARPU[7] (shillings per month)	**5 328**	5 132	3.8
Number of employees	**581**	560	3.8
Number of sites			
5G	**231**	–	n/a
4G	**2 353**	1 963	19.9
3G	**3 096**	2 868	7.9
2G	**3 447**	3 388	1.7
Weighted NPS[8] (position relative to competitors)	**1st**	1st	maintained

1. Capital expenditure as a percentage of revenue.
2. Tanzania Communication Regulatory Authority's quarterly communication statistics as at March 2023.
3. Active customers 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.
4. 30 days' active M-Pesa customers are the number of unique customers who have generated billable transactions during the past 30 days.
5. Active data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate APNs, and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
6. Minutes of use ('MoU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
7. ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
8. The net promoter score ('NPS') is an index ranging from –100 to 100 that measures the willingness of customers to recommend an operator's products or services to others. It is used as a proxy for gauging the customers' overall satisfaction with an operator's product or service and the customers' loyalty to the brand. For each operator, responses are collected from customers who use its products or services as either the primary or alternative means of telecommunication (a 'primary user' or 'alternative user'). Responses from primary and alternative users are then weighted by the natural proportion of primary and alternative users for that operator in order to calculate the weighted NPS.

Revenue

Service revenue grew 10.2% to TZS1 053.8 billion supported by a strong performance in data, M-Pesa and fixed revenue streams – a reflection of our strategic priorities. Our commercial execution focused on growing the customer base through customer acquisition and retention, and increased adoption of our transformative services in M-Pesa, while also driving increased usage per customer and adoption across our services. During the year, we grew our customer base by close to 1.4 million through both on the ground acquisition and segmented retention initiatives, and sustained our customer market share leadership at 30.0%[1]. Adjusting for the TZS29.3 billion estimated impact from the levy on mobile money transfer and withdrawal transactions in the first quarter of the year, underlying service revenue grew 13.2%.

Mobile voice revenue declined 1.2% to TZS283.5 billion reflecting pressure on average revenue per customer (ARPU), which was partly offset by growth in active customers. The ARPU decline of 9.4% was due to the continued impact of competitive pricing pressure on voice bundles, leading to 22.0% decline in average price per minute, while minutes of use expanded 16.0%.

M-Pesa revenue growth was 8.4%, reaching TZS357.1 billion. This marks a recovery in M-Pesa revenue to the levels last reported two years ago, prior to the disruption from the levies on mobile money. Accounting for the estimated impact of the levies in the first quarter, the underlying M-Pesa revenue growth for the year was 16.6%. This strong underlying performance reflects a good uptake of our new services in M-Pesa particularly lending, insurance, IMT and merchant payments. Revenue contribution from these services more than doubled to exceed 25%, offsetting the decline in our traditional peer-to-peer transfers and cash out, a reflection of a considerable diversification built in our products portfolio. The growth trends in M-Pesa performance indicators sets up a positive outlook for the future of M-Pesa business and hence our contribution towards financial inclusion. M-Pesa service is at the core of our purpose-led strategy in supporting financial inclusion agenda, contributing positively to the country's social-economic development, as well as individual customers and agents' personal finances.

Mobile data revenue was pivotal to our overall service revenue performance and grew 34.2% to TZS273.7 billion, expanding the contribution to service revenue by 4.6pp to reach 26.0%. Data revenue growth was driven by a 16.6% increase in data ARPU and 15.1% growth in customers, reflecting strong demand for data services supported by our continued investment into the network and the acceleration of smartphone adoption. The monthly average usage per customer increased 9.5% to 1.9 gigabytes driven by segmented offers under our 'Just for You' umbrella, supported by our world-class CVM and machine learning platforms. Smartphone users grew 27.9% to 5.3 million equivalent to 60.3% penetration of our data customers, with growth supported by investment in device subsidy and expanding our share of open market device sales.

Digital & VAS revenue, comprising of airtime advance credit service (ACS) and value added services (VAS), declined 1.4% to TZS35.8 billion, with revenue upside from higher product penetration offset by a strategic decision taken to address customers experience from some of the products' design.

Mobile incoming revenue declined 3.7% to TZS46.3 billion. The decline was primarily due to 21.8% lower average incoming price per minute, following a 23.1% drop in mobile termination rate (MTR) from TZS2.6 to TZS2.0 per minute starting January 2022 in line with the regulatory glide path. The decline in price was partly offset by 23.3% higher incoming minutes, driven by aggressive market competition in voice offers, and growth in customers.

Fixed revenue[2] increased 27.3% to TZS19.5 billion with contribution to service revenue expanding, albeit still at a lower rate. The growth was underpinned by accelerated customer acquisition following increased investment in the infrastructure. We look forward to leverage on our investment to further expand on customer reach and capture opportunities in the fixed broadband market in both business and consumer segments.

Total expenses[3]

Total expenses increased 10.0% to TZS740.3 billion. We realised TZS49.0 billion of savings from our cost transformation initiatives, which assisted us in mitigating inflationary pressures associated with the global energy prices and chipset shortages.

Our **direct expenses** grew 16.8% to TZS349.5 billion, reflecting the service revenue growth and investment in customer acquisition and retention. The expenses to drive growth included subsidies on starter packs and devices, and higher commissions and interconnect expenses aimed at expanding our customer reach.

Operating expenses[4] increased 4.6% to TZS390.8 billion largely due to a 6.7% increase in **other operating cost**s as a result of higher energy costs, additional investment in new technologies including 5G and contractual prices escalation. **Staff related expenses** increased by 2.2% as a result of the increase in number of staff and salary adjustments, which were partly offset by our cost transformation initiatives. **Publicity expenses** were down 9.7% as we realised cost savings from our cost containment initiatives.

EBITDA

EBITDA increased 9.7% to TZS329.4 billion, as a result of good growth in service revenue and cost containment measures which helped to mitigate pressures on expenses. Adjusting for the TZS16.3 billion estimated levy impact, underlying EBITDA grew 15.1%.

Capital expenditure[5]

During the year, our capital expenditure was TZS156.0 billion, equivalent to 14.5% of our revenue. Investment in the latest technologies is critical for capacity expansion, supporting new services and overall improvement in customer experience. In the second quarter of the year, we started rolling out 5G sites, becoming the first operator to launch 5G technology in the country. In addition to the 5G roll out, we invested in widening our broadband coverage, capacity enhancement, and modernization of our IT infrastructure. We rolled out 390 incremental 4G sites, 228 additional 3G sites and 59 additional 2G sites to further extend our network coverage, ending with 2 353 4G sites and 231 5G sites across the country. We also deployed 283 kilometres of fibre, closing the year with more than 4 500[6] kilometres of fibre in our network. Investment in the data network supported 26.0% increase in total traffic and a shift in data traffic from 3G to 4G. Our 4G network carried close to 70% of our total data traffic compared to less than 60% a year ago. Increasing data adoption and usage is also critical in realising our commitment to support creation of an inclusive digital society.

Spectrum acquisition

In October 2022, through three successful bids in a spectrum auction conducted by the TCRA, we secured low and mid-band spectrum for the one available block of 700MHz, the two available blocks of 2 300MHz and one of the four blocks of 2 600MHz (TDD), for a total acquisition price of TZS143.1 billion (US$63.2 million payable in three tranches over an 18-month period). This acquisition is in line with our long-term strategy and is critical in driving mid-to-long term shareholders' value creation.

1. Tanzania Communication Regulatory Authority quarterly statistics report as at March 2023.
2. Fixed revenue was previously included under 'Other revenue'. There is no impact on overall service revenue as a result of this disclosure change.
3. Excluding depreciation, amortisation and impairment losses.
4. Operating expenses includes staff expenses, publicity expenses and other operating expenses.
5. Excluding investment in Spectrum.
6. Include both on-built and leased fibre.

Summarised consolidated financial statements

Summarised consolidated statement of profit or loss and other comprehensive income

TZS m	2023 Audited	2022 Audited
Revenue	**1 073 018**	971 025
Total expenses	**(740 261)**	(672 665)
Direct expenses	**(349 470)**	(299 185)
Staff expenses	**(65 230)**	(63 823)
Publicity expenses	**(27 255)**	(30 184)
Other operating expenses	**(298 306)**	(279 473)
Depreciation and amortisation	**(248 306)**	(236 201)
Net (charge)/release of credit losses on financial assets	**(2 974)**	2 275
Operating profit	**81 477**	64 434
Finance income	**24,463**	25 837
Finance costs	**(76 650)**	(85 544)
Net loss on foreign currency translation	**(2 939)**	(1 548)
Profit before tax	**26 351**	3 179
Income tax credit/(expense)	**18 205**	(23 442)
Profit/(loss) for the year	**44 556**	(20 263)
Other comprehensive income	**–**	–
Total comprehensive income/(loss) for the year, net of tax[1]	**44 556**	(20 263)
Basic and diluted earnings per share (TZS)	**19.9**	(9.1)

1. All attributable to the owners of the parent since there is no non-controlling interest in the Group's subsidiaries.

We generated TZS1.1 trillion revenue up 10.5%, largely supported by 10.2% service revenue growth underpinned by good results in data, M-Pesa and fixed revenue – reflecting good strategy execution. This performance has proven the resilience of our business, with emerging revenue streams covering for some of declining revenue buckets.

During the year our total expenses increased 10.0% to TZS740.3 billion. This increase was partly mitigated by a pleasing TZS49.0 billion savings realised from our cost transformation initiatives. The year had challenges from various cost pressures emanating from global headwinds as well as operational headwinds. The increase in global fuel price contributed significantly to the increase in energy cost, while chipset shortage led to an increase in acquisition cost as well as devices cost. Our direct expenses grew 16.8% to TZS349.5 billion, reflecting the service revenue growth and investment in customer acquisition and retention. The expenses to drive growth included subsidies on starter packs and devices, and higher commissions and interconnect expenses aimed at expanding our customer reach. Operationally, the 6.7% increase in other operating expenses was mainly contributed by the additional investments including new technologies such as 5G and annual escalation of service contracts, particularly relating to tower leases. Staff related expenses increased by 2.2% reflecting the increase in number of staff and salary adjustments, partly offset by our cost transformation initiatives. Publicity expenses were down 9.7% as we realised cost savings from our cost containment initiatives.

Depreciation and amortisation charge increased 5.1% to TZS248.3 billion, reflecting additional investments made in network, IT systems and newly acquired spectrum.

Net (charge)/release of credit losses on financial assets relates to impairment charges on financial assets. The current year increase is significantly attributable to the increase in receivables from airtime advance service in line with business growth. Prior year decrease was driven by collection of previously impaired financial assets.

Finance income declined 5.3% to TZS24.5 billion as a result of lower interest income from M-Pesa cash balances partly offset by higher interest income from cash investments. We also had lower interest income on M-Pesa balances due to reduced interest rates payable on trust balances in line with regulated rates.

Finance costs declined 10.4% to TZS76.7 billion due to a decline in M-Pesa interest paid resulting from lower interest income earned following reduced interest rates payable on trust balances in line with regulated rates. We also had a decrease in lease interest costs as a result of settlement of matured obligations on the liabilities relating to the towers lease.

Earnings per share increased over 200% to TZS19.9 or TZS2.5 on an underlying basis as a result of increased profit after tax, supported by operating profit growth and the recognition of a deferred tax asset in relation to the GSM business.

The tax credit of TZS18.2 billion (FY22: a tax expense of TZS23.4 billion) reflects the recognition of a TZS50.9 billion deferred tax asset in relation to the GSM business which reflects an improved medium-term profitability outlook. The deferred tax asset offsets the tax expense incurred by our M-Pesa Limited subsidiary which was also lower due to reduced profits, an impact of the levy and increased operational costs.

Summarised consolidated statement of financial position

	2023 TZS m	2022 TZS m
Non-current assets	**1 314 691**	1 191 715
Property and equipment	**965 176**	1 014 626
Intangible assets	**210 233**	76 681
Capacity prepayments	**40 339**	44 582
Goodwill	**1 639**	1 639
Income tax receivables	**33 098**	41 011
Trade and other receivables	**11 853**	11 388
Deferred tax asset	**52 353**	1 788
Current assets	**897 149**	**846 914**
Capacity prepayments	**16 916**	15 864
Inventory	**3 075**	2 597
Trade and other receivables	**115 771**	112 570
Income tax receivable	**15 439**	22 836
Mobile financial deposit	**509 358**	436 086
Cash and cash equivalents	**236 590**	256 961
Total assets	**2 211 840**	2 038 629
Equity and liabilities		
Equity	**821 723**	777 324
Share capital	**112 000**	112 000
Share premium	**442 435**	442 435
Capital contribution	**27 698**	27 698
Retained earnings	**239 590**	195 191
Non-current liabilities	**400 225**	**451 764**
Lease liabilities	**394 137**	446 044
Government grants	**20**	143
Trade and other payables	**–**	378
Provision	**6 068**	5 199
Current liabilities	**989 892**	**809 541**
Lease liabilities	**99 203**	60 472
Licence payable	**72 168**	–
Trade and other payables	**301 026**	300 006
Mobile financial payable	**509 358**	436 086
Government grants	**513**	1 218
Provisions	**7 624**	11 759
Total liabilities	**1 390 117**	**1 261 305**
Total equity and liabilities	**2 211 840**	**2 038 629**

The decrease is mainly driven by the depreciation charge, partially offset by the investments made during the year.

The increase is mainly driven by TZS143 billion capitalised Spectrum acquisition cost, partly offset by amortization cost during the year.

The decrease is mainly driven by amortization of the prepaid right of way fees for the fibre infrastructure, partially offset by additional investment as well as reallocation from long term capacity prepayment during the year.

The decrease is due to settlements made on closed Corporate Income Tax assessments post mediation process.

The increase is mainly driven by the recognition of deferred tax asset TZS50.9 billion during the year in relation to the GSM business which reflects an improved medium-term profitability outlook.

The decrease is due to settlements made on closed Corporate Income Tax assessments post mediation process.

The increase is driven by the recovery in M-Pesa business post levy reduction.

The decrease is mainly driven by the TZS73.9 billion, initial 50% payment made on the acquisition of new spectrum, partly offset by the improved cash generation from business operations.

The increase is driven by profit generated during the year driven by improved other business performance and recognition of deferred tax asset.

The increase is mainly driven by new lease contracts acquired during the year, partly offset by payments made.

This relates to 50% price of spectrum acquired during the year, which is payable in two trenches in financial year 2024.

The increase is driven by recovery in M-Pesa business post levy reduction.

Summarised consolidated statement of cash flows

TZS m	2023	2022
Cash flows generated from operations	**391 390**	316 748
Income tax paid	**(17 050)**	(43 191)
Interest paid on tax liabilities	**(277)**	(5 753)
Net cash flows generated from operating activities	**374 063**	267 804
Cash flows utilised in investing activities		
Additions to property and equipment, and intangible assets	**(228 263)**	(142 153)
Proceeds from disposal of property and equipment	**500**	6
Government grant received	**4 143**	4 991
Finance income received	**7 792**	7 219
(Increase)/decrease in cash held in restricted deposits	**(73 272)**	8 097
Interest received from M-Pesa deposits	**16 671**	18 618
Net cash flows utilised in investing activities	**(125 885)**	(103 222)
Cash flows utilised in financing activities		
Dividend paid	**(203)**	(209)
Interest paid on other borrowings amount	**(39)**	–
Interest paid on lease liabilities	**(57 098)**	(60 871)
Payment of lease liabilities – principal	**(48 140)**	(69 183)
Interest paid to M-Pesa customers	**(15 556)**	(20 043)
Net cash flows utilised in financing activities	**(121 036)**	(150 306)
Net increase/(decrease) in cash and cash equivalents	**(19 402)**	14 276
Cash and cash equivalents at the beginning of the year	**256 961**	244 257
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	**(969)**	(1 572)
Cash and cash equivalents at the end of the year	**236 590**	256 961

The increase was driven by improved business performance and improved collections from customers partly offset by payments made to suppliers.

The decrease is primarily due to lower taxable profit in our M-Pesa business due to an increase in operational costs.

The decrease is mainly due to a once off interest paid last year in relation to the prior years tax disputes that were settled.

The increase is mainly driven by increased capital investment including TZS73.9 billion, 50% initial payment on spectrum acquisition price.

Relates to funds received on completed projects for rural and special areas coverage under the universal communications service access fund (UCSAF) projects during the year.

The increase is mainly driven by higher M-Pesa deposits from customers post levy reduction.

Lower interest is due to reduced interest rates payable on trust balances in line with regulated rates.

This relates to payment of dividends declared in the prior years now claimed by shareholders.

The decrease is mainly driven by expired lease contracts, payment terms realignment, and new lease contracts secured during the year.

The decrease reflects lower interest earned on M-Pesa trust balances in line with lower regulated interest rates.

Our leadership team

We have a unitary Board with 12 directors, the majority of whom are non-executive directors. Our Chairman is an independent non-executive director.

Our Board

Chairman
Chairman of Nomination Committee

Appointed in November 2020
- Legal expertise.
- Arbitrator.
- Government relations.

Thomas B Mihayo (76) N

Executive directors

Managing Director Vodacom Tanzania PLC

Appointed in October 2022
- International leadership and operational experience.
- Strategic business transformation.
- Commercial execution with an exceptional track record of growing businesses.

Philip Besiimire (47)

Finance Director Vodacom Tanzania PLC

Appointed in January 2022
- Strong financial expertise.
- Experience in other emerging markets.

Hilda Bujiku (44)

A ARCC
R RemCo
N NomCo

Independent non-executive directors

Appointed in September 2022
- Financial and Venture Capital expertise.
- Board member with international leadership experience.

Kanini Mutooni (47) A

Appointed in November 2017
- Financial expertise.
- Government relations.
- Corporate governance expertise.

Margaret Ikongo (66) A R N

Appointed in November 2017
- Corporate governance expertise.
- Operational and strategy execution experience.
- Financial expertise.

Thembeka Semane (47) A

Non-executive directors

Appointed in March 2018
- Commercial strategist.
- Extensive telecoms technology knowledge and emerging market experience.
- Strategic leadership expertise.

Diego Gutierrez (47) R

Appointed January 2022
- Financial planning and strategy formulation.
- 12 years experience across the Vodafone Group.

Sudhersan Ramasamy (37)

Appointed in August 2017
- Extensive talent management knowledge and experience.
- Expertise in human resources best practice.
- International operational experience.

Matimba Mbungela (51) R N

Appointed in April 2020
- Law and Public Policy experience.
- Corporate Governance expertise.
- Leadership and Stakeholder Management.

Nkateko Nyoka (60)

Appointed in July 2022
- Astute business leader.
- 19 years of finance, management, and consulting experience, of which 13 have been in telecommunications across both emerging and developed markets.
- Strong execution of innovative products and offerings.

Sitholizwe Mdlalose (43)

Appointed in April 2020.
- Diverse international financial experience.
- Strategic leadership expertise.
- M&A skills.

Raisibe Morathi (53)

Company Secretary

Appointed in April 2017
- Corporate Governance expertise.

Caroline Mduma (46)

Executive Committee

Managing Director
Joined Vodacom in 2022
Philip Besiimire (47)

Finance Director
Joined Vodacom in 2012
Hilda Bujiku (44)

External Affairs Director and Vodacom Foundation
Joined Vodacom in 2023
Zuweina Farah (37)

Consumer Business Unit Director
Joined Vodacom in 2017
Linda Riwa (36)

Customer Service Director
Joined Vodacom in 2012
Harriet Atweza Lwakatare (45)

M-Commerce Director
Joined Vodacom in 2014
Epimack Mbeteni (45)

Human Resources Director
Joined Vodacom in 2018
Vivienne Penessis (48)

Enterprise Business Unit Director
Joined Vodacom in 2017
Arjun Dhillon (43)

Digital Director
Joined Vodacom in 2002
Nguvu Kamando (48)

Network Director
Joined Vodacom in 2007
Andrew Lupembe (50)

Risk and Compliance Director
Joined Vodacom in 2020
Tax Agapinus (58)

Legal and Regulatory Director
Joined Vodacom in 2008
Olaf Mumburi (47)

Billing and IT Director
Joined Vodacom in 2003
Athumani Mlinga (54)

Corporate governance report

Statement of compliance

Vodacom Tanzania Public Limited Company ('Vodacom Tanzania') is committed to the highest standards of business integrity, ethics and professionalism.

Corporate governance principles include discipline, independence, responsibility, fairness, social responsibility, transparency and the accountability of directors to all stakeholders. These principles are entrenched in Vodacom Tanzania's internal controls and policy procedures governing corporate conduct and are aligned with the Capital Markets and Securities Authority's guidelines on corporate governance practices by public listed companies in Tanzania.

Ethical leadership

The Board accepts collective responsibility for defining how ethics and ethical behaviour should be implemented in Vodacom Tanzania. This includes setting out the conduct of individual Board members, to ensure that they act with integrity, competence, responsibility, accountability, fairness and transparency. These characteristics set the tone from the top to support an ethical culture within Vodacom Tanzania.

Board leadership and committees

Board

Vodacom Tanzania has a unitary Board of 12 directors, of whom four (including the Chairman) are independent non-executive directors, six are non-executive (but not independent as they represent major shareholder), and two are executive directors.

The Board is satisfied that the balance of knowledge, skills, experience and diversity on the Board is sufficient.

The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it deems fit. Board meetings are held periodically to review Vodacom Tanzania's strategy, operational and financial performance, as well as to provide oversight. Special Board meetings may be held as and when required.

The Nomination committee regularly reviews Board and committee succession to ensure we have the right skills and experience for the future. The Managing Director is responsible for ensuring that key management personnel have the necessary skills, authority and resources to execute Vodacom Tanzania's strategy.

Accountability

The Board takes overall responsibility for Vodacom Tanzania's success. Its role is to exercise leadership and sound judgement in directing Vodacom Tanzania to achieve sustainable growth and act in the best interests of its shareholders.

The following diagram shows Vodacom Tanzania's governance structure as at 31 March 2023

Board

Board committees
Remuneration Committee
Audit, Risk and Compliance Committee
Nomination Committee

Managing director

Executive Committee
External Affairs
Finance
Customer Operations
IT & Billing
Enterprise Business Unit
Consumer Business Unit
Human Resources
Legal and Regulatory
Digital
M-Commerce Business Unit
Risk and Compliance
Network

In line with best practice, the roles of Chairman and Managing Director are separate. The Chairman is responsible for leading the Board, while the Managing Director is responsible for the operational management of Vodacom Tanzania.

The Board charter details the responsibilities of the Board, which include:

- Appointment of the Managing Director and Finance Director;
- Effective oversight of Vodacom Tanzania's strategic direction;
- Approving major capital projects, acquisitions or divestitures;
- Exercising objective judgment on Vodacom Tanzania's business affairs, independent from management;
- Ensuring that appropriate governance structures, policies and procedures are in place;
- Ensuring the effectiveness of Vodacom Tanzania's internal controls;
- Reviewing and evaluating Vodacom Tanzania's risks;
- Approving the annual budget and operating plan;
- Approving the consolidated annual and interim financial results as well as all communications to shareholders;
- Approving the senior management structure, responsibilities and succession plans; and
- Information and technology governance.

Directors

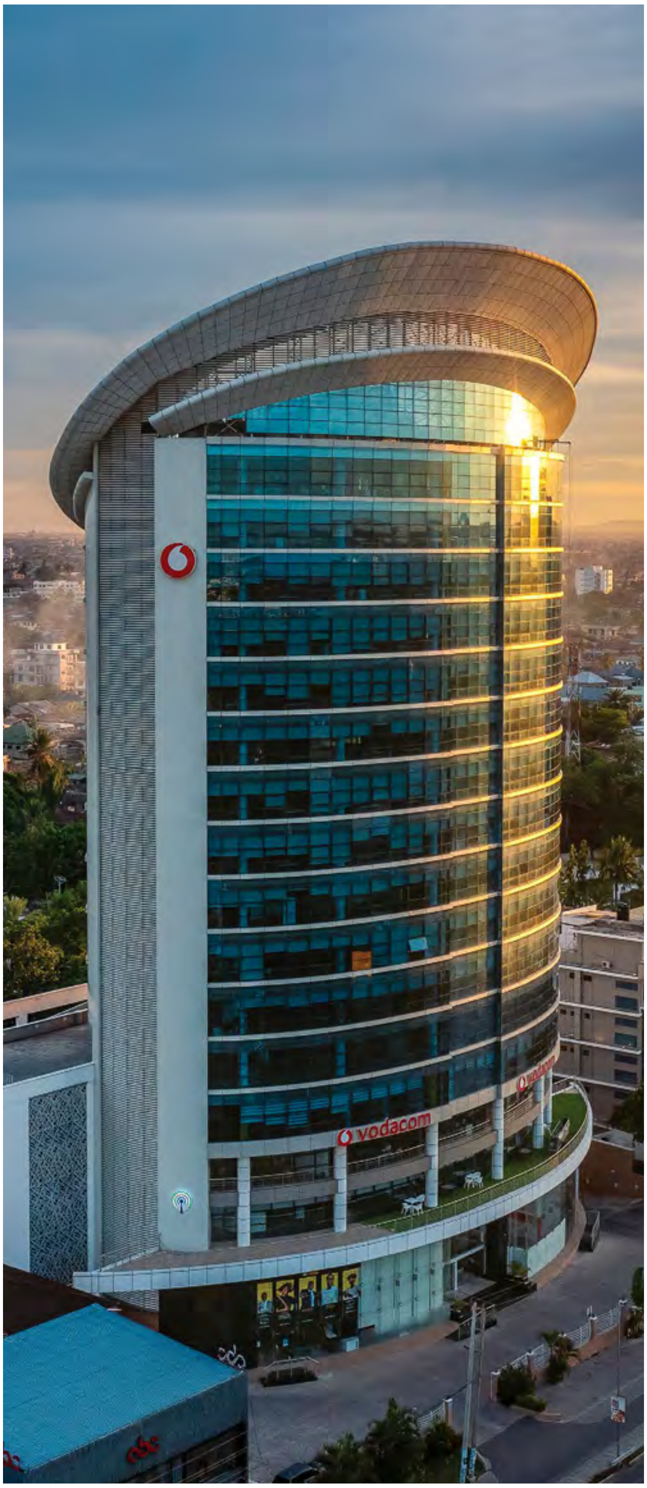
Vodacom Tanzania's articles of association specifies that all directors are subject to retirement by rotation and re-election by shareholders at least once every three years.

Chairman

The articles of association requires the Board to elect the Chairman annually. The Board re-elected Justice (rtd) Thomas B Mihayo to serve as Chairman effective from November 2022. The Board is comfortable that the Chairman is able to carry out responsibilities of this position effectively. On the anniversary of his re-election, the Board will consider his re-election as Chairman.

Independent advice

The Board recognises that there may be occasions where directors consider it necessary to take independent professional advice. This is done at Vodacom Tanzania's expense, in accordance with an agreed procedure.



Corporate governance activities

Vodacom Tanzania PLC

Board meetings

The following table records the attendance of directors at the board meetings for the year.

Name of directors	5 May 2022 Special	15 June 2022	12 Jul 2022 Special	25 Aug 2022	3 Nov 2022 Special	10 Nov 2022	7 Jan 2023 Special	15 Mar 2023
Justice (Rtd) Thomas B Mihayo (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓
Ms Margaret Ikongo	✓	✓	✓	✓	✓	✓	✓	✓
Ms Thembeka Semane	✓	✓	✓	✓	✓	✓	✓	✓
Ms Winifred Ouko	X	–	–	–	–	–	–	–
Mr Dejan Kastelic	✓	✓	–	–	–	–	–	✓
Mr Diego Gutierrez	✓	X	✓	✓	X	X	✓	✓
Mr Matimba Mbungela	✓	✓	✓	✓	✓	✓	✓	✓
Mr Nkateko Nyoka	✓	✓	X	✓	✓	✓	✓	✓
Ms Raisibe Morathi	✓	✓	✓	✓	✓	✓	X	✓
Mr Sitholizwe Mdlalose	✓	✓	X	✓	✓	✓	X	✓
Ms Hilda Bujiku	✓	✓	✓	✓	✓	✓	✓	✓
Mr Ramasamy Sudhersan	✓	✓	✓	✓	✓	✓	✓	✓
Ms Kanini Mutooni	–	–	–	–	✓	✓	✓	✓
Mr Philip Besiimire	–	–	–	–	✓	✓	✓	✓

Notes:
1. Winifred Ouko resigned as I-NED on 11 May 2022.
2. Dejan Kastelic resigned as NED on 1 July 2022.
3. Sitholizwe Mdlalose resigned as MD on 1 July 2022.
4. Kanini Mutooni appointed as I-NED on 1 October 2022.
5. Sitholizwe Mdlalose appointed as NED on 1 July 2022.
6. Philip Besiimire appointed as MD on 15 October 2022.

Audit, Risk & Compliance Committee meetings

The following table records the attendance of members at the ARC Committee meetings for the year.

Name of members	5 May 2022 Special	15 June 2022	12 Jul 2022 Special	25 Aug 2022	2 Nov 2021 Special	10 Nov 2022	7Jan 2023 Special	16 Mar 2023
Ms Margaret Ikongo (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓
Ms Thembeka Semane	✓	✓	✓	✓	✓	✓	✓	✓
Ms Winifred Ouko	✓	–	–	–	–	–	–	–
Ms Kanini Mutooni	–	–	–	–	✓	✓	✓	✓

Notes:
1. Winifred Ouko resigned on 11 May 2022.
2. Kanini Mutooni's appointment became effective on 1 October 2022.

Remuneration Committee meetings

The following table records the attendance of members at the Remuneration Committee meetings for the year.

Name of members	14 Mar 2022	15 June 2022	25 Aug 2022	15 Mar 2023
Ms Winifred Ouko (Chairperson)	✓	–	–	–
Mr Diego Gutierrez	✓	X	✓	✓
Mr Matimba Mbungela	✓	✓	✓	✓
Margaret Ikongo (Interim Chairperson)	–	✓	✓	✓

Note:
1. Margaret Ikongo was appointed Interim Chairperson effective from May 2022.

Nomination Committee meetings

The following table records the attendance of members at the Nomination Committee meetings for the year.

Name of members	14 Mar 2022	8 Nov 2022	15 Mar 2023
Judge (Rtd) Thomas B Mihayo (Chairman)	✓	✓	✓
Ms Margaret Ikongo		✓	✓
Ms Winifred Ouko	✓	–	–
Mr Matimba Mbungela	✓	✓	✓

Note:
1. Margaret Ikongo was appointed as a member effective from May 2022.

M-Pesa Limited

Board meetings

The following table records the attendance of directors at the M-Pesa Limited board meetings for the year.

Name of directors	13 June 2022	24 Aug 2022	9 Nov 2022	15 Mar 2023
Mr Sitoyo Lopokoiyit (Chairman)	✓	✓	✓	X
Mr Christopher Williamson	✓	✓	X	✓
Mr Olaf Mumburi	✓	✓	✓	✓
Mr Epimack Mbeteni	✓	✓	✓	✓
Ms Hilda Bujiku	✓	X	✓	✓
Mr Sitholizwe Mdlalose	✓	–	–	–
Mr Philip Besiimire	X	X	X	✓

Notes:
Sitholizwe Mdlalose resigned on 1 July 2022.
Philip Besiimire was appointed on 11 Nov 2022.

Audit, Risk & Compliance Committee meetings

The following table records the attendance of members at the ARC Committee meetings for the year.

Name of members	13 June 2022	24 Aug 2022	9 Nov 2022	15 Mar 2023
Mr Christopher Williamson (Chairman)	✓	✓	X	✓
Mr Olaf Mumburi	✓	✓	✓	✓
Hilda Bujiku	✓	X	✓	✓

Remuneration report 2023

Letter from the Interim Chairperson of the Remuneration Committee

Dear Shareholders and other interested parties

It is my pleasure to present Vodacom Tanzania's 2023 remuneration report on behalf of the Board. This report provides a concise review of our remuneration philosophy and policy for executive and non-executive directors, and briefly describes how the policy has been implemented over the year.

Margaret Ikongo
Interim Chairperson of the Remuneration Committee

Our role as the Remuneration Committee is to advise the Board on all matters relating to the remuneration of executive directors, and to ensure that the Company provides remuneration that is fair and responsible, and that will attract, retain, and motivate executives of the highest calibre, tasked with maximising long-term shareholder value by delivering on the Company's strategic objectives. We continuously review our remuneration policies and practices to ensure full compliance with legislation and guidelines issued by the Capital Markets and Securities Authority (CMSA), and to address shareholders' interests.

Looking back on the Committee's activities this year, it has been a good year in which we achieved almost all our targets. It has been particularly encouraging in terms of building a positive team spirit, where we have seen some very good achievements, with the Company maintaining its top position across the Vodafone group for its Team Spirit Index and engagement scores. We have continued to make good progress this year in promoting gender equality, ensuring effective succession planning, and digitising our internal processes. I would also like to single out the Company's excellent safety performance, with an eleventh year of fatality-free performance. It is pleasing to see that these various efforts have been recognised externally, with the Company receiving numerous awards for its activities, including Top Employer certification for a sixth consecutive year.

Looking ahead, we recognise the continued work on retaining talent, given the heightened competition for technical and leadership skills, particularly from banks and new start-ups who have been hiring aggressively from our industry. I am confident, however, that we have the systems and leadership team in place to ensure that we continue to attract, develop and retain top talent. Our new managing director, Philip Besiimire, has brought the same passion, energy and team building spirit as his predecessor, and we are already seeing the benefits of his approach. This stands us all in good stead for the future.

The Committee has considered the disclosure requirements of the Capital Markets and Securities Act, 1994 and we are satisfied that the following report complies with the guidelines on corporate governance practices by public listed companies in Tanzania, while being conscious of disclosing individual or market sensitive information.

I would like to thank my fellow committee members for their support this year.

Margaret Ikongo
Interim Chairperson of the Remuneration Committee
13 July 2023

In accordance with the CMSA's guidelines on corporate governance practices by public listed companies in Tanzania, this report discloses Vodacom Tanzania's policies for remuneration for the executive directors and non-executive directors specifically the quantum and component of remuneration for directors including non-executive directors on a consolidated basis.

Our remuneration philosophy, policy and framework for the current year applicable to executive directors Our aim is to attract, retain and motivate executives of the highest calibre, while at the same time aligning their remuneration with shareholders' interests and best practice

Our approach to reward is holistic, balanced across the following elements:

- Guaranteed package (GP);
- Variable short-term incentive (STIP);
- Variable long-term incentive (LTIP);
- Various recognition programmes;
- Individual learning and development opportunities;
- Stimulating work environment; and
- Well-designed and integrated employee wellness programme.

Executive directors adhere to a 'total cost to company' philosophy, which we refer to as the guaranteed package (GP). Contributions to medical aid, retirement funding and insured benefits are included in the GP.

The above elements are underpinned and reinforced by our performance development (PD) and talent management processes.
Our policy is to reward our executives for their contributions to our strategic, financial and operating performance. To be a top employer in our industry we need to attract, develop and retain top talent and intellectual capital, both locally and internationally.

On an annual basis, we conduct remuneration benchmarking and award increases in the GP according to the market, individual performance and potential. Individual performance and potential assessment is determined through our talent management and performance development processes. The outcome of these processes also influences the awarding of short and long-term incentives in the future.

Our short-term incentive, in the form of an annual cash bonus, is linked to achieving financial, strategic and operational objectives and the executive's performance against their objectives. The pool available for short-term incentives is determined by financial performance of the Company against previously set and agreed targets.

Executive directors who are seconded to work for Vodacom Tanzania are subject to the long-term incentive scheme of Vodacom Group Limited where an annual allocation of Vodacom Group Limited shares are made by their respective employer. This encourages ownership and loyalty, and supports the Vodacom objective to retain valued employees. The scheme is a full ownership scheme; as a result, participants receive dividends from the award date although the value of the shares can only be realised after a three-year vesting period, to the extent that the vesting conditions have been met.

Remuneration disclosure of executive and non-executive directors

Executive directors remuneration – guaranteed pay

The remuneration for executive directors was reviewed taking into consideration market benchmarking and risks associated with retention of key management personnel.

The disclosure presented in this annual report are based on awards to qualifying directors where all remuneration decisions have been made in total compliance with the remuneration policy as approved previously by shareholders. There have been no known deviations from policy in the current financial year.

The disclosure of executive and non-executive directors' remuneration is summarised in the table below, and also reported in Note 35 (Related parties) of the consolidated annual financial statements on page 129.

Directors	Board	ARCC	Remco	Nomco	Total
TB Mihayo	150 000				**150 000**
M Ikongo	30 000	15 000	12 000	3 000	**60 000**
K Mutooni	30 000	8 000			**38 000**
T Semane	30 000	8 000			**38 000**
D Gutierrez[1]	30 000		4 000		**34 000**
M Mbungela[1]	30 000		4 000	3 000	**37 000**
N Nyoka[1]	30 000				**30 000**
S Mdlalose[1]	30 000				**30 000**
S Ramasamy[1]	30 000				**30 000**
R Morathi[1]	30 000				**30 000**
H Bujiku					–
P Besiimire					–
					477 000

1. Fees paid to Vodacom Group Ltd and not the individual director.

These amounts represent gross remuneration in US$, inclusive of all taxes (including withholding tax) and are payable in Tanzanian shillings for local directors, South African rand for South African directors and United States dollar for other directors. Payments are made on a quarterly basis in arrears for a minimum of four ordinary meetings per annum, three special board meetings and an AGM or any EGM as may be required. In the event of resignation, directors are paid on pro-rated basis up to the resignation date.

Consolidated annual financial statements

Contents

63 Report of the directors
81 Statement of directors' responsibilities
82 Declaration by the head of finance
83 Report of the independent auditor

Consolidated and separate financial statements

86 Consolidated and separate statements of profit or loss and other comprehensive income
87 Consolidated and separate statements of financial position
88 Consolidated and separate statements of changes in equity
89 Consolidated and separate statements of cash flows
90 Notes to the annual financial statements

Report of the directors
for the year ended 31 March 2023

Introduction

The directors present their report together with the audited consolidated and separate financial statements of Vodacom Tanzania Public Limited Company (the 'Company'), and its subsidiaries (together, the 'Group') for the year ended 31 March 2023. The Governing Board's Report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, The Report by Those Charged with Governance.

Vodacom Tanzania PLC profile

Vodacom Tanzania is a Tanzania's leading communications company providing a wide range of services for consumers and enterprise including voice, data, messaging, financial services, and enterprise solutions to over 16.7 million customers (2022: 15.4 million).

Vodacom Tanzania was listed on the Dar es Salaam Stock Exchange on 15 August 2017. The Group is controlled by Vodacom Group Limited, incorporated and domiciled in the Republic of South Africa which effectively owns and controls 75.00% (2022: 75.00%) of the Company's issued shares. The Group's ultimate parent is Vodafone Group Plc, incorporated and domiciled in the United Kingdom.

Nature of business operations

The Group conducts the business of both a mobile network operator and mobile financial services provider in Tanzania. The Group provides other communications services, including but not limited to those related with fixed line connectivity.

The group also offers comprehensive portfolio of access technologies and data solutions to help organizations of all sizes achieve the agility they need to compete successfully in a connected world.

Core purpose

The core purpose is 'connecting for a better future'. The United Nations Sustainable Development Goals (UN SDGs) provide the best articulation of what that 'better future' looks like, setting a clear long-term agenda to end poverty, protect the planet and ensure prosperity for all by 2030. Vodacom Tanzania is committed to playing its role, as a private sector company, in the attainment of these goals, supporting governments, communities, businesses and individuals to build a better future. Through our core business of providing increased access to reliable and accessible data, messaging, voice and mobile money services, we are making a valuable contribution to meeting national and global developmental objectives.

Our strategic priorities

Our strategic priorities are designed to drive growth through new businesses while protecting our core business with the priorities grouped into the following key strategic pillars:

1. Vigorously defend mobile
2. Expand and escalate M-Pesa growth
3. Relentlessly pursue Fixed
4. Innovate and lead Enterprise
5. Extract Wholesale value
6. Leveraging our brand position

Vodacom Tanzania is a leading mobile network operator (MNO) in Tanzania with a strong purpose-led business model and a compelling track-record of effective management and quality execution in delivering on our strategy. Operating in a dynamic and rapidly digitising economy, we see exciting opportunities to generate sustained revenue growth over the medium and long-term, while making a sustantial contribution to the country's socioeconomic development, as the country's only publicly listed (MNO).

Operating and financial review

Performance highlights

Details of the results for the year are set out in the consolidated and separate statements of profit or loss and other comprehensive income.

Revenue

Service revenue increased by 10.2% to TZS1 053 762 million. The growth was driven by a strong result from mobile data, a recovery in M-Pesa and accelerating fixed growth. The M-Pesa recovery was partially supported by reduction in government levies on mobile money transfer and withdrawal transactions, following a collaborative process to drive financial inclusion. In addition to the levy reduction, the M-Pesa's business recovery was also supported by a good uptake in our new revenue growth areas comprising of lending, insurance, international money transfers (IMT) and merchant services.

Voice revenue declined 1.2% to TZS283 547 million reflecting pressure on average revenue per customer (ARPU), which was partly offset by growth in active customers. The ARPU decline of 9.4% was due to the continued impact of competitive pricing pressure on voice bundles, leading to 22.0% decline in average price per minute, while minutes of use expanded by 16.0%.

M-Pesa revenue growth was 8.4%, reaching TZS357 136 million. This marks a recovery in M-Pesa revenue to the levels last reported two years ago, prior to the disruption from the levies on mobile money. Accounting for the estimated impact of the levies in the first quarter, the underlying M-Pesa revenue growth for the year was 16.6%. This strong underlying performance reflects a good uptake of our new services in M-Pesa. Revenue from these new growth areas including lending and insurance services, merchant payment service and international money transfer service increased by over 100%, with contribution to M-Pesa revenue more than doubling to exceed 25%. This helped offset the decline in traditional M-Pesa revenue streams, such as peer-to-peer and cash out. During the year we continued driving the uptake of our Songesha overdraft to both customers and agents. We served more than 4 million beneficiaries with this product, with over a trillion shillings in overdraft facilities issued. Our business is built on mutual trust and empowerment of our customers and business partners including financial empowerment. In the year, close to 100 000 agents benefited from over TZS800 billion issued in overdraft and term loans, representing an increase of almost three fold in funds issued. These loans support agents' float availability and also supports their existing businesses.

By enriching our M-Pesa ecosystem, we continued accelerating our payments services including 'business to consumers', 'consumer to businesses' and the merchant payment solution. In the year, these payments options processed over TZS12 trillion in value, an increase of over 80%. We continued driving adoption of our merchant payment solution to reach over 150 000 merchants who accept payments through M-Pesa, under the 'Lipa kwa simu' service. In addition to generating revenue for the Company, M-Pesa service is at the core of our purpose-led strategy to support a financial inclusion agenda, contributing positively to the country's social-economic development, as well as individual customers and agents' personal finances. It was encouraging that M-Pesa customers increased 1.4 million in the past twelve month to 8.2 million, up 20.0%. The total number of transactions grew 22.5% with value transacted increasing 13.3%, to an average of over TZS5.9 trillion per month. During the year, we also continued deepening financial inclusion through international money transfer services. We extended our money transfer services to some of the Southern African Development Community (SADC) countries capitalizing on the changes in the governing regulations. This extension partly contributed to the 24.2% growth in value of money sent through our IMT service. The growth trends in M-Pesa performance indicators sets up a positive outlook for the future of M-Pesa business and hence our contribution towards financial inclusion.

Mobile data revenue was pivotal to our overall service revenue performance and grew 34.2% to TZS273 702 million, expanding the contribution to service revenue by 4.6pp to reach 26.0%. Data revenue growth was driven by a 16.6% increase in data ARPU and 15.1% growth in customers, reflecting strong demand for data services supported by our continued investment into the network and the acceleration of smartphone adoption. The monthly average usage per customer increased 9.5% to 1.9 gigabytes driven by segmented offers under our 'Just for You' umbrella, supported by our world-class CVM and machine learning platforms. Smartphone users grew 27.9% to 5.3 million equivalent to 60.3% penetration of our data customers, with growth supported by investment in device subsidy and expanding our share of open market device sales.

Digital & VAS revenue comprising of airtime advance credit service (ACS) and value added services (VAS), declined 1.4% to TZS35 797 million, with revenue upside from higher product penetration offset by a strategic decision taken to address customers experience from some of the products' design.

Mobile incoming revenue declined 3.7% to TZS46 340 million. The decline was primarily due to 21.8% lower average incoming price per minute, following a 23.1% drop in mobile termination rate (MTR) from TZS2.6 to TZS2.0 per minute starting January 2022 in line with the regulatory glide path. The decline in price was partly offset by 23.3% higher incoming minutes, driven by aggressive market competition in voice offers, and growth in customers.

Messaging revenue grew 0.6% to TZS29 034 million, due to growth in SMS customers, partly offset by 9.8% lower ARPU attributed to pricing pressure.

Total expenses

Total expenses increased 10.0% to TZS740 261 million. Our cost transformation initiatives were a success, delivering a cost saving of more than TZS40 billion. Despite the 0.8% decline in direct expenses in line with the decline in revenue, the competitive pressure led to higher commission to the distribution channels as well as interconnect cost. The savings realised from our cost transformation initiatives were offset by cost pressures in our staff expenses and other operating expenditure. Staff expenses increased by 3.6% excluding the impact of a one off adjustment in the previous year staff expenses declined 2.8% due to realised savings from business restructuring. Other operating expenses increased 7.5% driven by a tax settlement in relation to excise duty assessments relating to previous years, higher legal fees related to tax cases mediation, as well as increased network costs mainly from contractual price adjustments and network expansion. Excluding the once off costs, other operating expenses grew only by 2.1%, reflecting the strong cost containment measures executed in the year.

EBITDA

EBITDA declined 9.7% to TZS329 398 million, as a result of good growth in service revenue and cost containment measures which helped to mitigate pressures on expenses. The underlying performance reflected strong growth in service revenue and diligent cost containment.

Operating profit

Operating profit increased 26.5% to TZS81 477 million driven by an increase in EBITDA partly offset by 5.1% increase in the depreciation and amortisation charge, reflecting additional investments made in network,IT systems and newly acquired spectrum.

Capital expenditure

During the year, our capital expenditure was TZS299 121 million including TZS143 140 million spent on the spectrum license acquisition (2022: TZS173 956 million). Investment in the latest technologies is critical for capacity expansion, supporting new services and overall improvement in customer experience. In the second quarter of the year, we started rolling out 5G sites, becoming the first operator to launch 5G technology in the country. In addition to the 5G roll out, we invested in widening our broadband coverage, capacity enhancement, and modernization of our IT infrastructure. We rolled out 390 incremental 4G sites, 228 additional 3G sites and 59 additional 2G sites to further extend our network coverage, ending with 2 353 4G sites and 231 5G sites across the country. We also deployed 283 kilometres of fibre, closing the year with more than 4 500 kilometres of fibre in our network. Investment in the data network supported 26.0% increase in total traffic and a shift in data traffic from 3G to 4G. Our 4G network carried close to 70% of our total data traffic compared to less than 60% a year ago.

In October 2022, through three successful bids in a spectrum auction conducted by the TCRA, we secured low and mid-band spectrum for the one available block of 700MHz, the two available blocks of 2300MHz and one of the four blocks of 2600MHz (TDD), for a total acquisition price of TZS143 140 million (US$63.2 million payable in three tranches over an 18 month period). This acquisition is in line with our long-term strategy and is critical in driving mid-to long-term shareholders' value creation.

Tax: The tax credit of TZS18 205 million(2022: a tax expense of TZS23 442 million) resulted from the recognition of a TZS50 871 million deferred tax asset in relation to the Company's business which reflects an improved medium-term profitability outlook. The deferred tax asset offsets the tax expense incurred by our M-Pesa Limited subsidiary, which was also lower year-on-year due to reduced profits, as a result of the levies on mobile money and increased operational costs.

Cash and cash equivalents: Decreased 7.9% to TZS236 590 million. The decrease is primarily due to the TZS73 573 million initial 50% payment of the spectrum acquired in an auction which is partly offset by an increase in collection due to higher revenue.

Retained earnings: Increased 22.7% to TZS239 590 million is mainly driven by improved profitability.

Lease liabilities: Decrease 2.6% to TZS493 340 million is mainly driven by payment made for the lease contracts partly offset by new additions in line with the network expansion, annual contractual price adjustments and the interest charge for the year.

Our business environment

Our operating context

The industry we operate in – telecoms, digital and financial services in an emerging market, poses a dynamic operating context that presents both demanding challenges, as well as potentially rewarding commercial opportunities for innovation and growth.

We have identified four broad trends that have a material impact on our business, all broadly similar to those identified in recent previous years. By ensuring effective execution of our strategic commitments, we believe that the Company is well positioned to manage the risks and realise the opportunities associated with each of these trends.

An uncertain global macro-economic environment impacting a post-COVID recovery

Tanzania's economy has shown good signs of economic recovery following the impact of the pandemic, with tourism, mining and other services all benefiting from the lifting of global pandemic-related restrictions. This recovery has been impacted however by global and local headwinds, including the war in Ukraine, a volatile global macro-economic environment, and a shortfall in rainfall negatively impacting local electricity production and agriculture.

The IMF has projected economic growth for the country of 5.2% in 2023, with inflation expected to surpass the Bank of Tanzania's target and reach around 5.3% by year-end despite price subsidies on fuel and fertilizer. The current account deficit is projected to remain elevated in 2023 amid the uncertain global environment. In the medium term, real GDP growth is projected to rebound to around 7%, inflation to return to less than 5%, and the current account deficit to moderate as the global shocks subside and the authorities' reforms start to pay off.

The war in Ukraine has impacted global food and energy prices, heightened inflationary pressures, and contributed to enhanced market uncertainty and volatility, all of which is constraining consumer spend and general investor confidence.

Our business environment continued

Our operating context continued

Our response:

a. In the context of an uncertain global macro-economic outlook, we anticipate that consumer spend in Tanzania will remain under pressure for the immediate future, further amplifying an already intense price-based competitive environment. Heightened price-based competition and subdued consumer spending, highlights the value of providing segmented personalised offers through our customer value management systems (CVM), relevant to our customers' lifestyle and spend, informed by big data analytics and supported by an effective cost containment programme.

b. We strive to contribute towards economic growth and development stimulation, and mitigate some of the underlying structural challenges by delivering on our core purpose of 'connecting for a better future', through our activities in three broad areas: creating a digital society, driving inclusion for all, and protecting our planet. In our enterprise business we are exploring exciting commercial opportunities to deliver strong social value in critical areas such as health, education, and sustainable agriculture. By focusing on our social contract and core purpose, the Company will continue to make a meaningful contribution to the UN SDGs and help to enhance the underlying social and environmental conditions critical to economic development and business success.

A dynamic regulatory and policy environment

Mobile network operators tend to face high levels of regulatory scrutiny in almost all markets. This is unsurprising given the scale of the contribution of the telecoms sector to a country's economic growth and development. In Tanzania, our activities have been significantly impacted in the recent past by various policy developments from our two main regulators – the Tanzania Communications Regulatory Authority (TCRA) for GSM services, and the Bank of Tanzania (BoT) covering our digital financial services – with significant impacts associated with customer and SIM registration requirements and levies on mobile money transfers and withdrawals.

We have recently seen a much more favourable regulatory environment and improved levels of dialogue. The most significant recent regulatory and policy developments are listed below:

a. **SIM Card Registration:** On 7 February 2020, new SIM Regulations were published, mandating biometric registration only and restricting the number of SIMs held per customer. Subsequently, on 1 July 2020, the Tanzania Communication Regulatory Authority ('TCRA') issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM cards ownership through their mobile phones. Furthermore, the TCRA and mobile network operators implemented an approval process that allowed customers to request for additional SIM cards by visiting service providers' retail outlets or an automated process through Unstructured Supplementary Service Data (USSD). Customers are allowed to have more than one SIM card if they follow the correct approval process. On 13 February 2023, Vodacom Tanzania barred 238 000 SIM cards which did not complete the multiple-sims declaration process as per TCRA's directives. Subsequent to barring, TCRA again permitted the usage of *106# and 100 to allow the barred customers to do verification through this process. As a result, over 30 000 of the barred customers have successfully verified their SIM cards and reactivated. We continue with efforts to recover barred customers.

b. **Levies on airtime and mobile money transfers and withdrawals:** On 30 June 2021, the President approved the Finance Act, which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions and airtime recharges.

For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Following our engagements and due consideration by the government, the following amendments were implemented:

3 September 2021: An initial 30% levy reduction, to a maximum levy of TZS7 000.

1 July 2022: An additional 43% reduction to the maximum levy band was passed through the Finance Act 2022, marking a cumulative 60% reduction since the levy's introduction. This reduction set the maximum levy chargeable at TZS4 000. The Finance Act also re-defined the scope of the levy, to also include withdrawal and transfers through banks which were earlier excluded. The levy, which was previously chargeable on mobile transactions only, also became applicable to transfers between mobile accounts, between bank accounts and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATMs).

1 October 2022: Through a special supplement to the National Payment System (Electronic Money Transactions levy) (Amendment Regulations) the maximum levy chargeable was set at TZS2 000, equivalent to 20% of the levy charged at introduction. This decision further reduced end-user charges, and has meaningfully revived and accelerated our contribution to the financial inclusion agenda, through the use of M-Pesa services.

Our response:

a. We continuously monitor changes to regulations and licencing requirements and engage regularly with the TCRA and other regulatory authorities to ensure compliance with all relevant regulatory requirements.

b. We have invested significantly in compliance awareness training across the company and in our distribution channel to ensure that our business units are sensitized, including through training programs such as the 'Doing What is Right' Programme on legislative and regulatory requirements, supported by an annual self-assessment.

c. We have a robust governance processes and a strong culture of compliance across the company, administered through our dedicated Risk and Compliance department, which is charged with responsibility for monitoring, evaluating and managing risks across the company.

d. We maintain proactive relations with government and relevant regulatory bodies and tax authorities, informed by a shared understanding of the need for inclusive economic development and the important contribution of a profitable business sector. These engagements are undertaken individually, and through the Tanzania Mobile Network Operators' Association (TAMNOA).

A highly competitive market

Vodacom Tanzania operates in one of the most competitive telecommunications markets in Africa, with six mobile network operators (MNOs), as well as heightened competition from new sources, such as the growing entry of banks into digital financial services. Our three largest MNO competitors are continuing to drive very aggressive pricing, leading to one of the lowest effective voice and data prices in Africa, which places sustained pressure on already tight operating margins.

These low prices constrain our ability to drive our ambitious revenue growth by undermining our capacity to make some of the necessary long-term investments in the highly capital-intensive infrastructure needed to drive a faster 'digital dividend' in the country.

Our response:

a. The strengthened competitive environment, sometimes from unexpected sources, highlights the importance of remaining agile, in identifying and realising opportunities for innovation. We continuously monitor existing and new competitors, and are exploring opportunities for innovative partnerships, including as part of a potential consolidation within the sector.
b. To compete effectively and deliver a differentiated customer experience, we maintain a strong focus on the strength and reach of our network, the quality of our customer care, the pricing and nature of our services and devices, backed by our strong brand reputation. These are areas in which we have demonstrated competitive performance, as evidenced for example by our sustained leadership in customer service NPS and network speed.
c. To increase our relevance to customers, we continue enhancing our personalised 'Just for You' offers, providing customers with relevant services, reflecting their usage behaviour through our strong CVM and machine learning capabilities.
d. We are continuing to engage with the government through the regulator and other relevant stakeholders on the importance of price stability to support investments in this highly capital intensive industry.

Seizing commercial opportunities in bridging the digital divide.

Tanzania offers significant opportunities for innovation and growth in developing and rolling out enhanced connectivity and new digital services. With a young and growing population, and comparatively low levels of internet and smartphone penetration rate, there is huge scope for the Company to play a meaningful role in promoting digital inclusion and bridging the digital divide. This can be achieved by facilitating access to essential services, including specifically by driving digitization opportunities in finance, education, agriculture, e-commerce, and health.

For these opportunities to be fully realised, necessary investment is required in both mobile and fixed data networks. For this to happen, it is critical that data prices are stable and at a level that justifies the investment required in network infrastructure and digital products and services. Equally, we need also to address challenges relating to the accessibility of digital services, particularly cost of smart devices, access to digital skills, and levels of consumer awareness especially in rural areas. Recognising the critical importance of facilitating digital inclusion and supporting long-term infrastructure investment, the government has also made various valuable interventions to support extension and availability of communication services.

Our response:

To realise the valuable commercial opportunities for digital growth in Tanzania, we have overtly positioned the Company as a leading digital company that empowers a connected society by helping to close the digital divide in Africa's key economic sectors.

a. We are doing so by developing industry-specific digital products and services – in fields such as education, healthcare, agriculture, and financial services, and using new technologies such as IoT – to realise fresh opportunities for revenue growth, as well as harnessing innovation to drive positive social and environmental change.
b. We continue to invest significantly in the networks and technology of the future, fostering a company culture that attracts and develops the best digital talent, and redefining our approaches to customer engagement.
c. We actively participate in programs to support network roll out in the underserved areas in partnership with the government through the Universal Communications Service Access Fund (UCSAF).
d. Whenever possible, we also invest in enablers such as our recent spectrum acquisition, as well as investment on the future-ready human resources, to support our medium-to long-term requirements.

Group's key relationships

Vodacom Tanzania's ability to deliver long-term value depends on the contribution and activities of a range of different stakeholders, and on the quality of our relationship with them. In the table below we briefly outline those stakeholder groups who have a substantive impact on our ability to create value; we outline their contribution to value creation, our means of engaging with them, and the stakeholders' identified priority interests relating to our business activities.

Stakeholder value	Means of engagement	Priority interests
Customers: Provide the basis for revenue growth by purchasing our products and services	• Call centres, retail outlets and online. • My Vodacom app, M-Pesa app,USSD, self-help channels. • Weighted net promoter score ('NPS') feedback interviews and focus groups. • Social media interaction. • Vodacom Tanzania website.	• Better value offerings. • Faster data networks and wider coverage. • Making it simpler and quicker to deal with us. • Converged solutions for business customers. • Privacy of information. • Feedback on service-related issues. • Safety of M-Pesa transactions. • Customised customer service. • Managing the challenge of data-usage transparency. • Readily available services.
Government and regulators: Provide access to spectrum and operating licences, the basis for creating value.	• Participation in public forums. • Engagement on draft regulations and bills. • Engagement through industry bodies. • Publication of policy engagement papers. • Partnering on key programmes such as inclusive education, inclusive growth in agriculture, and inclusive climate action.	• Ensuring spectrum is managed as a strategic resource. • Regulatory compliance on issues such as customer registration, mobile termination rates, service quality, price, security and privacy, and safety, health and environmental performance. • Participating and promoting opportunities for economic development. • Contribution to the tax base. • Industry development. • Fair market development.
Investors and shareholders: Provide the financial capital needed to sustain and grow.	• Investor interactions, including conferences, meetings, and roadshows. • Annual and interim consolidated results. • Quarterly reports. • Annual reports, • Preliminary announcement call and AGM. • Investor relations page in our website.	• Responsible practices to manage risks and opportunities and ensure financial growth. • Sound corporate governance practices. • Transparent executive remuneration. • Improved liquidity of shares. • Stable dividend policy.
Employees: Provide the skills and inputs needed to realise our vision.	• Internal website, 'Workplace' • Newsletters, internal magazine, and electronic communication. • Employee hotline/Speak Up line. • Engage App • Leadership road shows. • Engagement surveys. • Online training. • Executives discussions – 'fireside chat'. • Health and welfare consultations as needed.	• Opportunities for personal and career development. • Competitive remuneration. • Knowledge sharing across the Group. • Building the coaching capability of leaders. • Better understanding of reward structures. • Health and safety. • Being heard. • Safe working environment.
Suppliers: Affect our ability to provide products and services.	• Supplier forums. • Ongoing site visits. • Procurement processes (including tendering). • Audits.	• Timely payment and fair terms. • Transparent and fair tender processes. • Relevant health and safety standards, and environmental, social and governance (ESG) expectations. • A 'fair' share of the local purchases (local spend).
Communities: Provide a social licence to operate and strengthen the socioeconomic context.	• Public participation where new base stations are needed. • Vodacom Tanzania Corporate Social Responsibility in partnership with communities. • Social media pages	• Access to our communication services and services such as finance, health, and education. • Free-to-use social media, health, education, and job sites. • Responsible expansion of infrastructure. • Responsible business practices. • Business existence continuity
Business partners: Custodians of our brand, and key to delivering the best customer experience.	• Store, franchise and retail visits. • Management engagements. • One-on-one business meetings. • Training sessions on new products and services	• Fair treatment. • Top management involvement with customers. • Making it simpler and quicker to deal with us. • Being heard as partners.
Media: Have a potentially significant influence on other stakeholders' perceptions.	• Face-to-face and telephonic engagement. • Interviews with key executives. • Media releases. • Roundtables. • Product launches.	• Being informed of key activities and offerings. • Transparency on our performance. • Evidence of responsible business performance.

How we sustain value

The group invests in resources and relationships impacting on value as detailed below:

People, culture and governance: Human and intellectual capital

Critical inputs (2023)	Our activities to sustain value	Results of our activities (2023)
• 581 employees (2022: 564) • A strong Board and robust governance systems. • Experienced executive team • An agile, performance-based, purpose-led culture. • Service providers delivering efficiently and effectively on agreed terms.	• Competitive remuneration and personal development opportunities • TZS344.2 million invested in employee training and leadership development, including upskilling employees for digital transformation • Agile business processes implemented across business units • Various initiatives to further strengthen our existing reputation as a quality employer • Regular engagement with employees to foster strong culture and ensure consistent delivery on targets • Sustained focus on employee, contractor and supplier safety	Maintained employee motivation, skills, and diversity through: • TZS65.2 billion in wages and benefits • 43.8% female representation in senior management • Sustained evidence of staff satisfaction: • Top Employer award for seven consecutive years • 93% engagement index score in Spirit Beat survey • Reasonable staff turnover at 35% • Increased uptake of Employee Assistance Program (EAP) support for stafHealth and safety performance • No work-related fatalities for eleven consecutive years • Community safety in partnership with National Traffic Police unit

Trade-offs: Investing in attracting, retaining, and developing talent in the highly competitive digital space is one of the most significant costs to our business. While this impacts short-term financial capital, it is an essential investment in generating longer-term returns in all capital stocks. Our commitment to driving a digital company, and effectively harnessing the role of artificial intelligence (AI), may result in pressure on some existing traditional job functions (depleting human and social capital), but also raises opportunities in new roles. Balancing efficiency gains (improved financial capital) against the human and social costs of job cuts (human and social capital) is a persistent potential trade-off.

Quality relationships with key stakeholders: Social and relationship capital

Critical inputs (2023)	Our activities to sustain value	Outcomes (2023)
• 16.7 million customers, 8.9% increase from prior year. • Constructive engagement with regulators, informed by mutual trust • Sustained levels of investor confidence • Positive supplier relationships • Trusted brand and reputation	• Continued investment in ensuring network and IT quality, strong positive customer experience, and segmented products and services • Regular and frank engagement with regulators, pursuing full compliance. • Continuing to participate actively in government's rural coverage agenda. • Regular investor communication • Delivering societal value through connectivity and digital services in areas such as inclusive finance, education, health and agriculture • Inclusive customer care initiatives • Credible governance processes • Corporate social responsibility programs	**Positive customer relations** • Leader in customer net promoter score (NPS) with 20-point gap over nearest competitor • Various awards received for customer service • Further progress in developing smarter personalised offerings following AI deployment • Over 1300 customers have benefited from our inclusive care efforts designed to serve people with special needs. **Generally positive government relations, supported for example by:** • TZS1.5 trillion total cash contribution to public finances over last three years • Enabling financial inclusion to more than 8.2 million M-Pesa customers. • Building 302 Universal Communications Access Fund sites in the past eleven years • Various social investment initiatives years

Trade-offs: Maintaining quality relationships across all stakeholders may require trade-offs in certain relationships as we balance competing stakeholders' interests. For example, investing in biometric-based SIM Card registration devices required significant short- and medium-term financial capital inputs, but enables us to meet regulatory requirements, maintain customers, and generate positive returns over the longer-term.

How we sustain value continued

Network and IT infrastructure: Manufactured capital

Critical inputs (2023)	Our activities to sustain value	Outcomes (2023)

• 3 448 base stations (1.8%) increase
• 2338 km of self-built fibre (up 13.8%)
• TZS156.0 investment in network (down 10.3%)
• US$63.2 million investments in spectrum.
	• Maintaining our network and IT leadership through targeted investment
	• Upgrading and modernising our network and IT systems.
	• Further enhancing our IT and related systems and processes to support machine learning analytics and cyber security
	• Acquired additional four blocks of low-and mid-band spectrum, a critical resource for our network expansion plans
	• Launch of 5G technology
		Positive results in most areas:
		• Positive results in most areas
		• TZS156.0 billion CAPEX investment to address network and IT plans
		  • 59 new 2G sites
		  • 228 new 3G sites
		  • 390 new 4G sites
		  • 231 new 5G sites
		• Network resilience supporting 26.0% growth in data carried in our network, with close to 70% carried in 4G network
		• 16 points lead gap on Combined network performance NPS
		• Recognised as a leading company in Vodafone Group for cybersecurity

Trade-offs: Building and maintaining our infrastructure requires significant financial capital, and appropriate levels of human and intellectual capital, as well as certain natural capital inputs and outcomes. An extensive network is a key basis for bridging the digital divide and sharing the substantial social benefits of digital connectivity. As a purpose-led organisation we have committed to reducing the environmental impacts associated with our network infrastructure and services. An important trade-off is balancing the customer and regulatory calls to reduce prices and enhance quality, with the need to generate the financial capital needed for network investment.

Financial capital

Critical inputs (2023)	Our activities to sustain value	Outcomes (2023)
• TZS1 724 billion market capitalisation (FY 2022: TZS1 724 billion) • TZ54.9 billion free cash flow (over 200% increase)	• Our activities to sustain value • Diversifying revenue streams • Employing smart capex deployments • Maintaining strong corporate governance structures and finance team • Realising benefits of purchasing power on network equipment, devices and opex through VPC • Leading in application of AI and CVM to increase revenues and optimise costs	• 26.5% increase in operating profit to TZS81.5 billion • TZS63.3 billion operating free cash flow • Service revenue up 10.2% to TZS1 053.8 billion • EBITDA up 9.7% to TZS329.4 billion • Generated TZS44.6 billion profit after tax as opposed to a loss in prior year.

Trade-offs: There is an important trade-off between the short-term interests of certain investors and other interest groups that seek to maximise short-term gains in financial capital, with our longer-term growth objectives that require investment of financial capital. Finding the right balance between the short-term and long-term – and in different stakeholder interests – is a key focus in our strategic decision-making.

Natural Resources: Natural capital

Critical inputs (2023)	Our activities to sustain value	Outcomes (2023)
• Radio spectrum: 700, 900, 1 800, 2 100, 2 300 MHz bands for Mobile, and 2 300 and 3 500 for fixed 4G & 5G • 82.4 GWh electricity (up 19.8%) • 9 020.5 kilolitres of fuel (up 46.4%) • 31 114.6 kilolitres of water (up 15.7%) • 31 963.2 tons of refrigerants and fire suppressants used (GHG contributor) (up 1.0%) • Plastics, paper and related inputs	**Our activities to sustain value** • Strong focus on energy efficiency and GHG mitigation across our network • Recycling handsets and network equipment • Identifying opportunities to use IoT to promote resource efficiency, for example through smart metering and vehicle tracking • Dematerializing by using smaller SIM cards and encouraging electronic recharges	• Estimated 32 789 tonnes CO^2 emissions from electricity, diesel and refrigerants usage (scope 1&2) (down 10.2%) • 759.4 tonnes of total GWP refrigerants and fire suppressants replenished (down 28.0%) • Proportionate increase in energy consumption relative to increase in network elements including new technologies. • Prevented over 29 tons of plastic wastes, and over 172 tons of paper usage

Trade-offs: Using and impacting natural resources – which sometimes negatively affects human and social capital – is a key trade-off for generating value across other capitals. As a purpose-led company we are committed to minimizing the environmental impacts of our operations and activities, and to realizing the significant potential for digital products and services to deliver positive environmental outcomes.

Dividends

The Company intends to pay as much of its after-tax profit as will be available after retaining such sums and repaying such borrowings owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, taking into account monies required for investment opportunities. There is no fixed date on which entitlement to dividends arise and the date of payment will be recommended by the Board and approved by the shareholders at the time of declaration, subject to the Dar es Salaam Stock Exchange ('DSE') listing requirements.

The Board will recommend a final dividend, in relation to the financial year ended 31 March 2023, for approval by the shareholders at the annual general meeting. The Board's recommendation will be in accordance with the dividend policy to pay out at least 50% of earnings after tax.

Solvency and liquidity of the group

The Board considers the Group to be solvent, within the meaning ascribed by the Companies Act, No 12 of 2002 of Tanzania. The Group had net current liabilities of TZS92 743 million as at 31 March 2023 (2022: net current asset of TZS37 373 million). The group has made an assessment of its liquidity position and is confident that sufficient funds will be available and accessible to meet all obligations as they fall due.

Capital structure and shareholding

The Group's issued share capital is held in the percentages outlined below:

	2023 %	2022 %
Vodacom Group Limited	**75.00**	75.00
General public	**25.00**	25.00
	100.00	100.00

As at 31 March 2023, the Group's authorised share capital was TZS200 000 million comprising of 4 000 million ordinary shares with a par value of TZS50 while the issued share capital was TZS112 000 million comprising of 2 240 000 300 ordinary shares with a par value of TZS50. There were no changes in the authorised and issued share capital during the year.

The Group's top ten shareholders up to 31 March 2023 are listed below:

	2023		2022	
Shareholder	**No. of shares**	**%**	No. of Shares	%
Vodacom Group Limited	**1 680 000 200**	**75.0**	1 680 000 200	75.0
BNYMSANV Re: BNYMLB Re: Government Employees Pension Fund	**164 503 540**	**7.3**	164 503 540	7.3
Public Service Social Security Fund	**84 117 720**	**3.8**	84 117 720	3.8
National Social Security Fund	**55 999 990**	**2.5**	55 999 990	2.5
SC (T) Nominee Re: Standard Chartered Bank Uganda Re: National Social Security Fund	**27 816 870**	**1.2**	27 816 870	1.2
National Health Insurance Fund	**23 475 000**	**1.0**	23 475 000	1.0
Umoja Unit Trust Scheme	**20 674 980**	**0.9**	20 674 980	0.9
JPMCB-LB Oasis Crescent Equity Fund	**16 602 210**	**0.7**	16 602 210	0.7
Workers Compensation Fund.	**14 882 350**	**0.7**	14 882 350	0.7
JPMCB-LB Designated First Rand Bank Ltd	**12 364 733**	**0.6**	10 345 530	0.5
SCBT NOMINEE Re: SSB+T AC Re:FBL as a Trustee for Investec Africa Fund-RNKP		**–**	10 272 615	0.5
Total	**2 098 672 283**	**93.7**	2 088 016 025	93.2

The total number of shareholders by 31 March 2023 stood at 36 530 (2022: 36 427 shareholders).

Capital expenditure and commitments

During the year, the Group invested TZS299 121 million (2022: TZS173 955 million) in property and equipment, and intangible assets. The year's additions include TZS143 140 million spent on spectrum acquisition. This capital expenditure was funded by internally generated cash flows. As at year end, TZS66 040 million of the total investment made was payable to capex creditors (2022: TZS64 541 million).

Further information on the Group's property and equipment, and intangible assets is presented in Notes 15 and 16 to the consolidated and separate financial statements.

Information about the Group's commitments is presented in Note 32 to the consolidated and separate financial statements.

Business plans and future developments

We aspire to grow our business over the medium term by executing our purpose-led model and connecting Tanzanians for a better future, by providing access to modern technologies, as well as offering technological solutions that will make us relevant to customers and society. We will invest in our network and supporting infrastructures to support our growth ambitions and leverage our segmented multi-products approach, the system of advantage. This approach combines our unique strength in connectivity, digital and financial services to deliver diversified and differentiated offerings to our customers. As we execute our strategy, we remain committed to engaging with the government on all relevant matters relating to our business objectives. We believe that financial and digital inclusion can drive positive societal change and support our growth ambitions. With our focus on customer proposition, we will continue to expand our reach and deliver the best experience, including access to high-speed data services. We will roll out our fixed-access services to both business and consumer segments and drive smartphone penetration to enable access to digital services, including our M-Pesa super-app. Leveraging on our strategic M-Pesa Africa hub, we are committed to continue developing and rolling out innovative and transformative M-Pesa services to make our customers' lives better. Mindful of the weaker global macro outlook, we will also focus on cost control to deliver strong profitability and generate value for our shareholders, as we target the following over the medium term:

- Mid-to high-single-digit service revenue growth.
- 13.0% – 16.0% capital expenditure as a % of revenue.

These medium-term targets assume a stable currency, regulatory and macroeconomic environment. These targets are on average, over the next three years, excluding spectrum purchases, exceptional items, and any merger and acquisition activity.

Subsidiaries and other controlled entities

The consolidated financial statements include the Company's wholly owned subsidiaries, that is, Vodacom Trust Limited which is a company limited by guarantee and having share capital; M-Pesa Limited and Shared Networks Tanzania Limited ('sNT'), which are private limited liability companies having share capital. The consolidated financial statements also include a consolidated structured entity, The Registered Trustees of M-Pesa (the 'Trust').

Vodacom Trust Limited

The principal activity of Vodacom Trust Limited was to act as bona fide trustees and/or any other like officers in order to protect and safeguard all monies gained from and/or relating to M-Pesa cellular phone money transfer services for the benefit of the users of the M-Pesa services. On 23 October 2018, the entity's name was changed from M-Pesa Limited to Vodacom Trust Limited following approval and issuance of the certificate of change of name by the Business Registration and Licensing Agency of Tanzania ('BRELA'). The change of name was necessary to enable compliance with the National Payment System Act, 2015.

The entity's directors resolved to wind up the entity and the liquidator was appointed by the directors on 19 May 2020 winding up process were initiated thereafter.

As at year end, the process to liquidate the company had not been finalized.

Shared Network Tanzania Limited (SNT)

On 19 July 2016, the Company acquired 100% of SNT's issued share capital. SNT was a multi-operator core network wholesaler which held a license for usage of spectrum in the 900MHz band in rural Tanzania. During 2019, the Group obtained approval from Tanzania Communications Regulatory Authority ('TCRA') to reassign the spectrum that was held by SNT to the Company. During the year ended 31 March 2021, the directors resolved to wind up of the entity after transferring its assets and liabilities to the Company. The net assets transfer was completed and a liquidator was appointed thereon.

As at year end, the process to liquidate the entity had not been finalized.

Vodacom Tanzania Foundation

Following the amendment of the Companies Act, 2002 of Tanzania by Miscellaneous Amendment Act, No. 3 of 2019 which came into force on 30 June 2019, the authority to register entities which prohibit distribution of profits and which do not intend to promote commerce was transferred from the Registrar of Companies (BRELA) to the Registrar of Non-Government Organizations (NGOs). Consequently, BRELA issued a public notice stating that from 1 September 2019, the Registrar of Companies shall not maintain in the Registry of Companies records of any company which prohibits distribution of profits and does not intend to promote commerce, and advised companies affected to communicate with the Registrar of NGOs to be provided with guidance and directives on registration as NGOs as per the Miscellaneous Amendment Act, No. 3 of 2019.

Vodacom Tanzania Foundation, which was a company limited by guarantee, was affected by this change in law as it was incorporated as a company limited by guarantee with no profit objective. Consequently, the entity was struck-off the BRELA register and another entity, Vodacom Tanzania Foundation was registered with the registrar of NGOs under the-then Ministry of Health Community, Development, Gender, Elderly and Children in accordance with the Non-Governmental Organization act of 2002 (revised 2005) and the Non-Governmental Organizations Amendments) regulations of 2018 (together the "NGO Act and regulations") of Tanzania. The founding members resolved to wind up the foundation and appointed the liquidator to oversee the process.

The entity's liquidation was concluded on 19 January 2023.

M-Pesa Limited

M-Pesa Limited was incorporated on 26 October 2018. In accordance with the National Payment Systems regulations which became effective in July 2016, this entity applied for an Electronic Money Issuance ('EMI') licence which was issued by Bank of Tanzania ('BoT') on 13 March 2019. Following the receipt of the EMI licence, the entity's principal activities will be operating mobile financial services under the EMI regulations issued by BoT. The entity started operating independent of the Company on 1 April 2020 with its own organization structure, staff and accounting records. The entity is consolidated in the Group's consolidated financial statements.

Registered Trustees of M-Pesa Trust Funds

The Registered Trustees of M-Pesa Trust Funds was incorporated under the provisions of The Trustees Incorporation Act, Cap 318 of Tanzania on 25 September 2019 with registration number 5656. The Trust is a non-profit making entity that has a mandate to fulfil its objectives in the best interest of the beneficiaries of the funds in the trust accounts. The Trust's activities include: overseeing and managing effectively the trust accounts; ensuring safety of the beneficiaries of the funds in the trust accounts by setting up appropriate safeguard and remedy measures; ensuring the separation and not commingle the trust account funds with any other funds or use it for any other operations.

Vodacom Tanzania Foundation

The Vodacom Tanzania Foundation manages the Group's corporate social investments. Guided by the UN Sustainable Development Goals 2030, Tanzania's Vision 2025 and subsequent the National 5-Years Development Plan, its vision is to positively impact the lives of underserved members of the Tanzanian community by leveraging Vodacom's technological capabilities and its partnerships to deliver pioneering projects in education, health and environmental protection as key long-term investment pillars for social impact intervention, while engaging in maternal health, reduction on infant mortality and disaster management to facilitate sustainable cities.

Since 2004, the Foundation in collaboration with its parent unit 'Vodafone Foundation', has invested over TZS17 620 million (2022: TZS16 900 million) and impacted millions of lives across Tanzania. Vodafone foundation contribution has been mostly focused on maternal health.

Following the decision to liquidate the company in the previous period, the Foundation's activities are now carried out by the parent company during the year.

Borrowings

The Group did not have any borrowings as at 31 March 2023 (2022: None).

Political and charitable donations

The Group did not make any political donations during the year (2022: None).

Parent and ultimate parent

The Group is controlled by Vodacom Group Limited, incorporated and domiciled in the Republic of South Africa which effectively owns and controls 75.00% (2021: 75.00%) of the Company's issued shares. The Group's ultimate parent is Vodafone Group Plc, incorporated and domiciled in the United Kingdom.

Related party transactions

Transactions with related parties were conducted in the normal course of business. Details of transactions and balances with related parties are included in Note 35 to the consolidated and separate financial statements.

Country of incorporation

The Company and its subsidiaries are incorporated and domiciled in the United Republic of Tanzania.

Directors and company secretary

The directors of the Company who served during the year and to the date of this report are:

Title/name	In office as at 1 April 2022	Date of appointment	Date of resignation	In office at the reporting date
Directors				
Justice (Rtd) Thomas Mihayo	✓	–	–	✓
Margaret Ikongo	✓	–	–	✓
Thembeka Semane[1]	✓	–	–	✓
Winifred Ouko[5]	✓	–	11 May 22	X
Matimba Mbungela[1]	✓	–	–	✓
Diego Gutierrez[5]	✓	–	–	✓
Nkateko Nyoka[1]	✓	–	–	✓
Dejan Kastelic[2]	✓	–	30 June 22	X
Sudhersan Ramasamy[3]	✓	–	–	✓
Raisibe Morathi[1]	✓	–	–	✓
Sitholizwe Mdlalose[4]	X	1 Jul 22	–	✓
Kanini Mutooni[5]	✓	1 Oct 22	–	✓
Executive				
Sitholizwe Mdlalose[4]	✓	–	1 Jul 22	X
Philip Besiimire[7]	X	15 Oct 22	–	✓
Hilda Bujiku	✓	–	–	✓
Company Secretary				
Caroline Mduma	✓	–	–	✓

1. South African 2. Slovenian 3. Indian 4. British 5. Kenyan 6. Bolivian 7. Ugandan
All the other directors are Tanzanian nationals.

Directors interests

The directors do not hold any direct interest in the issued share capital of the Company or any of the subsidiaries.

Corporate governance

The Group is committed to the highest standards of business integrity, ethics and professionalism. Corporate governance principles include discipline, independence, responsibility, fairness, social responsibility, transparency and accountability of directors to all stakeholders. These principles are entrenched in the Group's internal controls and policy procedures governing corporate conduct.

Board of directors

The Board takes overall responsibility for the Group's success. Its role is to exercise leadership and sound judgement in directing the Group to achieve sustainable growth and act in the best interest of the shareholders.

The non-executive directors contribute their extensive experience and knowledge to the Board's committees. All committees operate under Board-approved charters, which are updated from time-to-time to stay abreast of developments in corporate law and governance best practice. The Board has three committees with specified delegated activities as detailed below.

Remuneration Committee

The Remuneration Committee serves to enable and assist the Board to discharge its responsibilities by:

- Determining and agreeing the remuneration and overall compensation packages of executives, with the exception of seconded employees;
- Determining, agreeing and developing the Group's overall remuneration policy and ensuring alignment with the remuneration policy of Vodacom Group Limited;
- Ensuring that fair, competitive reward strategies and programmes are in place to facilitate the recruitment, motivation and retention of high performing staff at all levels in support of realizing corporate objectives and to safeguard shareholder interest;
- Reviewing and recommending to the Board the relevant criteria necessary to measure the performance of executive management in discharging their functions and responsibilities; and
- Developing and implementing a policy of remuneration philosophy.

The Remuneration Committee, which comprises non-executive directors, reports to the Board and met four times during the year.

Name	Nationality	Qualification
Ms. Margaret Ikongo (Interim Chairperson)	Tanzanian	a. Master of Business Administration, Open University, Tanzania. b. International Certificate in Risk Management, Institute of Risk Management, United Kingdom. c. International Diploma in Risk Management and Graduate Member of the Institute of Risk Management United Kingdom. d. Associate Member of Chartered Insurance Institute, United Kingdom.
Mr. Diego Gutierrez	Bolivian	a. Major in Business Administration and Marketing, Gabriela Mistral University, Santiago, Chile. b. Master in Business Administration, Harvard Institute for International Development (HIID), Catholic University, Lapaz, Bolivia.
Mr. Matimba Mbungela	South African	a. Bachelor of Administration, University of Venda, South Africa. b. Post Graduate Diploma in Human Resources, University of Cape Town, South Africa. c. Masters of Business Administration, University of KwaZulu-Natal, South Africa.

Outlined below is the attendance of committee members during the meetings held in the year:

Name	Position	15 June 2022	25 Aug 2022	15 Mar 2023	Attendance %
Ms. Margaret Ikongo	Interim Chairperson	✓	✓	✓	100%
Mr. Diego Gutierrez	Director	X	✓	✓	100%
Mr. Matimba Mbungela	Director	✓	✓	✓	75%

Nomination Committee

The Nomination Committee serves to enable and assist the Board to discharge its responsibilities by:

- Considering other special benefits or arrangements of a substantive financial nature;
- Ensuring that the performance of Board members is reviewed;
- Reviewing the promotions, transfers and termination policies for the Group;
- Monitoring the size and composition of the Board;
- Reviewing the independent status of directors on an annual basis;
- Recommending individuals for nomination as members of the Board and its committees;
- Reviewing the Board succession plans;
- Determining the composition and effectiveness of the boards of the Group's subsidiaries;
- Approving the nomination of individuals to the respective boards of the Group's subsidiaries;
- Ensuring eligibility of Board members;
- Reviewing the structure of the Group to ensure that it is fit for purpose, delivering the strategy and long-term objectives of the business; and
- Ensuring compliance with applicable laws and codes.

Corporate governance continued

Nomination committee continued

Nomination Committee, which comprises non-executive directors, reports to the Board and met two times during the year:

Name	Position	Nationality	Qualification
Justice (Rtd) Thomas B Mihayo	Chairman	Tanzanian	a. Degree in Law (LL.B), University of Dar es salaam, Tanzania. b. Arbitrator and Legal Consultant.
Ms. Margaret Ikongo	Member	Tanzanian	a. Master of Business Administration, Open University, Tanzania. b. International Certificate in Risk Management, Institute of Risk Management, United Kingdom. c. International Diploma in Risk Management and Graduate Member of the Institute of Risk Management United Kingdom. d. Associate Member of Chartered Insurance Institute, United Kingdom.
Mr. Matimba Mbungela	Member	South African	a. Bachelor of Administration, University of Venda, South Africa. b. Post Graduate Diploma in Human Resources, University of Cape Town, South Africa. c. Masters of Business Administration, University of KwaZulu-Natal, South Africa.

Outlined below is the attendance of committee members during the meetings held in the year:

Name	Position	8 November 2022	15 March 2023	Attendance %
Justice (Rtd) Thomas B Mihayo	Chairman	✓	✓	100%
Ms. Margaret Ikongo	Director	✓	✓	100%
Mr. Matimba Mbungela	Director	✓	✓	100%

Audit, Risk and Compliance Committee (ARCC)

The ARCC is responsible for:

- Reviewing the Group's consolidated interim results, preliminary results, annual report and annual consolidated and separate financial statements;
- Monitoring compliance with applicable statute and the DSE Rules;
- Reporting to the Board on the quality and acceptability of the Group's accounting policies and practices, including, without limitation, critical accounting policies and practices;
- Providing oversight of the annual financial reporting process;
- Considering the appointment and/or termination of the external auditors, including their audit fees, independence and objectivity and determining the nature and extent of any non-audit services;
- Approving the internal audit plan for the year;
- Receiving and dealing appropriately with any complaints, internally and externally, relating either to the accounting practices and internal audit or to the content or auditing of all entities within the Group's annual consolidated financial statements or related matters;
- Reviewing and monitoring the management and reporting of tax-related matters;
- Monitoring the risk management function and processes and assessing the Group's most significant risks; and
- Monitoring the effectiveness of the processes to create awareness and develop an understanding of relevant legislation and regulation to ensure compliance by management.

The Audit, Risk and Compliance Committee, which comprises independent non-executive directors, reports to the Board and met eight times during the year.

Audit, Risk and Compliance Committee

Name	Nationality	Qualification
Ms. Margaret Ikongo	Tanzanian	a. Master of Business Administration, Open University, Tanzania. b. International Certificate in Risk Management, Institute of Risk Management, United Kingdom. c. International Diploma in Risk Management and Graduate Member of the Institute of Risk Management United Kingdom. d. Associate Member of Chartered Insurance Institute, United Kingdom.
Ms. Thembeka Semane	South African	a. Post Graduate Diploma in Business Administration, University of Pretoria's Gordon Institute of Business Science, South Africa. b. Certified Associate of the Institute of Bankers in South Africa.
Ms. Kanini Mutooni	Kenyan	a. Global Policy Executive Education-Harvard Kennedy School of Government. b. Master's in Business Administration (MBA) – Cass Business School, City University, London, c. Securities Institute Diploma (UK)-Chartered Institute of Securities and Investment Professionals. d. Investment Management Certificate (UK) ACCA, e. Chartered Association of Certified Accountants (UK), f. Bachelor of Commerce (Hons) Catholic university, Kenya.

Outlined below is the attendance of committee members during the meetings held in the year:

Name	Position	5 May 2022	15 June 2022	12 Jul 2022	25 Aug 2022	3 Nov 2022	10 Nov 2022	19 Jan 2023	16 Mar 2023	Attendance %
Ms. Margaret Ikongo	Chairperson	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ms. Winifred Ouko	Member	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100%
Ms. Thembeka Semane	Member	✓	✓	✓	✓	✓	✓	✓	✓	100%
Ms. Kanini Mutooni	Member	N/A	N/A	N/A	N/A	✓	✓	✓	✓	100%

Corporate Social Responsibility Report (CSR)

Guided by the UN Sustainable Development Goals, Tanzania's Vision 2025 and its national Five-Year Development Plan, our Corporate Social Responsibility function seeks to positively impact the lives of underserved members of the Tanzanian community by leveraging Vodacom's technological and digital capabilities, infrastructure and partnerships to deliver pioneering projects in maternal health, education, and environmental protection.

Our 2023 performance;

Health – SDG 3 (Good health and well-being)

Total spend this year of more than TZS500 million

Our M-Mama programme, conducted in collaboration with the Vodafone Foundation and the government of Tanzania provides emergency transportation for pregnant women and newborns in the rural areas. The objective is to prevent and reduce maternal deaths and child mortality by leveraging on mobile communications technology to trigger ambulance service using community taxi as ambulance and government ambulances where available. Main deliverables to date are:

a. Live and operational in 8 of 14 intended regions.
b. Over 19 000 beneficiaries since inception in 2013.
c. Saving an estimated 700 lives through the programme.
d. Over US$8 million, approximately TZS19 600 million spent in the project since inception.

Corporate Social Responsibility Report (CSR) continued

Education – SDG 4 (Quality Education)

Total spend this year of close to TZS1 billion

We have continued to provide support to numerous educational initiatives across the country. The projects are conducted in partnership with the government departments including UCSAF, various ministries including ministry of education and vocational training and the ministry of science and technology, as well as with various non-governmental organisations including the African Child Projects.

Our major CSR initiative is E-Fahamu portal connectivity project, which provides free access to educational material:

1. Over 185 000 registered students to-date
2. Over 15 000 registered teachers to to-date
3. Donations during the year
   i. 517 desktop computers
   ii. 479 tablets
   iii. 183 routers
   iv. 23 printers
   v. 22 television sets

#Codelikeagirl programme is another education related initiatives undertaken in collaboration with our human resources department to encourage girls aged between 14-18 years to develop coding skills and valuable life skills, and encouraging them to consider the uptake of ICT and STEM subjects. This year 564 girls attended the training to make it more than 1 700.

Environmental protection – SDG 13 (Climate Action)

Total spend this year of TZS140 million

Since 2020, in partnership with the World Wide Fund for Nature (WWF) and the Dodoma City Council, we have been jointly implementing the Kijanisha Dodoma and Kijani Zaidi programmes, ambitious tree-planting and educational initiatives to green up the Tanzania's capital city:

a. An estimated 112 000 surviving trees out of 150 000 planted.
b. More than TZS600 million spent since project launch. Through our Vodacom Business Unit, we have continued with rolling out our M-Kulima digital agricultural platform that currently links more than 3.1 million smallholder farmers to the agriculture value chain. Among many benefits, the platform enables registered farmers to access information and extension services. Supporting the farming community help them to conduct responsible farming.

Contingent liabilities

Tax matters

The Group's future tax charge, effective tax rate and profit before tax could be affected by several factors including tax reforms conducted in Tanzania and the resolution of open tax disputes with the Tanzania Revenue Authority ("TRA" or the "tax authority") and/or tax courts. The Group is committed to acting with integrity and transparency in all tax matters including a policy of full transparency to the tax authority and the payment of all taxes properly due under the relevant tax laws in Tanzania. The Group is regularly subject to audits and examination by the tax authority of its direct and indirect tax filings. The consequence of such reviews is that in some instances, disputes can arise with the tax authority over the interpretation or application of certain tax rules where these tax laws are ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability.

The major tax positions taken are thus subject to review by executive management and reported to the Board. The Group has support from external advisors supporting the positions taken in respect of the significant tax matters which support the application and interpretation of the tax legislation. The Group has considered all matters in dispute with the tax authority and has accounted for any exposure identified if required.

During the year the Group has managed to resolve long outstanding tax disputes which were disclosed as contingent items in relation to the following issues:

- **Capital allowances of telecommunication equipment**

  Through the practice notice issued in December 2022, the tax authority (TRA) clarified the proper classification of telecommunication equipment with the active equipment classified under class 1 and passive equipment being classified under class 6. This clarification aided in the resolution of long-standing disagreements on the subject. The previously reported dispute on this matter has been resolved.

- **Withholding tax on satellite, international roaming and undersea cable services**

  During the year, the Group managed to resolve all the pending disputes in relation to the chargeability of withholding tax on payments in relation to the roaming and foreign services received. The previously reported dispute on this matter has been resolved.

  However, the Group shall maintain part of the Transfer pricing exposure as a contingent matter as detailed below:

- **Transfer pricing**

  The Group, as part of a multinational enterprise, makes extensive use of services provided by associated entities in a value adding manner and applies the arm's length principle, in the taxation context, in such undertakings. These intercompany transactions are documented in the Group's transfer pricing documentation which is done in accordance with the requirements of local Transfer Pricing Regulations and Organization for Economic Cooperation and Development ("OECD") guidelines. The TRA conducted a transfer pricing audit for the 2018 to 2020 tax years for Vodacom Tanzania Public Limited Company and 2021 for M-Pesa Limited, the audit has resulted in certain disputed items in terms of the methodology and other Transfer Pricing aspects used to support the taxation arm's length principle.

Litigation and other claims contingencies

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the possible/probable outcome of these proceedings. Following this assessment, the Group's management has determined that adequate provision has been made in respect of these legal proceedings as at year end.

The Group is subject to claims under contracts signed with other parties. Disputes can arise with other parties over the interpretation or application of contractual provisions. These disputes may not necessarily be resolved in a manner that is favourable to the Group, and the resolution of the disputes could result in an obligation to the Group. Management has assessed that no provision for claims is warranted as at year end.

Regulatory matters

SIM Card Registration

On 7 February 2020, new SIM Regulations were published, mandating biometric registration only and restricting the number of SIMs held per customer. Subsequently, on 1 July 2020, the Tanzania Communication Regulatory Authority ('TCRA') issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM cards ownership through their mobile phones. Furthermore, the TCRA and mobile network operators implemented an approval process that allowed customers to request for additional SIM cards by visiting service providers' retail outlets or an automated process through Unstructured Supplementary Service Data (USSD). Customers are allowed to have more than one SIM card if they follow the correct approval process.

On 13 February 2023, Vodacom Tanzania barred 238 000 SIM cards which did not complete the multiple-SIM declaration process as per TCRA's directives. Subsequent to barring, TCRA again permitted the usage of *106# and 100 to allow the barred customers to do verification through this process. As a result, over 30 000 of the barred customers have successfully verified their SIM cards and re-activated. We continue with efforts to recover barred customers.

Other matters

Levies on mobile money transfers and withdrawals and airtime.

On 30 June 2021, the President approved the Finance Act, which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions and airtime recharges. For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021.

Following our engagements and due consideration by the government, the following amendments were implemented:

- **3 September 2021**
  An initial 30% levy reduction, to a maximum levy of TZS7 000.
- **1 July 2022**
  An additional 43% reduction to the maximum levy band was passed through the Finance Act 2022, marking a cumulative 60% reduction since the levy's introduction. This reduction set the maximum levy chargeable at TZS4 000. The Finance Act also re-defined the scope of the levy, to also include withdrawal and transfers through banks which were earlier excluded. The levy, which was previously chargeable on mobile transactions only, also became applicable to transfers between mobile accounts, between bank accounts and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATM).
- **1 October 2022**
  Through a special supplement to the National Payment System (Electronic Money Transactions levy) (Amendment Regulations) the maximum levy chargeable was set at TZS2 000, equivalent to 20% of the levy charged at introduction. This decision further reduced end-user charges, and has meaningfully revived and accelerated our contribution to the financial inclusion agenda, through the use of M-Pesa services.

Spectrum auction

On 15 August 2022, the TCRA published a public notice inviting bids for licensing spectrum blocks intended for international mobile telecommunication services through auction, which was held on 11 October 2022. The following spectrum frequencies were auctioned and assigned: one block of 2 x 10 MHz in the 700 MHz band; two blocks of 1 x 35 MHz in the 2300 MHz band; three blocks of 2 x 15 MHz in the 2600MHz band and one block of 1 x 20 MHz in the 2600 MHz band (TDD), and four blocks of 1 x 40 MHz in the 3500 MHz band (TDD). We participated and secured winning bids for the one block of 700MHz, the two blocks of 2300MHz and the one block of 2600MHz (TDD) for a total bid price of US$63.2 million, equivalent to TZS143.1 billion.

The spectrum acquired is a critical strategic resource for delivering value to shareholders and fulfilling our purpose through our network expansion and widened product portfolio objectives. The spectrum allocation is payable in instalments; 50% on spectrum assignment, 25% in April 2023, and 25% in October 2023. The deferred payment has been discounted to it's present value as it contains a significant financing component. The total cost of the licence was capitalised under Intangible assets and a licence payable recognised in respect of deferred payment obligations. The capital amount recorded was discounted to reflect a present value of the asset and the interest expense will be recognised over the credit period. The interest expense is the difference between the cash price equivalent and the total instalment payments for the transaction.

Other matters continued

Deferred tax recognition

During the year, the company made a decision to recognize deferred tax assets to the extent of what could be utilized by the profit forecast within the next five years. The company recognized a total of TZS50 871 million, made up of deferred tax asset on unused tax losses amounting TZS10 954 million, and other deductible timing differences TZS39 917 million

Events after the reporting period

The events after the reporting period are disclosed in Note 42 to the consolidated and separate financial statements. The Board is not aware of any other matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which requires adjustment to or disclosure in the consolidated and separate financial statements.

Auditor

Group's External Auditor
Ernst & Young (EY)
EY House, Plot No. 162/1, Mzinga Way
14111 Oysterbay, P.O. Box 2475, Dar es Salaam, Tanzania
Office: +255 22 292 7868 Fax +255 22 292 7872, Cell: 255 654 818 513, Website: http://www.ey.com
Firm's registration number: 151. TIN number: 100-149-222

Ernst & Young the auditor for the financial year 2023, has expressed willingness to continue in office and is eligible for re-appointment. A resolution proposing the re-appointment of Ernst & Young as auditor of the Group for the year ending 31 March 2023 will be put to the Annual General Meeting.
Partner's PF Number: FCPA 1227

Consolidated and separate financial statements

The consolidated and separate financial statements for the year ended 31 March 2023 were approved and authorised for issue by the Board on 15 June 2023.

By order of the board

Justice (Rtd) Thomas B Mihayo
Chairman

Philip Besiimire
Managing Director

Statement of directors' responsibilities

for the year ended 31 March 2023

The Companies Act, 2002 No.12 of Tanzania requires directors to prepare consolidated and separate financial statements for each financial year that present fairly, in all material respects, the financial position and results of the Group and the Company. A further requirement is that the directors ensure that the Group and the Company keep proper accounting records that disclose, with reasonable accuracy, the financial position and results of the Group and of the Company. The directors are also responsible for safeguarding the assets of the Group and the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2002 No.12 of Tanzania. The directors are of the opinion that the consolidated and separate financial statements present fairly, in all material respects, the state of the financial affairs of the Group and the Company and of the Group's and the Company's financial results in accordance with IFRS and the requirements of the Companies Act, 2002 No. 12 of Tanzania. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the consolidated and separate financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated and separate financial statements that are free from material misstatement whether due to fraud or error.

Nothing has come to the attention of the directors to indicate that the Group and the Company will not remain a going concern for at least twelve months from the date of this statement.

The consolidated and separate financial statements for the year ended 31 March 2023 were approved and authorised for issue by the Board of Directors on 15 June 2023.

Justice (Rtd) Thomas B Mihayo
Chairman

Philip Besiimire
Managing Director

Declaration by the head of finance

for the year ended 31 March 2023

The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of the financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity's financial position and performance in accordance with IFRS and the requirements of the Companies Act, 2002 No.12 of Tanzania.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as stated under the Statement of Directors' Responsibilities on the previous page.

I, **Robin Kimambo**, being the **Head of Finance Operations** of Vodacom Tanzania Public Limited Company hereby acknowledge my responsibility of ensuring that consolidated and separate financial statements for the year ended 31 March 2023 have been prepared in compliance with IFRS and the requirements of the Companies Act, 2002 No.12 of Tanzania.

I thus confirm that the consolidated and separate financial statements give a true and fair view position of Vodacom Tanzania Public Limited Company as on that date and that they have been prepared based on properly maintained financial records.

Robin Kimambo
NBAA Membership No: ACPA 4168
Head of Finance Operations

Date: 15 June 2023

Ernst & Young
EY House
Plot No. 162/1, Mzinga Way
14111 Oysterbay
P.O. Box 2475
Dar es Salaam, Tanzania

Tel: +255 22 2924040/41 /42
Fax: +255 22 2924043
E-mail: info.tanzania@tz.ey.com
www.ey.com
TIN: 100-149-222
VRN: 10-007372-Z

Independent auditor's report

To the shareholders of Vodacom Tanzania Public Limited Company

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Vodacom Tanzania Public Limited Company (the 'Company') and its subsidiaries (together, the 'Group') set out on pages 86 to 147, which comprise the consolidated and separate statements of financial position as at 31 March 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and the Company as at 31 March 2023, and the consolidated and separate financial performance and the consolidated and separate cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002 of Tanzania.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole , and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provided the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Accounting for uncertain tax positions	
The Group is required to comply with a number of taxes including income taxes, Value Added Tax, excise duty and payroll taxes, among others. As disclosed in Note 33 to the consolidated and separate financial statements, the Group had open tax assessments as at year-end. The open tax assessments were significant to our audit because the amounts involved are significant to the consolidated and separate financial statements. Furthermore, determination of the related provisions and contingent liabilities requires management and the directors to make significant judgements and estimates in relation to interpretation and application of tax laws and regulations. We also considered that the disclosures on uncertain tax positions in Note 33 are significant to the understanding of the Group's and the Company's tax positions.	Our audit procedures included, but were not limited to: • Understanding the Group's processes for recording and assessing of tax provisions and contingent liabilities. • Determining the completeness and reasonableness of the amounts recognized as tax liabilities and contingent liabilities, including the assessment of the matters in the correspondence with tax authorities and reports of the Group's external tax consultants, and the evaluation of the related tax exposures. • Including in our team tax specialists to analyse the tax positions and to evaluate the assumptions used to determine tax provisions and contingencies. • Assessing relevant historical and recent rulings and judgements passed by the tax authorities and courts in considering any precedent. • Assessing the adequacy of the Group's disclosures in respect of uncertain tax positions.

Building a better working world

Independent auditor's report (*continued*)

To the shareholders of Vodacom Tanzania Public Limited Company

Report on the audit of the consolidated and separate financial statements *(continued)*

Other information

Other information consists of the information included in the Corporate Information (Page 156), Directors' Report (Page 63-80), Statement of Directors' Responsibilities (Page 81) and the Declaration by the Head of Finance (Page 82), which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date, other than the consolidated and separate financial statements and our auditor's report thereon .The directors are responsible for the other information.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so. The Directors are responsible for overseeing the Group's and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Report of the independent auditor continued

Independent auditor's report (*continued*)

To the shareholders of Vodacom Tanzania Public Limited Company

Report on the audit of the consolidated and separate financial statements (*continued*)

Auditor's responsibilities for the audit of the consolidated and separate financial statements *(continued)*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with the Companies Act, 2002 of Tanzania and for no other purposes.

As required by the Companies Act, 2002 of Tanzania, we report to you, based on our audit, that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Group and the Company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the consolidated and separate financial statements;
- Information specified by law regarding directors' remuneration and transactions with the Group and the Company is disclosed; and,
- The Group's and the Company's consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

The partner in charge of the audit resulting in this independent auditor's report is Dr. Neema Kiure.

Signed by: Dr Neema Kiure
Partner (FCPA 1227)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

Date: 28 JUNE **2023**

Consolidated and separate statement of profit or loss and other comprehensive income

For the year ended 31 March 2023

		Group		Company	
TZS m	Notes	2023	2022	2023	2022
Revenue	6	**1 073 018**	971 025	**807 796**	654 768
Direct expenses	7	**(349 470)**	(299 185)	**(190 164)**	(166 771)
Staff expenses	8	**(65 230)**	(63 823)	**(45 916)**	(42 046)
Publicity expenses		**(27 255)**	(30 184)	**(10 666)**	(17 738)
Other operating expenses	9(a)	**(298 306)**	(279 473)	**(261 477)**	(244 423)
Depreciation and amortisation	9(b)	**(248 306)**	(236 201)	**(241 857)**	(229 496)
Net credit (losses)/gain on financial assets	9(c)	**(2 974)**	2 275	**(2 978)**	2 281
Operating profit/(loss)		**81 477**	64 434	**54 738**	(43 425)
Finance income	10	**24 463**	25 837	**4 401**	2 729
Dividend income	10	**–**	–	**157 009**	–
Finance costs	11	**(76 650)**	(85 544)	**(59 925)**	(66 952)
Net loss on foreign currency transactions	12	**(2 939)**	(1 548)	**(2 901)**	(1 554)
Profit/(loss) before tax		**26 351**	3 179	**153 322**	(109 202)
Income tax credit/(expense)	13(a)	**18 205**	(23 442)	**28 189**	8 826
Profit/(loss) for the year		**44 556**	(20 263)	**181 511**	(100 376)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive profit/(loss) for the year, net of tax		**44 556**	(20 263)	**181 511**	(100 376)

		TZS	TZS
Basic and diluted earnings/(loss) per share	14	**19.89**	(9.05)

Consolidated and separate statements of financial position

as at 31 March 2023

		Group		Company	
TZS m	**Notes**	**2023**	**2022**	**2023**	**2022**
ASSETS					
Non-current assets		**1 314 691**	1 191 715	**1 285 561**	1 157 539
Property and equipment	15	**965 176**	1 014 626	**961 391**	1 006 885
Intangible assets	16	**210 233**	76 681	**188 309**	53 173
Capacity prepayments	17	**40 339**	44 582	**40 339**	44 582
Goodwill	18	**1 639**	1 639	**–**	–
Income tax receivables[1]	13(d)	**33 098**	41 011	**33 098**	41 011
Trade and other receivables[2]	19	**11 853**	11 388	**11 053**	11 388
Investment in subsidiary		**–**	–	**500**	500
Deferred tax asset	13(e)	**52 353**	1 788	**50 871**	–
Current assets		**897 149**	846 914	**324 111**	210 639
Capacity prepayments	17	**16 916**	15 864	**16 916**	15 864
Inventory	20	**3 075**	2 597	**3 075**	2 597
Trade and other receivables	19	**115 771**	112 570	**113 391**	112 241
Income tax receivable	13(d)	**15 439**	22 836	**10 653**	20 843
Mobile financial deposit	21	**509 358**	436 086	**–**	–
Cash and cash equivalents	22	**236 590**	256 961	**180 076**	59 094
TOTAL ASSETS		**2 211 840**	2 038 629	**1 609 672**	1 368 178

		Group		Company	
TZS m	**Notes**	**2023**	**2022**	**2023**	**2022**
EQUITY AND LIABILITIES					
Equity		**821 723**	777 324	**764 164**	582 653
Share capital	23	**112 000**	112 000	**112 000**	112 000
Share premium	23	**442 435**	442 435	**442 435**	442 435
Capital contribution	24	**27 698**	27 698	**27 698**	27 698
Retained earnings		**239 590**	195 191	**182 031**	520
Non-current liabilities		**400 225**	451 764	**400 225**	451 764
Lease liabilities	25	**394 137**	446 044	**394 137**	446 044
Government grants	26	**20**	143	**20**	143
Trade and other payables	27	**–**	378	**–**	378
Provisions	28	**6 068**	5 199	**6 068**	3 619
Current liabilities		**989 892**	809 541	**445 283**	333 761
Lease liabilities	25	**99 203**	60 472	**99 203**	60 472
Licence payable	29	**72 168**	–	**72 168**	–
Trade and other payables[3]	27	**301 026**	300 006	**267 432**	260 312
Mobile financial payable	21	**509 358**	436 086	**–**	–
Government grants	26	**513**	1 218	**513**	1 218
Provisions	28	**7 624**	11 759	**5 967**	11 759
Total liabilities		**1 390 117**	1 261 305	**845 508**	785 525
TOTAL EQUITY AND LIABILITIES		**2 211 840**	2 038 629	**1 609 672**	1 368 178

The consolidated and separate financial statements on pages 86 to 147 were approved and authorized for issue by the Board of Directors on 15 June 2023 and were signed on its behalf by:

Justice (Rtd) Thomas B Mihayo
Chairman

Philip Besiimire
Managing Director

Notes:

1. These are deposits with TRA in respect to objected assessments for corporate tax as well as tax refundable from revised assessments.
2. Trade and other receivables as at 31 March 2023 include contract assets amounting to TZS5 712 million of which TZS3 662 million is current and TZS2 050 million is non-current (March 2022: current TZS2 207 million and non-current TZS1 044 million).
3. Mobile financial payables relate to amounts due to M-Pesa customers including interest payable.

Consolidated and separate statements of changes in equity
for the year ended 31 March 2023

Group

TZS m	Share capital (Note 23)	Share premium (Note 23)	Capital contribution (Note 24)	Retained earnings	Total
At 1 April 2022	**112 000**	**442 435**	**27 698**	**195 191**	**777 324**
Total comprehensive income for the year	–	–	–	**44 556**	**44 556**
Transactions with owners:					
Dividends declared	–	–	–	**(157)**	**(157)**
At 31 March 2023	**112 000**	**442 435**	**27 698**	**239 590**	**821 723**
At 31 March 2021	112 000	442 435	27 698	215 454	797 587
Total comprehensive loss for the year	–	–	–	(20 263)	(20 263)
At 31 March 2022	112 000	442 435	27 698	195 191	777 324

Company

TZS m	Share capital (Note 23)	Share premium (Note 23)	Capital contribution (Note 24)	Retained earnings	Total
At 1 April 2022	**112 000**	**442 435**	**27 698**	**520**	**582 653**
Total comprehensive income for the year	–	–	–	181 511	181 511
At 31 March 2023	**112 000**	**442 435**	**27 698**	**182 031**	**764 164**
At 31 March 2021	112 000	442 435	27 698	100 896	683 029
Total comprehensive loss for the year	–	–	–	(100 376)	(100 376)
At 31 March 2022	**112 000**	**442 435**	**27 698**	**520**	**582 653**

Consolidated and separate statements of cash flows

for the year ended 31 March 2023

TZS m	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Cash flows generated from operating activities					
Cash flows generated from operations	39(a)	**391 390**	316 748	**293 115**	190 418
Income tax paid	13(d)	**(17 050)**	(43 191)	**(4 579)**	(5 051)
Interest paid on tax liabilities		**(277)**	(5 753)	**–**	(5 753)
Net cash flows generated from operating activities		**374 063**	267 804	**288 536**	179 614
Cash flows utilised in investing activities					
Additions to property and equipment, and intangible assets	39(b)	**(228 263)**	(142 153)	**(227 353)**	(142 153)
Proceeds from disposal of property and equipment		**500**	6	**499**	6
Proceeds from transfer of assets to subsidiary (M-Pesa Limited)		**–**	–	**–**	5 825
Government grant received	26	**4 143**	4 991	**4 143**	4 991
Finance income received		**7 792**	7 219	**4 401**	2 729
Dividend income received		**–**	–	**157 009**	–
Net movement in mobile financial deposits		**(73 272)**	8 097	**–**	–
Interest received from M-Pesa deposits	10	**16 671**	18 618	**–**	–
Net cash flows utilised in investing activities		**(272 429)**	(103 222)	**(61 301)**	(128 602)
Cash flows utilised in financing activities					
Dividend paid	14	**(203)**	(209)	**(46)**	(209)
Interest paid on other borrowings		**(39)**	–	**(39)**	–
Interest paid on lease liabilities	25	**(57 098)**	(60 871)	**(57 098)**	(60 871)
Payment of lease liabilities – principal	25	**(48 140)**	(69 183)	**(48 140)**	(69 183)
Interest paid to M-Pesa customers		**(15 556)**	(20 043)	**–**	–
Net cash flows utilised in financing activities		**(121 036)**	(150 306)	**(105 323)**	(130 263)
Net (decrease)/increase in cash and cash equivalents		**(19 402)**	14 276	**121 912**	(79 251)
Cash and cash equivalents at the beginning of the year	22	**256 961**	244 257	**59 094**	139 923
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	12	**(969)**	(1 572)	**(930)**	(1 578)
Cash and cash equivalents at the end of the year	22	**236 590**	256 961	**180 076**	59 094

Notes to the annual financial statements
for the year ended 31 March 2023

1. General information

Vodacom Tanzania Public Limited Company (the 'Company') is incorporated in Tanzania as a limited liability company and is domiciled in Tanzania. The principal activities of the Group are disclosed in the Directors' Report. The address of its registered office and place of business are disclosed under the Corporate Information presented on page 156.

2. i. Basis of preparation

The consolidated and separate annual financial statements of the Company and its subsidiaries (together the 'Group') are prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRIC') interpretations as issued by the International Accounting Standards Board ('IASB'), and those sections of the Tanzania Companies Act, No.12 of 2002 applicable to financial reporting under IFRS and the requirements of the Dar es Salaam Stock Exchange PLC Rules, 2022. The consolidated and separate financial statements are prepared on a going concern basis.

For purposes of the Tanzania Companies Act, No.12 of 2002, the statement of financial position is equivalent to the balance sheet while the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of consolidated and separate financial statements and the reported amounts of revenue and expenses during the reporting period. Refer to 'Critical accounting judgments and estimates' in Note 5 for the disclosures on the Group's critical accounting judgments and estimates, Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Amounts in the financial statements are stated in Tanzanian Shillings (TZS), rounded to the nearest million (TZS m), except when otherwise indicated. The significant accounting policies are consistent in all material respects with those applied in the previous period except where new and amended IFRS and interpretations have been adopted during the reporting period.

ii. Going Concern

The consolidated and separate financial statements are prepared on a going concern basis. In making this assessment, the Directors considered a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital and other resources. The directors are satisfied that the Group and Company can generate and otherwise have access to sufficient resources necessary to continue in business for the foreseeable future. Furthermore the directors are not aware of any material uncertainties that may cast significant doubt upon the group's and company's ability to continue as going concern.

3. Significant accounting policies

a) Accounting convention

The consolidated and separate annual financial statements are prepared on a historical cost basis, except where otherwise disclosed.

b) Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and its subsidiaries for the year ended 31 March 2023. The Company and all subsidiaries have the same reporting period and apply the same accounting policies.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred by the Company to the former owners of the acquiree, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Company's previously held equity interest in the acquiree, if any, over the net fair value of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Where applicable, the consideration transferred includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Changes in fair value that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Changes in fair value that do not qualify as measurement period adjustments are adjusted prospectively, with the corresponding gain or loss being recognised in profit or loss.

Components of non-controlling interests that are current ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at the acquisition date at either:

- Fair value; or
- The non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis.

All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries are included in the statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. Investments in subsidiaries are measured at cost in separate financial statements.

Where control is lost, any interest retained by the Group is remeasured to fair value. The profit or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest;

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements include the Company's fully owned subsidiaries which are Shared Networks Tanzania Limited, and M-Pesa Limited, which are private limited liability companies having share capital. The consolidated financial statements also include a consolidated structured entity, The Registered Trustees of M-Pesa Trust Funds, which is a trust incorporated under the provisions of The Trustees Incorporation Act, Cap 318 of Tanzania.

c) Operating segments

The Group determines its operating segments according to the major business activities that the Group undertakes, the entity components are regularly reviewed by the Group Executive Committee and whether discrete financial information is available.

Segment information is reconciled to the consolidated and separate annual financial statements. The measure reported by the Group is in accordance with the significant accounting policies adopted for preparing and presenting the consolidated and separate financial statements.

The segment assets and liabilities comprise of all assets and liabilities of the different segments that are employed by the segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Capital expenditure on property and equipment and intangible assets is allocated to the segments to which it relates.

d) Revenue recognition

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services don't meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for mobile handsets, other equipment provided to customers and services provided to customers such as mobile and fixed line communication services. Where goods and services have a functional dependency (for example, a fixed line router can only be used with the Group's services), this does not, in isolation, prevent those goods or services from being assessed as separate obligations.

The Group determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the Group and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where standalone selling prices are not directly observable, estimation techniques, maximising the use of external inputs, are used. Refer to Note 5 'Critical accounting judgements and estimates' for further details.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remains probable.

Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when the Group provides the related service during the agreed service period.

3. Significant accounting policies continued

d) Revenue recognition continued

Revenue for device sales to end customers is generally recognised when the device is delivered to the end user customer. For device sales made to intermediaries such as indirect channel dealers, revenue is recognised if control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise revenue recognition is deferred until sale of the device to an end user customer by the intermediary or the expiry of any right of return.

When the Group has control of goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from, and payments to, suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group. Refer to Note 5 'Critical accounting judgements and estimates' for further details.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer, at that time a contract asset is recognised. Contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

When contract assets or liabilities are recognised, a financing component may exist in the contract. This is typically the case when a handset or other equipment is provided to a customer up-front but payment is received over the term of the related service agreement, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced, and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

Other income

Dividends from investments are recognised when the Company's right to receive payment has been established.

Interest is recognised using the amortised cost method with reference to the principal amount receivable and the effective interest rate applicable.

Revenue presentation: Gross versus Net

Where the Group's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related administrative fees charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis, with revenue representing the margin earned.

Contract-related costs

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, and those costs enhance the ability of the Group to deliver an obligation and are expected to be recovered, then those costs are recognised on the statement of financial position as fulfillment costs and are recognised as expenses in line with the recognition of revenue when the related obligation is delivered.

The direct and incremental costs of acquiring a contract including, for example, certain commissions payable to staff or agents for acquiring customers on behalf of the Group, are recognised as contract acquisition cost assets in the statement of financial position when the related payment obligation is recorded. Costs are recognised as an expense in line with the recognition of the related revenue that is expected to be earned by the Group. Typically, this is over the customer contract period as new commissions are payable on contract renewal. Certain amounts payable to agents are deducted from revenue recognised (see above).

e) Commissions

Intermediaries are awarded cash incentives by the Group to connect new customers and upgrade existing customers.

For intermediaries who do not purchase products and services from the Group, such cash incentives are accounted for as an expense. Cash incentives to other intermediaries are also accounted for as an expense if:

- The Group receives an identifiable benefit in exchange for the cash incentive that is separable from sales transactions to that intermediary; and
- The Group can reliably estimate the fair value of that benefit.

Cash incentives that do not meet these criteria are recognised as a reduction of the related revenue.

Distribution incentives paid to service providers and dealers for exclusivity are deferred and expensed over the contractual relationship period.

f) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land and buildings in which the Group occupies more than 25% of the floor space or for which the primary purpose is the service and connection of customers are classified as property, and equipment.

Assets in the course of construction are carried at cost less any impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property and equipment includes directly attributable incremental costs incurred in the acquisition and installation of such assets, as well as the present value of the estimated cost of dismantling, removal or site restoration costs if applicable, so as to bring the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

The cost of small parts as well as repairs and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised in profit or loss on a straight-line basis over the shorter of the lease term if applicable or the estimated useful life and ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised. Depreciation is not ceased when assets are idle.

Useful lives, residual values and depreciation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis.

Property and equipment acquired in exchange for non-monetary assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

An item of Property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

g) Intangible assets

The following are the main categories of intangible assets

Goodwill

Goodwill is initially recognised at cost and subsequently stated at cost less accumulated impairment losses, if any. Goodwill is not amortised but is tested for impairment on an annual basis. Goodwill is denominated in the currency of the acquired entity.

Intangible assets with a finite useful life

Intangible assets with finite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life and commences when the intangible asset is available for use and ceases at the earlier of the date the asset is classified as held for sale or the date it is derecognised. Useful lives and amortisation methods are reviewed on an annual basis with the effect of any changes in estimate accounted for on a prospective basis.

The Group's intangible assets with finite useful lives are as follows:

Licences

Licenses which are acquired to yield an enduring benefit are amortised from the date of commencement of usage rights over the shorter of the economic life or the duration of the license agreement.

Computer software

Expenditure incurred to develop, maintain and renew internally generated trademarks and patents is recognised as an expense in the period it is incurred. Computer software that is not considered to form an integral part of any hardware equipment is recorded as an intangible asset. Software integral to a related item of hardware equipment is accounted for as property and equipment.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amounts of the asset are recognised in profit or loss when the asset is derecognised.

3. Significant accounting policies continued

h) Impairment of tangible and intangible assets

An impairment loss is recognised immediately in profit or loss if the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows from continuing use and ultimate disposal of the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Assets that do not generate cash inflows largely independent of those from other assets are grouped at the lowest levels for which there are separately identifiable cash flows; known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in the prior period. A reversal of an impairment loss is recognised immediately in profit or loss. Goodwill impairment losses are not reversed.

As a large owner of infrastructure and consumer of energy, the Group has exposure to the changes in the climate related risks such as energy cost increases, asset damage and service disruption. The long range plans used in the Group's impairment testing include forecast energy costs and other costs that are embedded in the planning process to deliver the Group's carbon reduction targets.

The long range plans also include capex in relation to the Group's extensive and ongoing network maintenance program, and support the Group's use of durable and energy efficient infrastructure. Furthermore, the Group already has in place and will continue to develop strong reactive controls to manage the unpredictable impacts of future climate-related risks. Climate change, therefore, is not expected to have a material impact on the outcome of the Group's impairment testing and the Group will continue to refine its approach to modelling climate-related risks and opportunities in the value in use calculations.

Property and equipment, and intangible assets with a finite useful life

The Group annually reviews the carrying amounts of its property and equipment, and intangible assets with finite useful lives in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

Intangible assets not yet available for use and goodwill

These are tested annually for impairment and when events or changes in circumstances indicate that the carrying amount may not be recoverable.

i) Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out method and comprises direct materials and where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is determined using expected future selling prices of inventory items less the estimated costs of completion and the estimated costs necessary to make the sale. If the selling price of the inventory will be below cost, it is then reduced to the net realisable value. Inventory write down is part of direct expenses.

j) Leases

As a lessee

When the Group leases an asset, a right of use asset is recognised for the leased item and a lease liability is recognised for any lease payments due at the lease commencement date. The right of use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and dismantling costs (if not recognised as part of a restoration asset), less any lease incentives received. The right of use assets are recognised under property and equipment.

Right of use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options (see below).

The useful life of the asset is determined in a manner consistent to that for owned property and equipment. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the Group or where determinable, the rate implicit in the lease is used. Lease payments included in the lease liability include:

- fixed payments and in-substance fixed payments during the term of the lease reduced by any lease incentives;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; and
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

After initial recognition, the lease liability is recorded at amortised cost using the incremental borrowing rate. It is remeasured when:

- there is a change in the residual value guarantee;
- there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase);
- the Group's assessment of the lease term changes;
- lease modifications occur that are not treated as separate leases.

Any change in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

3. Significant accounting policies continued

k) Foreign currencies and translation of foreign currencies

The consolidated and separate financial statements are presented in TZS, which is the Group's functional and presentation currency. The functional and presentation currency of the consolidated subsidiaries and structured entity is also TZS. Items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded at the foreign exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the Group at the rates prevailing at the reporting date. Exchange differences on the settlement or translation of monetary assets and liabilities identified as being part of operating activities are included in operating profit, while exchange differences on the settlement or translation of monetary assets and liabilities which are not considered as being part of operating activities are included in gains or losses on re-measurement and disposal of financial instruments in profit or loss in the period in which they arise.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any exchange component of that gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

l) Expenses

Expenses are recognised as they are incurred. Prepaid expenses are deferred and recognised in the periods to which they relate.

m) Employee benefits

Post-employment benefits

The Group contributes to a defined contribution fund for the benefit of employees. Contributions to the fund are recognised as an expense as they fall due. The Group is not liable for contributions to the medical aid of the retired employees.

Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised in profit or loss in the period in which the employee renders the related service.

The Group provides for long-term employee benefits payable to eligible employees during the period in which the employee renders the related service and is accounted for in the year in which they arise.

Share-based payments

The Group has share-based payment compensation plans for certain eligible employees.

Equity-settled share-based payments
Equity-settled shared-based payments are measured at the grant date fair value of the equity instruments granted and are expensed on a straight-line basis over the vesting period. The annual expense is based on the Company's estimate of the shares that will eventually vest, adjusted for the effect of non-market vesting conditions.

Cash-settled share-based payments
Cash-settled share-based payment liabilities are initially measured at fair value and subsequently remeasured to fair value at each reporting date as well as at the date of settlement, with any changes in fair value recognised in profit or loss. The expense is recognised on a straight-line basis over the vesting period, with a corresponding increase in the liability.

n) Tax

The income tax expense represents the sum of the current tax and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly to equity, in which case, current and deferred tax is also recognised directly in other comprehensive income or in equity.

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same tax authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Current taxation

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition, other than in a business combination, of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are not recognised to the extent that they arise from the initial recognition of goodwill.

A deferred tax asset for the carry forward of unused tax losses and tax credits is only recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and adjusted to reflect changes in the probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date. The applicable statutory rate at the reporting date is disclosed in Note 13.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax, except where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable or receivables and payables that are stated with the amount of Value Added Tax included. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated and separate statements of financial position.

3. Significant accounting policies continued

o) Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's and Company's statements of financial position when the Group and the Company become party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. At initial recognition, financial assets that do not contain significant component are measured using transaction price.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Financial assets, excluding derivative financial instruments

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Subsequent to initial recognition, these instruments are measured as follows:

Financial assets that are debt instruments, are classified based on how they are managed by the business and the nature of their contractual cash flows.

All other investments, including trade receivables, are held to collect contractual interest and principal repayments and are stated at amortised cost using the effective interest method, less any impairment.

Trade and other receivables, included in financial assets stated at amortised cost

Trade and other receivables mainly consist of amounts owed to the Group by customers and amounts paid in advance to suppliers by the Group. This also includes contract assets which represent an asset for accrued revenue in respect of goods or services delivered to customers for which a trade receivable does not yet exist.

Trade receivables represent amounts owed by customers where the right to payment is conditional only on the passage of time. Trade receivables that are recovered in installments from customers over an extended period are discounted at market rates and interest revenue is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value. The carrying value of all trade receivables and contract assets recorded at amortised cost is reduced by allowances for lifetime estimated credit losses. Estimated future credit losses are first recorded on the initial recognition of a receivable and irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual balances are written off when management deems them not to be collectible.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For receivables that do not involve a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group assesses the individual receivable or portfolio of receivables on each reporting date based on its historical credit loss experience, relationship and forward-looking factors specific to the debtor or portfolio and the economic environment.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, with the exception of trade and other receivables, the amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For trade and other receivables and contract assets, the amount of the impairment loss is the irrecoverable amount estimated by management based on assumptions about risk of default and expected loss rates. Refer to Note 19 for further disclosures.

The carrying amount is reduced directly by the impairment loss, with the exception of trade receivables and contract assets, where the carrying amount is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed, either directly or by adjusting the allowance account, through profit or loss. The carrying amount of the financial asset at the date the impairment loss is reversed will not exceed what the amortised cost would have been had the impairment loss not been recognised.

Financial liabilities (excluding derivative financial instruments) and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the applicable definitions. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial asset. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issuance costs.

Subsequent to initial recognition, financial liabilities are measured as follows:

- Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the settlement or redemption of borrowings is recognised over the term of the borrowings.
- Trade and other payables (excluding liabilities created by statutory requirements, revenue charged in advance, deferred revenue and reduced subscriptions) as well as dividends payable are not interest bearing and are subsequently stated at their nominal values.

Offsetting of financial instruments:

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset, and the net amount is reported in the consolidated and separate statements of financial position.

p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount of obligation can be reliably estimated. The expenses relating to provisions are presented in profit or loss in the period in which they are incurred.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect of the time value of money is material.

3. Significant accounting policies continued

q) Government grants

The Group may be entitled to receive grants from national or regional government which are primarily for the purpose of purchasing property and equipment ('capital grants'). Government grants are recognised when there is reasonable assurance that the Group will comply with any condition on which payment or retention of the grant is dependent and the grant will be paid.

It is the Group's policy to deduct capital grants from the cost of the assets acquired which will result in the depreciation expense for the related assets being reduced during the useful life of the related assets. In the event that a capital grant becomes repayable, the cost of the related assets is increased by the amount of the repayment and cumulative depreciation that would have been recognised in profit or loss had the repaid amount not originally been recorded will be recognised immediately in profit or loss.

Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Group recognises the related costs as expenses, for which the grant is intended to compensate.

r) Current versus non-current classification

The Group presents assets and liabilities in the consolidated and separate statements of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

4. New accounting pronouncements

A number of amendments have been issued by the IASB, effective for periods commencing on or after 1 April 2022. These pronouncements are not expected to have a material impact on the consolidated and separate income statement, consolidated and separate statement of financial position, or consolidated and separate cash flow statement.

New accounting pronouncements adopted on 1 April 2022

The following new accounting pronouncements, none of which were considered by the Group as significant on adoption, were adopted by the Group to comply with amendments to IFRS:

- Amendments to IFRS 3 relating to the reference to the Conceptual Framework;
- Amendments to IAS 16 relating to proceeds before intended use;
- Amendments to IAS 37 relating to costs of fulfilling a contract;
- Amendments to IFRS 1 relating to a subsidiary as a first-time adopter;
- Amendments to IFRS 9 relating to fees in the '10 per cent' test for derecognition of financial liabilities; and
- Annual improvements to IFRS standards 2018 – 2020

None of the above standards had a material impact on the Group.

New accounting pronouncements to be adopted on or after 1 April 2023

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts;
- Amendments to IAS 8 relating to definition of accounting estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2 relating to disclosure of accounting policies; and
- Amendments to IAS 12 relating to deferred tax associated with assets and liabilities arising from a single transaction.

The Group's financial reporting will be presented in accordance with the above new pronouncements, issued by the IASB, from 1 April 2023 or later where relevant, as the pronouncements become effective.

New accounting pronouncements to be adopted on or after 1 April 2024

- Amendments to IAS 1 relating to the classification of liabilities as current or non-current and non-current liabilities with covenants;
- Amendment to IFRS 16 relating to lease liability in a sale and leaseback; and
- Amendments to IFRS 10 and IAS 28 relating to sale or contribution of assets between an investor and its associate or joint venture[4]

The Group continues to assess the impact of these new accounting pronouncements; the changes are not expected to have a material impact on the consolidated and separate income statement, consolidated and separate statement of financial position or consolidated and separate cash flow statement.

Note:

4. The International Accounting Standards Board (IASB) postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting

5. Critical accounting judgements and estimates

The Group prepares its financial statements in accordance with IFRS as issued by the IASB, the application of which often requires management to make judgements when formulating the Group's and the Company's financial position and results. Judgements, including those involving estimations, made in the process of applying the Group's accounting policies are discussed below. Management considers these judgements to have a material effect on the consolidated and separate financial statements.

The determination of estimates requires the exercise of judgements based on various assumptions and other factors such as historical experience, current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from these estimates. Accounting estimates and the underlying assumptions are reviewed on an ongoing basis. The discussion below should also be read in conjunction with the Group's significant accounting policies in Note 3.

Management has discussed the critical accounting judgements and estimates, and associated disclosures with the Company's Audit, Risk and Compliance Committee.

a) Involvement in subsidiaries

Judgment is required in the assessment of whether the Company has control or significant influence in terms of the variability of returns from the Company's involvement in the investee or structured entity, the ability to use power to affect those returns and the significance of the Company's involvement in the investee or structured entity. The Company classified its investments and structured entities considering this assessment of control or significant influence. Refer to Note 3(b) for further disclosures on the consolidated entities.

b) Impairment of non-financial assets reviews

Management undertakes an annual impairment test for goodwill and intangible assets not yet available for use. For assets with finite useful lives, impairment testing is performed if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group does not have intangible assets with infinite useful lives.

Impairment testing is an area involving management judgments, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less cost of disposal and value in use. The Group uses parties with the relevant expertise to determine the assets' fair value and cost of disposal.

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- Growth in EBITDA, calculated as earnings before interest, taxation, depreciation, amortisation, impairment losses, profit/loss on disposal of property and equipment, intangible assets and investments;
- Timing and quantum of future capital expenditure;
- Long-term growth rates; and
- The selection of appropriate discount rates to reflect the risks involved.

The Group prepares and annually approves formal five-year management plans, which are used in the value in use calculations.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and consequently its results.

The Group's review includes a sensitivity analysis of the key assumptions related to the cash flow projections.

Refer to Notes 18 for more information on the impairment assessment for goodwill. Other non-financial assets are disclosed in Notes 15 and 16.

c) Revenue recognition and presentation

Revenue recognition under IFRS 15 necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant critical accounting judgement and the key sources of estimation uncertainty are disclosed below.

Determination of standalone selling price

Where the Group doesn't sell equivalent goods or services in similar circumstances on a standalone basis, it is necessary to estimate the standalone price. When estimating the standalone price, the Group maximises the use of external inputs. Methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment). Where it is not possible to reliably estimate standalone prices due to lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period. However, it is considered that there is no significant risk of material adjustment to the carrying value of contract-related assets or liabilities in the 12 months after the reporting date if these estimates were revised.

Presentation: gross versus net

Determining whether the Group is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting the revenue or related costs, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction. Such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or net cash flows from operating activities.

Refer to Note 6 for further disclosures on revenue.

d) Taxation

Recognition of deferred tax assets

The recognition of deferred tax assets, particularly in respect of tax losses and tax credits, is based upon whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity to utilise the assets in the future. Management therefore exercises judgement in assessing the future financial performance of the particular entity in which the deferred tax asset is to be recognised. Refer to Note 13 for further disclosures on deferred tax.

Direct and indirect tax liabilities

The calculation of the Group's direct and indirect tax liabilities necessarily involves judgments, including those involving estimations, in respect of certain matters where the tax impact is uncertain until a conclusion has been reached with the tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material gains, losses and/or cash flows. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisers where appropriate. Provisions are recognised for uncertain tax positions when the Group has a present obligation as a result of a past event and it is probable that there will be a future outflow of economic benefits from the Group. Provisions are measured using the most likely outcome.

The resolution of issues is not always within the Group's control and it is often dependent on the efficiency of the legal processes in the relevant tax jurisdictions in which the Group operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result, there can be substantial differences between the taxation charge to profit or loss and tax payments.

Refer to Note 34 for further disclosures on tax matters.

5. Critical accounting judgements and estimates continued

e) Leases – IFRS 16

Lease identification

Whether the arrangement is considered a lease, or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Group and the counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fiber or other fixed telecommunication lines. Generally, where the Group has exclusive use of a physical line it is determined that the Group can also direct the use of the line and therefore leases will be recognised. Where the Group provides access to fiber or other fixed telecommunication lines to another operator on a wholesale basis, the arrangement will generally be identified as a lease, whereas when the Group provides fixed line services to an end-user, generally control over such lines is not passed to the end-user and a lease is not identified.

The impact of determining whether an agreement is a lease, or a service contract depends on whether the Group is a potential lessee or lessor in the arrangement and, where the Group is a lessor, whether the arrangement is classified as an operating or finance lease. The impact for each scenario is described below where the Group is potentially:

A lessee: The judgment impacts the nature and timing of both costs and reported assets and liabilities. A lease results in depreciation and interest being recognised and an asset and a liability being reported; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded, other than trade payables, prepayments and accruals.

An operating lessor: The judgment impacts the nature of income recognised. An operating lease results in lease income being recognised whilst a service contract results in service revenue. Both are recognised evenly over the life of the contract.

A finance lessor: The judgment impacts the nature and timing of both income and reported assets. A finance lease results in the lease income being recognised at commencement of the lease and an asset (the net investment in the lease) being recorded.

Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. The impact of this judgment is significantly greater where the Group is a lessee. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option. This depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. Where a leased asset is highly customised, either when initially provided or as a result of leasehold improvements, or it is impractical or uneconomic to replace, then the Group is more likely to judge that lease extension options are reasonably certain to be exercised.

Where extension options are included, a higher value of the right-of-use asset and lease liability will be recognised. The normal approach adopted for determining the lease term by asset class is described below.

Between 5 and 10 years for land and buildings (excluding retail), with terms at the top end of this range if the lease relates to assets that are considered to be difficult to exit sooner for economic, practical or reputational reasons;

- Where leases are used to provide internal connectivity, the lease term for the connectivity is aligned to the lease term or useful economic life of the assets connected; and
- The customer service agreement length for leases of local loop connections or other assets required to provide fixed line services to individual customers.

In most instances, the Group has options to renew or extend leases for additional periods after the end of the lease term which are assessed using the criteria above.

After initial recognition of a lease, the Group only reassesses the lease term when there is a significant event or a significant change in circumstances, which was not anticipated at the time of the previous assessment. Significant events or significant changes in circumstances could include merger and acquisition or similar activity, significant expenditure on the leased asset not anticipated in the previous assessment, or detailed management plans indicating a different conclusion on optional periods to the previous assessment. Where a significant event or significant change in circumstances does not occur, the lease term, and therefore lease liability and right of use asset value, will decline over time.

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for the leases recognised. The Group typically exercises its option to renew for leases because there will be a significant negative effect on operations if a replacement asset is not readily available.

Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as when the Group does not enter into similar financing transactions, or when they need to be adjusted to reflect the terms and conditions of the lease, for example, when leases are not in the Group's functional currency.

The Group estimates the IBR using observable inputs, such as market interest rates, when available, and is required to make certain entity-specific estimates, such as the Group's credit rating.

Refer to Note 25 for further disclosures on leases.

f) Non-current assets held for sale

The Group exercises judgement in estimating the amount of time that a sale transaction of a non-current asset or disposal group (the 'asset') will take to be completed, when determining whether the asset qualifies to be classified as held for sale under IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations".

g) Provisions and contingent liabilities

The Group exercises judgments in measuring the exposure to contingent liabilities relating to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgments, including those involving estimations, are necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

Refer to Notes 28 and 33 for further disclosures on provisions and contingent liabilities.

5. Critical accounting judgements and estimates continued

h) Business combinations

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the consideration transferred to the fair value of the identifiable assets acquired and the liabilities assumed. The Group uses external parties with the requisite expertise to determine the acquisition-date fair values of certain identifiable assets acquired. The fair value of assets is determined by discounting estimated future net cash flows generated by the assets, where no active market for the assets exists. The use of different discount rates as well as assumptions for the expectation of future cash flows would change the valuation of the asset.

Allocation of the consideration transferred affects the Group's results as property and equipment as well as intangible assets with finite useful lives are respectively depreciated and amortised, whereas goodwill are not. This could result in differing depreciation and amortisation charges based on the allocation.

Refer to Note 18 for further disclosures on goodwill.

i) Intangible assets with a finite useful life

Intangible assets with finite useful lives comprise licenses and computer software. These assets arise from purchases and from acquisitions as part of business combinations. The relative size of the Group's intangible assets with finite useful lives makes the judgments surrounding the estimated useful lives critical to the consolidated and separate financial positions and performance. The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgment of the period over which economic benefits will be derived from the assets. The residual values of intangible assets are estimated to be zero. At 31 March 2023, the Group's intangible assets with finite useful lives amounted to TZS210 233 million (2022: TZS76 681 million) and represented 9.50% (2022: 3.76%) of the Group's total assets.

Estimation of useful lives

The basis for determining the useful lives for the various categories of intangible assets is as follows:

Licenses
The estimated useful life is, generally, the term of the license, unless there is a presumption of renewal at a negligible cost. The license term reflects the period over which the Group will receive economic benefits. For technology-specific licenses with a presumption of renewal at a negligible cost, the estimated useful life reflects the Group's expectation of the period over which the Group will continue to receive economic benefits from the license.

Computer software
For computer software licenses, the useful life represents management's view of the expected period over which the Group will receive benefits from the software, but not exceeding the license term. For unique software products controlled by the Group, the life is based on historical experience with similar products as well as anticipation of future events, which may impact the life, such as changes in technology.

The estimated useful lives of intangible assets with finite useful lives are as follows:

	2023 Years	2022 Years
Licences	**3 – 25**	3 – 25
Computer software	**3 – 6**	3 – 6

Refer to Note 16 for further disclosures on intangible assets.

j) Property and equipment

Property and equipment represent a significant proportion of the Group's and Company's total asset base. Therefore, the estimates and assumptions made to determine their carrying amounts and related depreciation are critical to the Group's and the Company's financial position and performance.

Estimation of useful life and residual value

The charge in respect of periodic depreciation is derived after estimating an asset's expected useful life and the expected residual value. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge to profit or loss.

The Group re-assesses the residual value of every item of property and equipment annually. In determining residual values, the Group uses management's best estimate for residual values and third-party confirmation. Management has determined that there is no active market for the following assets within the network infrastructure and equipment category: radio, transmission, switching, SIM centers and community services, and therefore these assets have no residual value. At the end of the useful life, the value of these assets is expected to be nil or insignificant.

The estimation of useful lives is based on certain indicators such as historical experience with similar assets as well as anticipation of future events, which may impact the lives, such as changes in technology. The useful lives will also depend on the future performance of the assets as well as management's judgment of the period over which economic benefits will be derived from the assets.

Network infrastructure is only depreciated over a period that extends beyond the expiry of the associated license under which the operator provides telecommunications services if there is a reasonable expectation of renewal or an alternative future use for the asset.

The estimated useful lives of depreciable property and equipment are as follows:

	2023 Years	**2022 Years**
Buildings included in land and buildings	**25 – 50**	25 – 50
Leasehold improvements	**1 – 5**	1 – 5
Network infrastructure and equipment	**3 – 20**	3 – 20
Other assets	**2 – 5**	2 – 5

Refer to Note 15 for further disclosures on property and equipment.

k) Provision for expected credit losses for trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns, that is, by product type, customer type and rating, and coverage by deposits and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 36.

6. Revenue

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Major products/service lines				
Customer service revenue	**975 057**	882 384	**704 568**	561 338
Mobile interconnect	**46 340**	48 105	**46 340**	48 105
Fixed service revenue	**19 509**	15 328	**19 509**	15 328
Other service revenue	**12 856**	10 698	**18 123**	15 487
Service revenue	**1 053 762**	956 515	**788 540**	640 258
Equipment revenue	**16 030**	13 060	**16 030**	13 060
Other non-service revenue	**2 486**	922	**2 486**	922
Revenue from contracts with customers	**1 072 278**	970 497	**807 056**	654 240
Interest income recognised as revenue	**740**	528	**740**	528
	1 073 018	971 025	**807 796**	654 768

Total future revenue from contracts with customers with performance obligations not satisfied at 31 March 2023 is TZS5 712 million of which TZS3 662 million is expected to be recognised within the next year, with the remaining TZS2 050 million to be recognised in the following 12 months (2022: TZS3 258 million of which TZS2 319 million is expected to be recognised within the next year, with the remaining TZS939 million to be recognised in the following 12 months).

Customer service revenue comprises of mobile contract revenue and mobile prepaid revenue.

Equipment revenue and other non-service revenue are recognised at a point in time while the service revenue is recognised over time.

Revenue is further disaggregated per revenue stream as follows:

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Mobile voice revenue	**283 547**	286 985	**283 547**	287 191
M-Pesa revenue	**357 136**	329 557	**1 928**	–
Mobile data revenue	**273 702**	203 985	**273 762**	204 301
Digital & VAS revenue	**35 797**	36 294	**35 797**	36 219
Mobile incoming revenue	**46 340**	48 105	**46 340**	48 105
Messaging revenue	**29 038**	28 861	**113 697**	36 925
Fixed revenue	**19 509**	15 328	**19 509**	15 328
Other service revenue	**8 693**	7 400	**13 960**	12 189
Service revenue	**1 053 762**	956 515	**788 540**	640 258
Non-service revenue	**19 256**	14 510	**19 256**	14 510
	1 073 018	971 025	**807 796**	654 768

7. Direct expenses

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Interconnect costs	**(37 793)**	(34 531)	**(37 793)**	(34 531)
Business managed services costs	**(369)**	(294)	**(369)**	(294)
Mobile prepaid airtime commission costs	**(62 331)**	(57 776)	**(68 979)**	(62 574)
M-Pesa commission costs	**(141 880)**	(126 627)	**–**	–
Regulatory fees	**(46 357)**	(42 380)	**(39 076)**	(35 411)
Mobile other costs	**(24 179)**	(13 106)	**(8 882)**	(10 808)
Acquisition costs	**(25 806)**	(21 210)	**(24 310)**	(19 892)
Retention costs	**(9 533)**	(5 816)	**(9 533)**	(5 816)
Stock obsolescence (charge)/release (Note 20)	**(1 222)**	2 555	**(1 222)**	2 555
	(349 470)	(299 185)	**(190 164)**	(166 771)

8. Staff expenses

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Wages and salaries, including other termination benefits	**(51 322)**	(49 361)	**(33 972)**	(30 253)
Share based compensation (Note 8.1)	**(150)**	(437)	**(150)**	(437)
Pension costs – defined contribution plans	**(3 104)**	(4 245)	**(2 433)**	(3 653)
Restructuring costs[5]	**–**	312	**–**	312
Skills and Development Levy	**(1 877)**	(1 648)	**(1 612)**	(1 413)
Bonus expense	**(8 777)**	(8 444)	**(7 749)**	(6 602)
	(65 230)	(63 823)	**(45 916)**	(42 046)

8.1 Share based compensation

Vodacom Group Limited Forfeitable Share Plan (FSP)

This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction by Vodacom International Limited (VIL), an employer company for the Vodacom Tanzania Public Limited Company staff who are part of the scheme, since the Group has no obligation to settle the share-based payment transaction.

Under the FSP, awards of Vodacom Group Limited shares are granted to executive directors and selected employees of the Vodacom Group Limited. The vesting of these shares is subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period, for directors, senior management and other selected employees. The fair value of the share awards on grant date were measured using the quoted market price of a Vodacom Group Limited share without adjusting for expected dividends and non-market performance conditions. Market conditions are adjusted for.

The Company reimburses the cost incurred by VIL through monthly invoices in the form of cost recovery with no future obligation.

9. Other operating expenses

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
(a) Other operating expenses and income				
Network operating expenses	**(190 564)**	(167 341)	**(183 669)**	(160 067)
Amortisation of government grants (Note 26)	**345**	1 716	**345**	1 716
Office administration expenses	**(65 307)**	(70 359)	**(37 626)**	(45 723)
Other recoveries and expenses	**(10 848)**	(13 170)	**(8 162)**	(10 089)
Amortisation of capacity prepayments (Note 17)	**(16 353)**	(14 345)	**(16 353)**	(14 345)
Auditors' remuneration	**(625)**	(574)	**(501)**	(455)
Audit fees	**(625)**	(568)	**(501)**	(449)
Other charges	**–**	(6)	**–**	(6)
Gain on disposal of property and equipment and intangible assets	**386**	6	**386**	6
Loss on de-recognised lease liabilities and right of use assets	**–**	(24)	**–**	(24)
Capacity leases and right of way expenses	**(12 403)**	(9 616)	**(12 403)**	(9 616)
Foreign exchange losses	**(2 217)**	(5 046)	**(2 774)**	(5 106)
Donation to charitable activities	**(720)**	(720)	**(720)**	(720)
	(298 306)	(279 473)	**(261 477)**	(244 423)
(b) Depreciation and amortisation				
Depreciation (Note 15)	**(225 869)**	(220 894)	**(222 916)**	(217 433)
Amortisation (Note 16)	**(22 437)**	(15 307)	**(18 941)**	(12 063)
	(248 306)	(236 201)	**(241 857)**	(229 496)
(c) Net credit gains/(losses) on financial assets				
Expected credit losses – Trade receivables (Note 19)	**(2 874)**	2 295	**(2 878)**	2 301
Expected credit losses – Contract assets (Note 19)	**(100)**	(20)	**(100)**	(20)
	(2 974)	2 275	**(2 978)**	2 281

Note:

5. This relates to the residual amount of provision following the settlement of compensation to the retrenched staff in the financial year 2021.

10. Finance and dividend income

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Interest income from cash and investments in government treasury bills	**7 792**	7 219	**4 401**	2 729
	7 792	7 219	**4 401**	2 729
Interest income from M-Pesa cash balances	**16 671**	18 618	**–**	–
Dividend income (Note14)	**–**	–	**157 009**	–
	24 463	25 837	**161 410**	2 729

The interest income is earned on amounts deposited with banks. Interest income is recognised using the effective interest rate method.

11. Finance costs

Finance costs include interest on the lease liabilities recognised. The recognized finance costs, which are all recognised using the effective interest method, are detailed below:

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Interest charge on lease liabilities (Note 25)	**(57 098)**	(60 872)	**(57 098)**	(60 872)
Interest on bank overdrafts	**(39)**	–	**(39)**	–
Interest on licence debt	**(2 222)**	–	**(2 222)**	–
Interest on taxation expense	**(277)**	(5 753)	**–**	(5 753)
Interest expense on site restoration obligation (Note 28)	**(566)**	(327)	**(566)**	(327)
	(60 202)	(66 952)	**(59 925)**	(66 952)
Interest expense: M-Pesa customers	**(16 448)**	(18 592)	**–**	–
	(76 650)	(85 544)	**(59 925)**	(66 952)

12. Net loss on foreign currency translation

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Lease liabilities (Note 25)	**(1 971)**	24	**(1 971)**	24
Cash and cash equivalents	**(968)**	(1 572)	**(930)**	(1 578)
	(2 939)	(1 548)	**(2 901)**	(1 554)

13. Income tax

a) Income tax (expense)/credit

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Current income tax expense:	**(32 359)**	(23 841)	**(22 682)**	8 826
– In respect of the current year	**(32 359)**	(32 901)	**(22 682)**	–
– In respect of prior years	**–**	9 060	**–**	8 826
Deferred tax credit on origination and reversal of temporary differences	**50 564**	399	**50 871**	–
– In respect of the current year	**(1 581)**	(1 280)	**(1 274)**	–
– In respect of the prior year	**52 145**	1 679	**52 145**	–
Total income tax (expense)/credit	**18 205**	(23 442)	**28 189**	8 826

b) Components of deferred tax credited to profit or loss

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Property and equipment capital allowances	**(10 852)**	854	**(11 288)**	–
Tax losses	**(10 955)**	–	**(10 955)**	–
Provisions and deferred income	**(28 757)**	(1 253)	**(28 628)**	–
	(50 564)	(399)	**(50 871)**	–

c) Factors affecting the tax expense for the year

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Expected income tax expense on profit before tax at the Tanzania statutory tax rate	**7 905**	954	**45 997**	(32 761)
Adjusted for:				
– Non-deductible expenditure[6]	**4 340**	6 823	**3 376**	6 777
– Non-taxable gaming cost/(income)	**(333)**	398	**(47 437)**	398
Net tax credit recognised from prior period – Holding Company	**(42 108)**	–	**(42 108)**	–
– Deferred tax asset not recognised for tax losses and net deductible timing differences (Note 13g).	**–**	25 585	**–**	25 585
– Deferred tax credit not recognised – subsidiary	**–**	421	**–**	–
Alternative minimum tax – Holding Company	**4 046**	–	**4 046**	–
Withholding tax from – Subsidiary Company	**7 937**	–	**7 937**	–
Prior year adjustment – Subsidiary Company	**8**	(10 739)	**–**	(8 825)
	(18 205)	23 442	**(28 189)**	(8 826)

The Tanzania statutory tax rate is 30% (2022: 30%). The Group's effective tax rate is (69.09)% (2022: 737.40%). The Company's effective tax rate is (18.40)% (2022: 8.08%).

The effective tax rate of (69.09)% in the current year is significantly lower than the statutory rate of 30.0% largely due to recognised deferred tax asset relating to prior years from the Company.

d) Income tax receivable

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Opening balance	**63 847**	44 498	**61 854**	47 977
Current income (tax expense)/credit	**(32 359)**	(23 841)	**(22 682)**	8 826
Total tax paid	**17 050**	43 191	**4 579**	5 051
Additional tax deposits	**–**	4 580	**–**	4 580
Current income tax paid	**17 050**	38 611	**4 579**	471
Withholding tax deducted at source	**2 105**	2 536	**372**	471
Tax paid	**14 945**	36 075	**4 207**	–
Closing balance	**48 537**	63 847	**43 751**	61 854
Maturity analysis				
Non-current:	**33 098**	41 011	**33 098**	41 011
Pending tax matters	**33 098**	41 011	**33 098**	41 011
Current:	**15 439**	22 836	**10 653**	20 843
Current tax receivable	**15 439**	22 836	**10 653**	20 843
	48 537	63 847	**43 751**	61 854

The additional tax deposits relate to deposit payments made to the revenue authority to allow filing of objections to disputed income tax assessments. The deposits are expected to be recovered on resolution of the disputed income tax assessments through cash refund and/or offset with undisputed tax liabilities.

The tax credit for the Company relates to the refund accrued to the Company in respect of prior year Income taxes following revised assessments of prior year taxes with Tanzania Revenue Authority (TRA).

Note:

6. Non deductible expenditure includes charitable donations, dispute losses, fines and penalties.

13. Income tax continued

e) Components of the recognised deferred tax asset

	Group		Company	
TZS m	2023	2022	2023	2022
Capital allowances	(10 294)	558	(11 288)	–
Tax losses	(10 955)	–	(10 955)	–
General provisions	(31 104)	(2 346)	(28 628)	–
Net deferred tax liabilities	(52 353)	(1 788)	(50 871)	–

f) Reconciliation of the recognised net deferred tax asset balance

	Group		Company	
TZS m	2023	2022	2023	2022
At the beginning of the year	(1 788)	(1 389)	–	–
Credit to profit or loss	(50 565)	(399)	(50 871)	–
At the end of the year	(52 353)	(1 788)	(50 871)	–

g) Components of deferred tax assets not recognised

	Group		Company	
TZS m	2023	2022	2023	2022
Capital allowances	–	12 466	–	12 466
Unrealized Foreign exchange Losses	–	(4 389)	–	(4 389)
Provisions and deferred income	–	9 555	–	9 555
Tax losses	–	34 513	–	34 513
	–	52 145	–	52 145

14. Basic and diluted earnings/(loss) per share

Earnings/(loss) per share calculations are based on earnings and the weighted average number of ordinary shares outstanding as set out below:

	Group		Company	
	2023	2022	2023	2022
Basic and diluted earnings/(loss) per share (TZS)	19.89	(9.05)	81.03	(44.81)
Earnings/(loss) attributable to the shareholders (TZS m)	44 556	(20 263)	181 511	(100 376)
Weighted average number of equity shares outstanding (Millions)	2 240	2 240	2 240	2 240
Dividend declared during the year (TZS m)	157	–	–	–
Dividend per share (TZS) declared during the year	0.07	–	–	–

Out of dividend declared in the prior years, TZS46 million was paid during the year. In addition during the year M-Pesa limited Board of Directors declared and paid dividends amounting to TZS157 167 million, of which TZS157 010 million was paid to the parent company (Vodacom Tanzania PLC) and TZS157 million to a minority shareholder (Vodacom Group Limited).

15. Property and equipment

Group	Leasehold land & buildings TZS m	Network infrastructure & equipment TZS m	Other assets TZS m	Total TZS m
Net book value as at 1st April 2021	26 338	1 010 463	4 425	1 041 226
Cost	37 874	2 201 470	11 628	2 250 972
Accumulated depreciation	(11 536)	(1 191 007)	(7 203)	(1 209 746)
Additions	–	193 420	218	193 638
Disposals – cost	–	(16 091)	(4 081)	(20 172)
Accumulated depreciation on disposed assets	–	16 034	4 081	20 115
Depreciation charge for the year	(1 518)	(217 774)	(1 602)	(220 894)
Increase in provision for site restoration obligation	–	713	–	713
Net book value as at 31st March 2022	24 820	986 765	3 041	1 014 626
Cost	37 874	2 379 512	7 765	2 425 151
Accumulated depreciation	(13 054)	(1 392 747)	(4 724)	(1 410 525)
Additions	–	174 473	2 759	177 232
Disposals – cost	(22)	(179 198)	(1 843)	(181 063)
Accumulated depreciation on disposed assets	22	179 089	1 843	180 954
Depreciation charge for the year	(640)	(224 154)	(1 075)	(225 869)
Transfer to intangible assets – costs	–	(1 008)	–	(1 008)
Increase in provision for site restoration obligation	–	304	–	304
Net book value as at 31 March 2023	**24 180**	**936 271**	**4 725**	**965 176**
Cost	**37 852**	**2 374 083**	**8 681**	**2 420 616**
Accumulated depreciation	**(13 672)**	**(1 437 812)**	**(3 956)**	**(1 455 440)**

Included in the net book value balance of network infrastructure and equipment is the cost of assets under construction (work in progress or WIP) of TZS24 418 million (2022: TZS31 063 million). The cost of these assets was not depreciated during the year (2022: Nil).

15. Property and equipment continued

Company	Leasehold land & buildings TZS m	Network infrastructure & equipment TZS m	Other assets TZS m	Total TZS m
Net book value as at 1 April 2021	26 338	1 000 178	4 426	1 030 942
Cost	37 874	2 162 464	11 644	2 211 982
Accumulated depreciation	(11 536)	(1 162 286)	(7 218)	(1 181 040)
Additions	–	193 420	218	193 638
Disposals – cost	–	(16 091)	(4 081)	(20 172)
Accumulated depreciation on disposed assets	–	16 034	4 081	20 115
Depreciation charge for the year	(1 518)	(214 313)	(1 602)	(217 433)
Increase in provision for site restoration obligation	–	713	–	713
Transfer to subsidiary (M-Pesa Limited)[7]	–	(918)	–	(918)
Net book value as at 31 March 2022	24 820	979 023	3 042	1 006 885
Cost	37 874	2 339 588	7 781	2 385 243
Accumulated depreciation	(13 054)	(1 360 565)	(4 739)	(1 378 358)
Additions	–	174 473	2 759	177 232
Disposals – cost	(22)	(179 203)	(1 843)	(181 068)
Accumulated depreciation on disposed assets	22	179 089	1 843	180 954
Depreciation charge for the year	(640)	(221 201)	(1 075)	(222 916)
Increase in provision for site restoration obligation	–	304	–	304
Net book value as at 31 March 2023	**24 180**	**932 485**	**4 726**	**961 391**
Cost	**37 852**	**2 335 162**	**8 697**	**2 381 711**
Accumulated depreciation	**(13 672)**	**(1 402 677)**	**(3 971)**	**(1 420 320)**

Included in the net book value balance of network infrastructure and equipment is the cost of assets under construction of TZS24 418 million (2022: TZS31 063 million). The cost of these assets was not depreciated during the year (2022: Nil).

During the year, the reassessment of useful lives of network assets was undertaken in accordance with Company's accounting policies with the net impact of a decrease in depreciation charge for the current year of TZS5 078 million (2022: TZS18 500 million). The future periods are expected to be impacted in a similar manner until when the useful lives are otherwise re-assessed and revised.

No property and equipment were pledged as collateral against borrowings at year-end (2022: None)

Note:

7. The prior year amounts were enlarged to reflect cost and accumulated depreciation of assets disposed. This change does not have an impact on reported NBV.

Land occupancy rights and buildings (carrying value)

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Plot No. 49-53, Block M, Mbezi Juu, Dar es Salaam, Tanzania, Certificate of Title No. 49468 (acquired in May 2007)	**7 176**	7 460	**7 176**	7 460
Plot No. 43, Kwale Road, Dar es Salaam, Tanzania, Certificate of Title No. 186031/10 (acquired in May 2001)	**2 121**	2 161	**2 121**	2 161
Plots No. 1 & 2, Block B, NCC Link Area, Dodoma Municipality (acquired in July 2005)	**1 005**	1 045	**1 005**	1 045
Plot No. 1999, Block M, Forest Area, Mbeya Municipality (acquired in April 2000)	**615**	658	**615**	658
Nyegezi Hill, Mwanza (acquired in October 2009)	**592**	627	**592**	627
Moshono Hill, Arusha (acquired in July 2009)	**610**	646	**610**	646
	12 119	12 597	**12 119**	12 597

The above land occupancy rights and buildings excludes leased components which are disclosed in property and equipment schedules for both Group and Company.

Right-of-use assets

The Group's and Company's property and equipment include the following right of use (ROU) assets recognised.

Group	Leasehold land & buildings TZS m	Network infrastructure & equipment TZS m	Other assets TZS m	Total TZS m
As at 01 April 2021	10 581	457 928	1 646	470 155
Additions	–	41 077	–	41 077
De-recognised right of use assets	–	(58)	–	(58)
Depreciation	(1 078)	(84 383)	(1 336)	(86 797)
As at 31 March 2022	9 503	414 564	310	424 377
Additions	–	30 470	2 523	32 993
Depreciation	(200)	(84 332)	(847)	(85 379)
As at 31 March 2023	**9 303**	**360 702**	**1 986**	**371 991**

Company	Leasehold land & buildings TZS m	Network infrastructure & equipment TZS m	Other assets TZS m	Total TZS m
As at 31 March 2021	10 581	457 928	1 646	470 155
Additions	–	41 077	–	41 077
Reclassifications between categories – depreciation	(2 042)	3 991	(1 949)	(58)
Depreciation	(1 078)	(84 383)	(1 336)	(86 797)
As at 31 March 2022	9 503	414 564	310	424 377
Additions	–	30 470	2 523	32 993
De-recognised right of use assets	–	–	–	–
Depreciation	(200)	(84 332)	(847)	(85 379)
As at 31 March 2023	**9 303**	**360 702**	**1 986**	**371 991**

16. Intangible assets

Group	Licences TZS m	Computer software TZS m	Total TZS m
Net book value as at 31 March 2021	40 174	30 419	70 593
Cost	53 141	85 428	138 569
Accumulated amortisation	(12 967)	(55 009)	(67 976)
Additions	–	21 395	21 395
Amortisation	(3 626)	(11 681)	(15 307)
Net book value as at 31 March 2022	36 548	40 133	76 681
Cost	53 141	106 823	159 964
Accumulated amortisation	(16 593)	(66 690)	(83 283)
Additions	143 140	11 841	154 981
Amortisation	(7 602)	(14 835)	(22 437)
Disposals – costs	–	(21 343)	(21 343)
Accumulated depreciation on disposed assets	–	21 343	21 343
Transfer from property and equipments – costs	–	1 008	1 008
Net book value as at 31 March 2023	**172 086**	**38 147**	**210 233**
Cost	**196 281**	**98 329**	**294 610**
Accumulated amortisation	**(24 195)**	**(60 182)**	**(84 377)**

Company	Licences TZS m	Computer software TZS m	Total TZS m
Net book value as at 31 March 2021	22 921	25 827	48 748
Cost	29 391	71 498	100 889
Accumulated amortisation	(6 470)	(45 671)	(52 141)
Additions	–	21 395	21 395
Amortisation	(2 222)	(9 841)	(12 063)
Transfer to subsidiary (M-Pesa Limited)	–	(4 907)	(4 907)
Net book value as at 31 March 2022	20 699	32 474	53 173
Cost	29 391	87 986	117 377
Accumulated amortisation	(8 692)	(55 512)	(64 204)
Additions	143 140	11 841	154 981
Amortisation	(6 198)	(12 743)	(18 941)
Disposals – costs	–	(21 343)	(21 343)
Accumulated depreciation on disposed assets	–	21 343	21 343
Transfer to subsidiary (M-Pesa Limited) – costs	–	(905)	(905)
Transfer to subsidiary (M-Pesa Limited) – accumulated amortisation	–	1	1
Net book value as at 31 March 2023	**157 641**	**30 668**	**188 309**
Cost	**172 531**	**77 579**	**250 110**
Accumulated amortisation	**(14 890)**	**(46 911)**	**(61 801)**

17. Capacity prepayments

The Company entered into long-term (10 year) agreements with the Tanzania Telecommunication Company Limited ('TTCL') and the National Information and Communication Technology Backbone ('NICTBB') for the provision of 1 Synchronous Transport Module ('sTM') level-16 fibre optic capacity between various points of presence. Over the years, the capacity increased to 2xSTM level-16 and 3xSTM level-4.

The Company also made prepayments under NICTBB, Seacom, Zantel and Vodacom group fibre company (PanSA) leased line contracts for the provision of undersea fibre capacity. These were converted from short-term to long-term whereby the Company made an upfront payment for services over a 10-year period.

The movement in capacity prepayments are shown below:

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
At 1 April	**60 446**	59 747	**60 446**	59 747
Additions	**13 162**	15 044	**13 162**	15 044
Amortisation for the year [Note 9(a)]	**(16 353)**	(14 345)	**(16 353)**	(14 345)
At 31 March	**57 255**	60 446	**57 255**	60 446
Non-current	**40 339**	44 582	**40 339**	44 582
Current	**16 916**	15 864	**16 916**	15 864
	57 255	60 446	**57 255**	60 446

18. Goodwill

On 19 July 2016, the Company acquired 100% of Shared Networks Tanzania (SNT). SNT held a license to use spectrum in the 900MHz band in rural Tanzania. A cash payment of TZS24 246 million was made following the acquisition and the goodwill generated on acquisition is as shown below:

Consideration transferred	**Group 2023 TZS m**
Net consideration	**24 246**

Assets acquired, and liabilities assumed at the date of acquisition

	Group TZS m
Fair value of net assets acquired	**22 258**
Goodwill arising on acquisition	
Cash consideration	**24 246**
Less: Fair value of identifiable assets acquired	**(22 258)**
Goodwill arising on acquisition	**1 988**

	Group	
TZS m	**2023**	**2022**
At 1 April	**1 639**	1 639
Impairment charge for the year	**–**	–
At 31 March	**1 639**	1 639

The movement in the impairment of goodwill was as follows:

	Group	
TZS m	**2023**	**2022**
At 1 April	**349**	349
Impairment charge for the year	**–**	–
At 31 March	**349**	349

The goodwill impairment testing done at year-end indicated no impairment charge (2022: TZS Nil). In conducting the impairment assessment of the goodwill, an election was made to compare the carrying amount of the Cash Generating Unit (CGU) to which the goodwill is allocated and fair value less costs of disposal as the recoverable amount. The spectrum asset is fundamental to the CGU's revenue generation and therefore, an election was taken during the impairment assessment of the goodwill to compare the CGU's fair value less costs of disposal as the recoverable amount and the carrying amount (total equity). The fair value less disposal costs was calculated using the company's most recent market capitalization and compared to the carrying amount of equity. The fair value is 113.5% of the carrying amount of the equity (March 2022: 119.4%).

19. Trade and other receivables

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
(a) Non – current				
Contract assets – long term	**2 161**	1 076	**2 161**	1 076
Expected credit losses (Contract Assets)	**(111)**	(32)	**(111)**	(32)
Contract assets (net)	**2 050**	1 044	**2 050**	1 044
Deposits in relation to indirect taxes	**9 803**	10 344	**9 003**	10 344
	11 853	11 388	**11 053**	11 388
(b) Current				
Trade receivables	**95 795**	93 802	**89 917**	90 836
Expected credit losses	**(38 979)**	(38 276)	**(38 903)**	(38 197)
Trade receivables (net)	**56 816**	55 526	**51 014**	52 639
Prepayments	**27 164**	33 013	**22 563**	30 705
Intergroup receivables (Note 35)[8]	**4 333**	7 317	**27 363**	16 165
Contract assets	**3 762**	2 286	**3 762**	2 286
Expected credit losses (Contract Assets)	**(100)**	(79)	**(100)**	(79)
Contract assets (net)	**3 662**	2 207	**3 662**	2 207
Other receivables	**23 796**	14 507	**8 789**	10 525
	115 771	112 570	**113 391**	112 241

Other receivables mainly relate to prefunding for customs clearance, deposit for International money transfer clearing account and other advances.

Included in contract assets is capitalised commission costs amounting to TZS123 million (2022: TZS105 million) which is amortised on a straight line basis over the contract life.

Trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Also, within this note are contract assets which represent an asset for accrued revenue in respect of goods or services delivered to customers for which a trade receivable does not yet exist.

Out of the contract assets balance for prior year representing unsatisfied performance obligations, TZS3 873 million has been recognised as revenue in the current year (2022: TZS2 090 million).

The trade receivables and contract assets are stated net of expected credit losses based on the management's assessment of the counterparty's creditworthiness. All receivables are individually tested for impairment. For details on the Company's and Group's credit risk management processes and the carrying amounts of the Company's and Group's trade and other receivables as well as contract assets which are denominated in different currencies refer to Note 36.

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
At 1 April	**(38 276)**	(42 285)	**(38 197)**	(42 212)
Bad debts written off	**2 171**	1 734	**2 171**	1 734
(Charge)/release to profit or loss [Note 9(c)]	**(2 874)**	2 275	**(2 878)**	2 281
At 31 March	**(38 979)**	(38 276)	**(38 904)**	(38 197)

Trade receivables are stated at cost which normally approximates fair value due to short term maturity. Generally, no interest is charged on trade receivables. For non-current contract assets, the carrying amount also approximate the fair value.

Below is the ECL movement for contract assets:

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
At 1 April	**(111)**	(82)	**(111)**	(82)
Write offs	**–**	20	**–**	20
Release/(charge) to profit or loss [Note 9(c)]	**(100)**	(49)	**(100)**	(49)
At 31 March	**(211)**	(111)	**(211)**	(111)

Note:

8. These balances are considered to have low credit risk, due to low assessed probability of defaults. Accordingly, no impairment has been done for these balances

20. Inventory

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Goods held for resale	**3 075**	2 597	**3 075**	2 597
	3 075	2 597	**3 075**	2 597

The inventory is stated net of the following provision for valuation allowance:

	Group		Company	
TZS m	**2022**	**2021**	**2022**	**2021**
At 1 April	**(1 656)**	(4 211)	**(1 656)**	(4 211)
(Increase)/decrease in provision (Note 7)	**(1 222)**	2 555	**(1 222)**	2 555
At 31 March	**(2 878)**	(1 656)	**(2 878)**	(1 656)

The cost of inventories recognised as an expense(direct expenses) during the year ended 31 March 2023 was TZS28 572 million (2022: TZS22 623 million). This relates to the release in provision during the year following the sale of stock items procured in prior years.

21. Mobile financial deposits and payables

	Group	
TZS m	**2023**	**2022**
Mobile financial deposits	**509 358**	436 086
Mobile financial payables	**(509 358)**	(436 086)

The M-Pesa service allows users to deposit money into an account stored to their cellphone number, to send balances using PIN-secured SMS text messages to other users, including sellers of goods and services, and to redeem deposits for regular money.

Mobile financial deposits are the deposits made by all customers in exchange for electronic mobile money and the unrestricted interest earned on the funds, which will be utilised upon approval if required. This cash is held in restricted accounts with reputable financial institutions, and measured at amortised cost.

Upon recognition of the Mobile financial deposits, the Group recognises a corresponding current liability, owed to the Mobile financial customers for the deposits made.

Mobile financial payables due to customers are primarily composed of saving deposits and amounts payable on demand. Deposits due to customers only include financial instruments classified as liabilities at amortised cost. The carrying amount of the deposits and payables approximates fair value due to their short term nature.

22. Cash and cash equivalents

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Cash at bank and on hand	**236 503**	256 914	**179 989**	59 047
M-Pesa balances	**87**	47	**87**	47
Bank and cash balances presented in the statement of financial position	**236 590**	256 961	**180 076**	59 094
Cash and cash equivalents presented in the statement of cash flows	**236 590**	256 961	**180 076**	59 094

The fair value of cash and cash equivalents approximates the carrying amount due to the short-term maturity.

23. Share capital and premium

The Group is controlled by its parent Vodacom Group Limited, which, as at 31 March 2023, owned 75% of the Company's issued shares with the remaining 25% of the issued shares held by the public. In March 2022, the ownership composition was the same.

	Group		Company	
TZS m	2023	2022	2023	2022
Authorised ordinary shares – number	**4 000 000 000**	4 000 000 000	**4 000 000 000**	4 000 000 000
Par value (TZS)	**50**	50	**50**	50
Authorised capital (TZS m)	**200 000**	200 000	**200 000**	200 000
Issued shares – number	**2 240 000 300**	2 240 000 300	**2 240 000 300**	2 240 000 300
Issued share capital (TZS m)	**112 000**	112 000	**112 000**	112 000
Share premium				
25% shares issued in IPO – number	**560 000 075**	560 000 075	**560 000 075**	560 000 075
Share premium per share (TZS)	**800**	800	**800**	800
Share premium proceeds (TZS m)	**448 000**	448 000	**448 000**	448 000
IPO cost (TZS m)[9]	**(5 565)**	(5 565)	**(5 565)**	(5 565)
Share premium (TZS m)	**442 435**	442 435	**442 435**	442 435

24. Capital contribution

	Group		Company	
TZS m	2023	2022	2023	2022
At 1 April	**27 698**	27 698	**27 698**	27 698
At 31 March	**27 698**	27 698	**27 698**	27 698

The capital contribution entitles the shareholders to additional returns on their investment in the form of future dividends. It will be realised by the shareholders once their equity investment in the Company is disposed of.

Note:

9. Costs which were deductible from the equity raised through the IPO and included: authorised collecting agency fees, lead receiving bank fees, lead advisor's and sponsoring broker's fees, central securities depository fees, printing, and various other fees.

25. Lease liabilities

The Group has the following lease arrangements:

- Leases of office furniture and fittings with Paloma Park Limited. This lease arrangement bears interest at a fixed rate of 2.62% per annum over the lease term of 8 years. The lease payments are made on a monthly basis.
- 3 449 lease contracts for telecommunication towers with various vendors (2022: 3 351). These leases generally have terms of 5 to 12 years.
- 32 lease contracts for properties (2022: 35) and 32 lease contracts for motor vehicles (2022: 21) that have lease terms of 2 to 8 years.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
At 1 April	**506 516**	534 679	**506 516**	534 679
Additions for the year	**32 993**	41 077	**32 993**	41 077
Accretion of interest (Note 11)	**57 098**	60 872	**57 098**	60 872
Translation differences (Note 12)	**1 971**	(24)	**1 971**	(24)
De-recognised lease liabilities	**–**	(34)	**–**	(34)
Payments – principal	**(48 140)**	(69 183)	**(48 140)**	(69 183)
Payments – interest	**(57 098)**	(60 871)	**(57 098)**	(60 871)
At 31 March	**493 340**	506 516	**493 340**	506 516
The carrying amount is due as follows:				
Non-current	**394 137**	446 044	**394 137**	446 044
Current	**99 203**	60 472	**99 203**	60 472
	493 340	506 516	**493 340**	506 516

The following are the amounts recognised in profit or loss in respect to lease liabilities under IFRS 16:

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Depreciation of right of use assets (Note 15)	**85 379**	86 797	**85 379**	86 797
Interest expense on lease liabilities	**57 098**	60 872	**57 098**	60 872
Expense relating to short-term leases	**448**	448	**448**	448
Expenses relating to low-value assets	**71**	71	**71**	71
	142 996	148 188	**142 996**	148 188

Expenses relating to short-term leases are staff benefit costs included under payroll cost and low-value items relate to office equipment and are included in the Other Operating expenses.

25. Lease liabilities continued

The Group had the following cash outflows relating to lease liabilities:

	Group		Company	
TZS m	2023	2022	2023	2022
Payments relating to the recognised lease liabilities	**105 238**	130 054	**105 238**	130 054
Payments for short-term leases	**448**	448	**448**	448
Payments for low-value assets	**71**	71	**71**	71
	105 757	130 573	**105 757**	130 573

The Group also had non-cash additions to right-of-use assets and lease liabilities of TZS32 993 million during the year (2022: TZS41 077 million).

The Group has no future cash outflows relating to leases that have not yet commenced.

The maturity analysis of the minimum lease payments is presented under Note 36.3, liquidity risk management.

The Group has lease contracts that include extension and termination options. These mainly comprise of telecommunication site lease contracts which are evaluated as having a lease term of 12 years, being the period during which the Group is reasonably certain that the lease contracts will not be terminated. However, the lease contracts are automatically renewable for periods of 5 years up to a maximum of 4 terms, that is, option to renew for 20 years beyond the 12-year lease term considered in determining the lease liability.

The extension and termination options are negotiated by the Group to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. These options are used to limit the period to which the Group is committed to individual lease contracts and to maximise operational flexibility in terms of using the leased assets. The Group's management and directors exercise significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5). The Group's directors and management have assessed that the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms used in determining the lease liabilities recognised cannot be reasonably estimated without undue cost and effort as they are subject to significant uncertainty over future telecommunication network planning in the longer term. The significant uncertainty arises from factors such as technological change, business strategy, mergers and acquisitions in the sector, competitive actions and regulatory environment which could affect the number of sites required and the site leasing market rates. Moreover, the lease agreements provide for adjusting, every 5 years during the extension period, the monthly lease payments in respect of each leased telecommunication site to the lower of the average rate and applicable market rate at the date of adjustment.

26. Government grants

This relates to grants received from Universal Communication Service Access Fund (UCSAF) for the construction of network infrastructure with a view to provision network telecommunication services in under-served areas of the country. The UCSAF identifies locations which need network coverage and float tenders for the Mobile Network Operators (MNOs) to apply. The MNO which wins the tender is awarded the grant to build the network infrastructure in the specified locations. The MNO is required to provide telecommunication network services in the locations for a minimum period of five years from the commencement of the service provisioning.

The following are the unamortized amounts:

	Group		Company	
TZS m	2023	2022	2023	2022
At 1 April	**1 361**	1 618	**1 361**	1 618
Received during the year	**4 143**	4 991	**4 143**	4 991
Amortised during the year (Note 9a)	**(345)**	(1 716)	**(345)**	(1 716)
Amounts matched with cost of funded assets	**(4 626)**	(3 532)	**(4 626)**	(3 532)
At 31 March	**533**	1 361	**533**	1 361
Non-current	**20**	143	**20**	143
Current	**513**	1 218	**513**	1 218
	533	1 361	**533**	1 361

The Group accounts for the grants received as cash flows from investing activities since the cash flows are compensating and reimbursing the Group for investing in the telecommunication sites.

27. Trade and other payables

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Non-current				
Deferred income	–	378	–	378
	–	378	–	378

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Current				
Trade payables	**25 683**	21 192	**25 692**	21 156
Capital expenditure creditors	**66 040**	64 541	**66 040**	64 541
Sales Tax payables	**5 973**	19 075	**5 973**	10 832
Accruals	**139 372**	128 630	**129 388**	121 697
Deferred revenue	**23 502**	22 904	**23 502**	22 834
Other payables	**27 637**	28 367	**9 033**	7 309
Payables to related parties (Note 35)	**12 819**	15 297	**7 804**	11 943
Total trade and other payables	**301 026**	300 006	**267 432**	260 312
Mobile financial payables	**509 358**	436 086	–	–

Current trade and related payables are stated at cost which normally approximates fair value due to short-term maturity.

28. Provisions

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings to have the total probable exposure. Further, the Group provides for other expenses including asset retirement obligations, restructuring and others. Other provisions significantly relate to provision for marketing expenses. Movement in these provisions is explained in the table below:

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Opening balance	**16 958**	24 558	**16 958**	24 558
Site restoration obligation	**5 199**	4 159	**5 199**	4 159
Legal/regulatory	**1 607**	2 353	**1 607**	2 353
Restructuring	–	2 582	–	2 582
Other	**10 152**	15 464	**10 152**	15 464
Additions/charge to profit or loss				
Site restoration obligation – addition	**304**	713	**304**	713
Site restoration obligation – charge to profit or loss	**566**	327	**566**	327
Legal/regulatory	**2 512**	630	**2 298**	630
Restructuring	–	–	–	–
Others – charge to profit or loss	**1 443**	3 209	–	3 209
	4 825	4 879	**3 168**	4 879
Released to profit or loss				
Legal/regulatory	**(3 089)**	(1 251)	**(3 089)**	(1 251)
Restructuring	–	(312)	–	(312)
Marketing fees	**(4 987)**	–	**(4 987)**	–
	(8 076)	(1 563)	**(8 076)**	(1 563)
Utilised against payments during the year				
Legal/regulatory	**(15)**	(125)	**(15)**	(125)
Restructuring	–	(2 270)	–	(2 270)
Other	–	(2 354)	–	(2 354)
	(15)	(4 749)	**(15)**	(4 749)
Transfers to accruals				
Others	–	(6 167)	–	(6 167)
	–	(6 167)	–	(6 167)
At 31 March	**13 692**	16 958	**12 035**	16 958
Site restoration obligation	**6 069**	5 199	**6 069**	5 199
Legal/regulatory	**1 015**	1 607	**801**	1 607
Restructuring	–	–	–	–
Other	**6 608**	10 152	**5 165**	10 152
Closing balance	**13 692**	16 958	**12 035**	16 958

28. Provisions continued

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Comprising of:				
Non-current				
Site restoration obligation	**6 068**	5 199	**6 068**	5 199
Current				
Legal obligation	**1 014**	1 606	**801**	1 606
Marketing fees	**–**	4 987	**–**	4 987
Restructuring costs	**–**	–	**–**	–
Tax assessments and disputes	**6 610**	5 166	**5 166**	5 166
	7 624	11 759	**5 967**	11 759
Total provisions	**13 692**	16 958	**12 035**	16 958

According to the nature of the provisions, the timing of settlement is uncertain.

29. Licence payables

On 15 August 2022, the TCRA published a public notice inviting bids for licensing spectrum blocks intended for international mobile telecommunication services through auction, which was held on 11 October 2022.

The following spectrum frequencies were auctioned and assigned: one block of 2 x 10 MHz in the 700 MHz band; two blocks of 1 x 35 MHz in the 2300 MHz band; three blocks of 2 x 15 MHz in the 2600MHz band and one block of 1 x 20 MHz in the 2600 MHz band (TDD), and four blocks of 1 x 40 MHz in the 3500 MHz band (TDD). We participated and secured winning bids for the one block of 700MHz, the two blocks of 2300MHz and the one block of 2600MHz (TDD) for a total bid price of US$63.2 million, equivalent to TZS143 140 million. The spectrum acquired is a critical strategic resource for delivering value to shareholders and fulfilling our purpose through our network expansion and widened product portfolio objectives.

The spectrum allocation is payable in installments; 50% on spectrum assignment, 25% in April 2023, and 25% in October 2023. The deferred payment has been discounted to it's present value as it contains a significant financing component.

The total cost of the licence was capitalised under Intangible assets and a licence payable recognised in respect of deferred payment obligations. The capital amount recorded was discounted to reflect a present value of the asset and the interest expense will be recognised over the credit period. The interest expense is the difference between the cash price equivalent and the total installment payments for the transaction.

Set out below are the carrying amounts of licence payables and the movements during the year:

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
At 1 April	**–**	–	**–**	–
Additions for the year	**69 565**	–	**69 565**	–
Interest expense	**2 222**	–	**2 222**	–
Translation differences	**381**	–	**381**	–
At 31 March	**72 168**	–	**72 168**	–

30. Borrowings

The Company had no borrowing at the end of the year (2022: Nil).

Bank overdrafts

The Group has an unsecured bank overdraft facility with Citibank Tanzania Limited of US$ 14.5million (2022: US$14.5 million) which attracts interest at SOFR+4.25%. During the year the Group utilised the overdraft facility of US$ 8.5 million (2022: Nil). In addition, the Group has a standby letter of credit and guarantee facility of US$2 million and a pre-settlement exposure facility for spot and forward foreign exchange transactions of US$3.3 million (2022: Nil).

31. Interest in other entities (subsidiaries and other entities) – Company

The Company has interests in the following entities:

M-Pesa Limited

The Company owns 99.90% of M-Pesa Limited. M-Pesa Limited numbers are consolidated to form Group's financial statements.

Following the receipt of the EMI licence, the Company's principal activities are operating mobile financial services under the EMI regulations issued by BoT. The Company's activities are regulated under the National Payment Systems Act, 2015 and the related Payment Systems (Electronic Money) Regulations, 2015

In 2021, M-Pesa Limited shareholders paid up the issued share capital of TZS500 million in line with the capital requirements stipulated in the National Payments Systems Regulations.

Below is an extract from the separate financial statements of M-Pesa Limited:

TZS m	2023	2022
Statement of financial position		
Total assets	**89 932**	218 768
Net assets	**39 421**	175 128
Statement of profit or loss and other comprehensive income		
Total income	**364 502**	336 505
Total expenses	**(343 044)**	(259 478)

The Registered Trustees of M-Pesa Trust Funds

The principal activity of the Trust is to hold and manage, in trust, funds in the Trust bank accounts for the benefit of the subscribers of the 'M-Pesa' mobile financial services. The numbers of the Trust are consolidated to form Group's financial statements.

The Trust is a non-profit making entity that has a mandate to fulfil its objectives in the best interest of the beneficiaries of the funds in the trust accounts in accordance with the requirements of the applicable laws and regulations of The United Republic of Tanzania and principles of best practice.

Below is an extract from the separate financial statements of The Registered Trustees of M-Pesa Trust Funds:

TZS m	2023	2022
Statement of financial position		
Total assets	**518 678**	451 922
Net assets	**–**	–
Statement of profit or loss and other comprehensive income		
Total income	**16 671**	18 618
Total expenses	**(16 671)**	(18 618)

Vodacom Trust Limited

This entity is limited by guarantee with share capital. The principal activity of the entity was to act as bona fide trustee and/or any other like officers in order to protect and safeguard all monies gained from and/or relating to M-Pesa cellular phone money transfer service for the benefit of the users of the said service.

On 23 October 2018, the entity's name was changed from M-Pesa Limited to Vodacom Trust Limited following approval and issuance of the certificate of change of name by BRELA. The change of name was necessary to enable compliance with the National Payment System Act, 2015. The entity's directors resolved to wind up the entity and the liquidator was appointed by the directors on 19 May 2020.

As at year end, the process to liquidate the entity had not been finalised.

31. Interest in other entities (subsidiaries and other entities) – Company continued

Vodacom Tanzania Foundation.

Following the amendment of the Companies Act, 2002 by Miscellaneous Amendment Act, No. 3 of 2019 which came into force on 30 June 2019, the authority to register entities which prohibit distribution of profits and which do not intend to promote commerce was transferred from BRELA to the Registrar of Non-Government Organisations ('NGOs'). Consequently, BRELA issued a public notice stating that on 30 August 2019, the Registrar of Companies shall not maintain in the Registry records of any company which prohibits distribution of profits and does not intend to promote commerce, and advised the companies affected to communicate with the Registrar of NGOs to be provided with guidance and directives on registration of NGOs as per the Miscellaneous Amendment Act, No. 3 of 2019. The Foundation was affected by this change in law as it was incorporated as a company limited by guarantee with no profit objective. Consequently, the Foundation was struck off the Registry of Companies on 30 August 2019. Another entity, Vodacom Tanzania Foundation, was registered with the Registrar of NGOs under the "then" Ministry of Health, Community Development, Gender, Elderly and Children in accordance with the Non-Governmental Organisations Act of 2002 (revised 2005) and the Non-Governmental Organisations (Amendments) Regulations of 2018 (together, the "NGO Act and Regulations") of Tanzania.

The founding members resolved to wind up the foundation and appointed a liquidator to oversee the process. The dissolution of the entity was completed on 19 January 2023.

Shared Networks Tanzania Limited ('sNT')

On 19 July 2016, the Company acquired 100% of SNT's issued share capital. The entity's financial information are consolidated and form part of Group's financial statements. SNT was a multi-operator core network wholesaler which held a license for usage of spectrum in the 900MHz band in rural Tanzania. During the financial year 2019, the Group obtained approval from Tanzania Communications Regulatory Authority ('TCRA') to reassign the spectrum that was held by SNT to the Company.

During the year ended 31 March 2021, the directors resolved to wind up the entity after transferring its assets and liabilities to the Company. The net assets transfer was completed and a liquidator was appointed thereon.

As at year end, the process to liquidated the entity has not been finalized.

Below is an extract from the SNT financial statements:

TZS m	2023	2022
Statement of financial position		
Total assets	**2 462**	2 462
Net liabilities	**(24 306)**	(24 306)
Statement of profit or loss and other comprehensive income		
Revenue	–	–
Total expenses	–	–

32. Commitments

	Group		Company	
TZS m	2023	2022	2023	2022
Lease commitments (Note 36.3)	**659 242**	693 982	**659 242**	693 982
Capital expenditure contracted for but not yet incurred (including property and equipment and intangible assets)	**30 046**	35 580	**30 046**	35 580
Other (including sports and marketing commitments)	**58 883**	87 649	**58 883**	87 649
	748 171	817 211	**748 171**	817 211

33. Contingent liabilities

Tax matters

The Group's future tax charge, effective tax rate and profit before tax could be affected by several factors including tax reforms conducted in Tanzania and the resolution of open tax disputes with the Tanzania Revenue Authority ("TRA" or the "tax authority") and/or tax courts. The Group is committed to acting with integrity and transparency in all tax matters including a policy of full transparency to the tax authority and the payment of all taxes properly due under the relevant tax laws in Tanzania. The Group is regularly subject to audits and examination by the tax authority of its direct and indirect tax filings. The consequence of such reviews is that in some instances, disputes can arise with the tax authority over the interpretation or application of certain tax rules where these tax laws are ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability.

The major tax positions taken are thus subject to review by executive management and reported to the Board. The Group has support from external advisors supporting the positions taken in respect of the significant tax matters which support the application and interpretation of the tax legislation. The Group has considered all matters in dispute with the tax authority and has accounted for any exposure identified if required.

During the year, the Group has managed to resolve long outstanding tax disputes which were disclosed as contingent items in relation to the following issues.

Capital allowances of telecommunication equipment

Through the practice notice issued in December 2022, the tax authority (TRA) clarified the proper classification of telecommunication equipment with the active equipment classified under class 1 and passive equipment being classified under class 6. This clarification aided in the resolution of long-standing disagreements on the subject. The previously reported dispute on this matter has been resolved.

Withholding tax on satellite, international roaming and undersea cable services

During the year, the Group managed to resolve all the pending disputes in relation to the chargeability of withholding tax on payments in relation to the roaming and foreign services received. The previously reported dispute on this matter has been resolved.

However, the Group shall maintain part of the Transfer pricing exposure as a contingent matter as detailed below:

Transfer pricing

The Group, as part of a multinational enterprise, makes extensive use of services provided by associated entities in a value adding manner and applies the arm's length principle, in the taxation context, in such undertakings. These intercompany transactions are documented in the Group's transfer pricing documentation which is done in accordance with the requirements of local Transfer Pricing Regulations and Organization for Economic Cooperation and Development ("OECD") guidelines.

The TRA conducted a transfer pricing audit for the 2018 to 2020 tax years for Vodacom Tanzania Public Limited Company and 2021 for M-Pesa Limited, the audit has resulted in certain disputed items in terms of the methodology and other Transfer Pricing aspects used to support the taxation arm's length principle.

Litigation and other claims contingencies

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the possible/probable outcome of these proceedings. Following this assessment, the Group's management has determined that adequate provision has been made in respect of these legal proceedings as at year end.

The Group is subject to claims under contracts signed with other parties. Disputes can arise with other parties over the interpretation or application of contractual provisions. These disputes may not necessarily be resolved in a manner that is favourable to the Group, and the resolution of the disputes could result in an obligation to the Group. Management has assessed that no provision for claims is warranted as at year end.

Refer to Note 28 for further disclosures.

34. Other matters

Regulatory matters

SIM Card Registration

On 7 February 2020, new SIM Regulations were published, mandating biometric registration only and restricting the number of SIMs held per customer. Subsequently, on 1 July 2020, the Tanzania Communication Regulatory Authority ('TCRA') issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM cards ownership through their mobile phones. Furthermore, the TCRA and mobile network operators implemented an approval process that allowed customers to request for additional SIM cards by visiting service providers' retail outlets or an automated process through Unstructured Supplementary Service Data (USSD). Customers are allowed to have more than one SIM card if they follow the correct approval process.

On 13 February 2023, Vodacom Tanzania barred 238 000 SIM cards which did not complete the multiple-SIM declaration process as per TCRA's directives. Subsequent to barring, TCRA again permitted the usage of *106# and 100 to allow the barred customers to do verification through this process. As a result, over 30 000 of the barred customers have successfully verified their SIM cards and re-activated. We continue with efforts to recover barred customers.

Other matters

Levies on mobile money transfers and withdrawals and airtime

On 30 June 2021, the President approved the Finance Act, which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions and airtime recharges.

For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Following our engagements and due consideration by the government, the following amendments were implemented:

- **3 September 2021:**
  An initial 30% levy reduction, to a maximum levy of TZS7 000.
- **1 July 2022:**
  An additional 43% reduction to the maximum levy band was passed through the Finance Act 2022, marking a cumulative 60% reduction since the levy's introduction. This reduction set the maximum levy chargeable at TZS4 000. The Finance Act also re-defined the scope of the levy, to also include withdrawal and transfers through banks which were earlier excluded. The levy, which was previously chargeable on mobile transactions only, also became applicable to transfers between mobile accounts, between bank accounts and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATM).
- **1 October 2022**:
  Through a special supplement to the National Payment System (Electronic Money Transactions levy) (Amendment Regulations) the maximum levy chargeable was set at TZS2 000, equivalent to 20% of the levy charged at introduction. This decision further reduced end-user charges, and has meaningfully revived and accelerated our contribution to the financial inclusion agenda, through the use of M-Pesa services.

Spectrum auction

On 15 August 2022, the TCRA published a public notice inviting bids for licensing spectrum blocks intended for international mobile telecommunication services through auction, which was held on 11 October 2022.

The following spectrum frequencies were auctioned and assigned: one block of 2 x 10 MHz in the 700 MHz band; two blocks of 1 x 35 MHz in the 2300 MHz band; three blocks of 2 x 15 MHz in the 2600MHz band and one block of 1 x 20 MHz in the 2600 MHz band (TDD), and four blocks of 1 x 40 MHz in the 3500 MHz band (TDD). We participated and secured winning bids for the one block of 700MHz, the two blocks of 2300MHz and the one block of 2600MHz (TDD) for a total bid price of US$63.2 million, equivalent to TZS143 140 million.

The spectrum acquired is a critical strategic resource for delivering value to shareholders and fulfilling our purpose through our network expansion and widened product portfolio objectives.

The spectrum allocation is payable in instalments; 50% on spectrum assignment, 25% in April 2023, and 25% in October 2023. The deferred payment has been discounted to it's present value as it contains a significant financing component.

The total cost of the licence was capitalised under Intangible assets and a licence payable recognised in respect of deferred payment obligations. The capital amount recorded was discounted to reflect a present value of the asset and the interest expense will be recognised over the credit period. The interest expense is the difference between the cash price equivalent and the total instalment payments for the transaction.

Deferred tax recognition

During the year, the Company made a decision to recognize deferred tax assets to the extent of what could be utilized by the profit forecasted within the next five years. The company recognized a total of TZS50 871 million, made up of deferred tax asset on unused tax losses amounting TZS10 954 million, and other deductible timing differences TZS39 917 million.

35. Related parties

The Group's related parties are its ultimate parent, immediate parent, shareholders with significant influence, subsidiaries, other related companies including sister companies and key management personnel including directors.

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Balances with related parties				
Trade and other receivables				
Vodafone Group Plc (Ultimate parent)	**2 148**	5 249	**2 148**	5 249
Vodacom Group Limited (Immediate parent)	**2 185**	2 068	**2 185**	2 068
M-Pesa Limited	**–**	–	**21 623**	7 787
Registered Trustees of M-Pesa	**–**	–	**1 407**	1 061
	4 333	7 317	**27 363**	16 165
Trade payables				
Vodafone Group Plc (Ultimate parent)	**(5 316)**	(5 616)	**(5 316)**	(5 616)
Vodacom Group Limited (Immediate parent)	**(2 561)**	(8 330)	**(2 329)**	(6 198)
M-Pesa Limited	**–**	–	**(159)**	(129)
M-Pesa Africa	**(4 942)**	(1 351)	**–**	–
	(12 819)	(15 297)	**(7 804)**	(11 943)

The amounts due from/(to) related parties are interest free. All the balances due from/(to) related parties are due on demand and are unsecured.

Transactions with related parties

	Group		Company	
TZS m	**2023**	**2022**	**2023**	**2022**
Vodafone Group Plc and its subsidiaries				
Revenue	**6 832**	5 221	**6 832**	5 221
Direct costs	**(1 216)**	(1 234)	**(1 216)**	(1 234)
Other operating expenses	**(2 775)**	(4 541)	**(2 775)**	(4 541)
	2 841	(554)	**2 841**	(554)
Vodacom Group Limited subsidiaries – Mozambique, DRC, Mauritius and Lesotho				
Revenue	**15**	568	**15**	568
Direct costs	**(107)**	(189)	**(107)**	(189)
Other operating expenses	**(512)**	(2 239)	**(512)**	(2 239)
	(604)	(1 860)	**(604)**	(1 860)
Vodacom Group Limited – South Africa				
Revenue	**4 969**	4 924	**4 969**	4 924
Direct costs	**(2 150)**	(2 108)	**(2 150)**	(2 108)
Other operating expenses	**(13 224)**	(13 112)	**(10 322)**	(11 060)
	(10 405)	(10 296)	**(7 503)**	(8 244)
Key management compensation				
Short-term employee benefits	**(6 552)**	(8 958)	**(6 552)**	(8 185)
Share based compensation[10]	**(150)**	(437)	**(150)**	(437)
Long-term employee benefits	**(1 788)**	(654)	**(1 788)**	(603)
	(8 490)	(10 049)	**(8 490)**	(9 225)
Non-executive directors				
Non-executive directors' fees	**(1 212)**	(1 193)	**(1 103)**	(1 088)
	(1 212)	(1 193)	**(1 103)**	(1 088)
Executive directors				
Short-term employee benefits	**(2 733)**	(5 156)	**(2 733)**	(5 156)
Long-term employee benefits	**(252)**	(753)	**(252)**	(753)
	(2 985)	(5 909)	**(2 985)**	(5 909)

Note:

10. In prior year, this balance was disclosed in short term employee benefits. The overall split does not have an impact on prior year financial statements.

36. Risk management policies and objectives

36.1 Financial instruments carrying amounts

The Group and Company hold the following financial instruments measured at amortised cost:

TZS m	Group 2023	Group 2022	Company 2023	Company 2022
Financial assets				
Trade receivables	**56 816**	55 526	**51 014**	52 639
Other receivables	**9 601**	3 298	**8 342**	1 760
Cash and bank balances (Note 22)	**236 503**	256 914	**179 989**	59 047
M-Pesa balances (Note 22)	**87**	47	**87**	47
Mobile financial deposits	**509 358**	436 086	**–**	–
Intergroup receivables	**4 333**	7 317	**27 363**	15 104
TOTAL	**816 698**	759 188	**266 795**	128 597
Financial liabilities				
Trade payables	**(25 683)**	(21 192)	**(25 692)**	(21 156)
Accruals	**(139 372)**	(128 630)	**(129 388)**	(121 697)
Lease Liabilities	**(493 340)**	(506 516)	**(493 340)**	(506 516)
Intergroup payables (Note 35)	**(12 819)**	(15 297)	**(7 804)**	(11 943)
Capital expenditures creditors	**(66 040)**	(64 541)	**(66 040)**	(64 541)
Licences payables	**(72 168)**	–	**(72 168)**	–
Asset restoration Obligation payables	**(6 068)**	(5 199)	**(6 068)**	(5 199)
Other payables	**(13 393)**	(9 889)	**(2 391)**	(2 484)
Mobile financial payables	**(509 358)**	(436 086)	**–**	–
TOTAL	**(1 338 241)**	(1 182 151)	**(802 891)**	(733 536)

The Group did not have financial instruments measured at fair value.

During the year, disaggregation was done to other receivables and other payables to improve the disclosure. The overall change did not have an impact on prior year reported numbers in the statement of financial position. Both current year and prior year numbers include only financial instruments.

At the reporting date, the interest rate profile of the Group's and Company's financial assets and liabilities was as follows:

Group 2023	**Fixed interest rate TZS m**	**Variable interest rate TZS m**	**Non-interest bearing TZS m**	**Total TZS m**
Financial assets				
Trade receivables	–	–	56 816	56 816
Other receivables	–	–	9 601	9 601
Cash and bank balances	–	–	236 503	236 503
M-Pesa balances	–	–	87	87
Mobile financial deposits	509 358	–	–	509 358
Intergroup receivables	–	–	4 333	4 333
	509 358	–	307 340	816 698
Financial liabilities				
Trade payables	–	–	(25 683)	(25 683)
Lease liabilities	(493 340)	–	–	(493 340)
Other payables	–	–	(13 393)	(13 393)
Accruals	–	–	(139 372)	(139 372)
Licences payables	(72 168)	–	–	(72 168)
Asset restoration Obligation payables	(6 068)	–	–	(6 068)
Capital expenditure creditors	–	–	(66 040)	(66 040)
Intergroup payables	–	–	(12 819)	(12 819)
Mobile financial payables	(509 358)	–	–	(509 358)
	(1 080 934)	–	(257 307)	(1 338 241)

Group 2022	**Fixed interest rate TZS m**	**Variable interest rate TZS m**	**Non-interest bearing TZS m**	**Total TZS m**
Financial assets				
Trade receivables	–	–	55 526	55 526
Other receivables	–	–	3 298	3 298
Cash and bank balances	41 180	–	215 734	256 914
M-Pesa balances	–	–	47	47
Mobile financial deposits	436 086	–	–	436 086
Intergroup receivables	–	–	7 317	7 317
	477 266	–	281 922	759 188
Financial liabilities				
Trade payables	–	–	(21 192)	(21 192)
Lease liabilities	(506 516)	–	–	(506 516)
Other payables	–	–	(9 889)	(9 889)
Accruals	–	–	(128 630)	(128 630)
Capital expenditure creditors	–	–	(64 541)	(64 541)
Asset restoration Obligation payables	(5 199)	–	–	(5 199)
Intergroup payables	–	–	(15 297)	(15 297)
Mobile financial payables	(436 086)	–	–	(436 086)
	(947 801)	–	(239 549)	(1 187 350)

Mobile financial payables include interest due to agents and customers. In prior year, interest balance was disclosed as interest due to customers.

36. Risk management policies and objectives continued

36.2 Interest rate profile

Company

2023	Fixed interest rate TZS m	Variable interest rate TZS m	Non-interest bearing TZS m	Total TZS m
Financial assets				
Trade receivables	–	–	51 014	51 014
Other receivables	–	–	8 342	8 342
Cash and bank balances	–	–	179 989	179 989
M-Pesa balances	–	–	87	87
Intergroup receivables	–	–	27 363	27 363
TOTAL	–	–	266 795	266 795
Financial Liabilities				
Trade payables	–	–	(25 692)	(25 692)
Lease liabilities	(493 340)	–	–	(493 340)
Other payables	–	–	(2 391)	(2 391)
Licences payables	(72 168)	–	–	(72 168)
Asset restoration Obligation payables	(6 068)	–	–	(6 068)
Accruals	–	–	(129 388)	(129 388)
Capital expenditure creditors	–	–	(66 040)	(66 040)
Intergroup payables	–	–	(7 804)	(7 804)
TOTAL	(571 576)	–	(231 315)	(802 891)

2022	Fixed interest rate TZS m	Variable interest rate TZS m	Non-interest bearing TZS m	Total TZS m
Financial assets				
Trade receivables	–	–	52 639	52 639
Other receivables	–	–	1 760	1 760
Cash and bank balances	41 180	–	17 867	59 047
M-Pesa balances	–	–	47	47
Intergroup receivables	–	–	16 165	16 165
TOTAL	41 180	–	88 478	129 658
Financial Liabilities				
Trade payables	–	–	(21 156)	(21 156)
Lease liabilities	(506 516)	–	–	(506 516)
Other payables	–	–	(2 484)	(2 484)
Accruals	–	–	(121 697)	(121 697)
Capital expenditure creditors	–	–	(64 541)	(64 541)
Asset restoration Obligation payables	(5 199)	–	–	(5 199)
Intergroup payables	–	–	(11 943)	(11 943)
TOTAL	(511 715)	–	(221 821)	(733 536)

36.3 Financial risk management

Market risk

The Group's normal operations, its sources of finance and changing market conditions expose it to various financial risks which highlight the importance of financial risk management. The principal financial risks faced by the Group are foreign currency, interest rate, credit and liquidity risks.

A treasury division of Vodacom Group Limited provides the Group with support to access both domestic and international financial markets and manage foreign currency, interest rate and liquidity risks. Treasury operations are conducted within a framework of policies and guidelines authorised and reviewed by the Vodacom Group Limited board. There has been no significant change during the reporting period, or since the end of the reporting period, to the types of financial risks faced by the Group, the measures used to gauge these risks or the objectives, policies and processes for managing the risks.

The Group's activities expose it to the risks of fluctuations in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analyses which show how profit and retained earnings for the year would have been affected by a small adverse change in the relevant risk variable that were reasonably possible at the reporting date. Sensitivity analyses are for illustrative purposes only as, in practice, market rates rarely change in isolation.

There were no changes in the methods and assumptions used in preparing sensitivity analysis as at year-end.

Foreign currency risk

Various monetary items exist in currencies other than the Group's functional currency. The table below discloses the net currency exposure (net carrying amount of foreign-denominated monetary assets/(liabilities) of the Group. The Group is mainly exposed to the United States dollar ('US$') and to a lesser extent to the Euro ('€') and South African rand ('R').

36. Risk management policies and objectives continued

36.3 Financial risk management continued

Group TZS m	31 March 2023 US$	 €	 R
Financial assets			
Trade and other receivables	**4 802**	**920**	**–**
Cash and cash equivalents	**17 091**	**256**	**338**
	21 893	**1 176**	**338**
Financial liabilities			
Trade and other payables	**(77 535)**	**(37 107)**	**(1 134)**
Net Gap	**(55 642)**	**(35 931)**	**(796)**

	31 March 2022 US$	 €	 R
Financial assets			
Trade and other receivables	5 700	935	–
Cash and cash equivalents	23 163	1 370	1 149
	28 863	2 305	1 149
Financial liabilities			
Trade and other payables	(8 190)	(29 492)	(1 622)
Net Gap	20 673	(27 187)	(473)

Company TZS m	31 March 2023 US$	 €	 R
Financial assets			
Trade and other receivables	**4 802**	**920**	**–**
Cash and cash equivalents	**17 091**	**256**	**338**
	21 893	**1 176**	**338**
Financial liabilities			
Trade and other payables	**(77 535)**	**(37 107)**	**(1 134)**
Net Gap	**(55 642)**	**(35 931)**	**(796)**

	31 March 2022 US$	 €	 R
Financial assets			
Trade and other receivables	5 700	935	–
Cash and cash equivalents	23 163	1 370	1 149
	28 863	2 305	1 149
Financial liabilities			
Trade and other payables	(8 190)	(29 492)	(1 622)
Net Gap	20 673	(27 187)	(473)

The analysis below discloses the Group's sensitivity to the specified percentage change in its functional currency, TZS, against the foreign currencies which it is exposed to. The management's assessment of a reasonable possible change in foreign currency exchange rates is based on estimated foreign exchange rate differentials. This analysis includes outstanding foreign-denominated monetary items only and adjusts their translations at the reporting date with the specified percentage change.

Group **TZS m**	**US$**	**€**	**R**
2023			
% change	**5**	**4**	**1**
(Loss)/profit after tax and equity – (TZS m)	**(544)**	**913**	**3**
2022			
% change	3	9	4
(Loss)/profit after tax and equity – (TZS m)	(468)	1 628	12

Company **TZS m**	**US$**	**€**	**R**
2023			
% change	**5**	**4**	**1**
(Loss)/profit after tax and equity – (TZS m)	**(544)**	**913**	**3**
2022			
% change	3	9	4
(Loss)/profit after tax and equity – (TZS m)	(468)	1 628	12

Interest rate risk

The Group's interest rate profile consists of lease liabilities, interest and deposits due to Vodacom Trust Limited (M-Pesa) customers and agents, which exposes the Group to interest rate risk and may be summarised as follows:

	Group		**Company**	
TZS m	**2023**	**2022**	**2023**	**2022**
Mobile financial deposits	**509 358**	436 086	**–**	–
	509 358	436 086	**–**	–
Mobile financial payables	**(509 358)**	(436 086)	**–**	–
Licences payables	**(72 168)**	–	**(72 168)**	
Asset restoration Obligation payables	**(6 068)**	(5 199)	**(6 068)**	(5 199)
Lease liabilities	**(493 340)**	(506 516)	**(493 340)**	(506 516)
	(1 080 934)	(947 801)	**(571 576)**	(511 715)

Interest rate sensitivity analysis

As per the interest rate profile, the Group is not exposed to interest rate risk because it holds no financial instruments with variable interest rates.

36. Risk management policies and objectives continued

36.3 Financial risk management continued

Credit risk

The carrying amounts of financial assets, are shown net of any impairment losses, and represent the Group's maximum exposure to credit risk. The Group's policy is to deal with credit worthy counterparties only and to obtain sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults. The Group uses publicly available financial information, the financial standing of counterparties and the Group's own trading records in order to determine the credit quality of a counterpart. Contractual arrangements are entered into with other mobile network operators in line with any regulatory requirements and industry normal business practice. Credit exposure is further controlled by defining credit limits per counterparty which are periodically reviewed and approved by the credit risk department. The Group's exposure and credit ratings are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. In determining the recoverability of trade receivables, the Group considers changes in credit quality.

The Group's largest customer represents 24.2% (2022: 16.1 %) of the total trade receivables balance. With the exception of the aforementioned, the credit risk for trade and other receivables is generally limited due to the customer base being large and unrelated in conjunction with stringent credit approval processes. The average credit period for trade receivables is 30 days (2022: 30 days). The Group has not renegotiated the terms of any of its financial assets which resulted in them not being past due or impaired.

The credit risk associated with cash and cash equivalents and financial assets are limited as they are placed with high credit quality financial institutions.

The following is the aging analysis of trade and other receivables (excluding prepayments, deposits and deferred costs) that are past due including ECL allowances as at year end.

Group:

The following table provides information about the exposure to credit risk and ECL allowances for super dealers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	100.00%	7	7	No
31 – 60 days	100.00%	–	–	No
61 – 90 days	100.00%	–	–	No
91 – 120 days	100.00%	49	49	Yes
121 – 180 days	100.00%	14	14	Yes
> 180 days	100.00%	30 385	30 385	Yes
Total		30 455	30 455	

The following table provides information about the exposure to credit risk and ECLs for super dealers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	100.00%	32	32	No
31 – 60 days	100.00%	45	45	No
61 – 90 days	100.00%	–	–	No
91 – 120 days	100.00%	–	–	Yes
121 – 180 days	100.00%	–	–	Yes
> 180 days	100.00%	30 271	30 271	Yes
Total		30 348	30 348	

The following table provides information about the exposure to credit risk and ECLs for prepaid airtime distributors as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	1.05%	1 613	17	No
31 – 60 days	7.49%	67	5	No
61 – 90 days	22.21%	21	5	No
91 – 120 days	44.18%	–	–	Yes
121 – 180 days	70.39%	–	–	Yes
> 180 days	100.00%	1 001	1 001	Yes
Total		2 702	1 028	

The following table provides information about the exposure to credit risk and ECLs for prepaid airtime distributors as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	1.43%	3 077	44	No
31 – 60 days	6.22%	–	–	No
61 – 90 days	15.67%	134	21	No
91 – 120 days	32.73%	–	–	Yes
121 – 180 days	54.14%	157	85	Yes
> 180 days	100.00%	303	303	Yes
Total		3 671	453	

The following table provides information about the exposure to credit risk and ECLs for postpaid customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	3.16%	11 189	354	No
31 – 60 days	17.39%	103	18	No
61 – 90 days	33.21%	720	239	No
91 – 120 days	64.74%	366	237	Yes
121 – 180 days	85.81%	350	300	Yes
> 180 days	98.47%	90	89	Yes
Total		12 818	1 237	

The following table provides information about the exposure to credit risk and ECLs for postpaid customers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	3.58%	9 652	346	No
31 – 60 days	20.45%	19	4	No
61 – 90 days	37.70%	849	320	No
91 – 120 days	70.64%	576	407	Yes
121 – 180 days	98.91%	245	242	Yes
> 180 days	100.00%	319	319	Yes
Total		11 660	1 638	

36. Risk management policies and objectives continued

36.3 Financial risk management continued

Credit risk continued

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	0.46%	397	2	No
31 – 60 days	5.63%	–	–	No
61 – 90 days	10.75%	–	–	No
91 – 120 days	19.88%	–	–	Yes
121 – 180 days	60.22%	1	1	Yes
> 180 days	97.07%	2	2	Yes
Total		400	5	

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	–	1 200	–	No
31 – 60 days	10.86%	223	24	No
61 – 90 days	23.24%	–	–	No
91 – 120 days	36.72%	–	–	Yes
121 – 180 days	61.65%	–	–	Yes
> 180 days	70.72%	3	2	Yes
Total		1 426	26	

The following table provides information about the exposure to credit risk and ECLs for advance credit customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	15.41%	3 461	533	No
31 – 60 days	100.00%	590	590	No
61 – 90 days	100.00%	460	460	No
91 – 120 days	100.00%	422	422	Yes
> 120 days	100.00%	1 870	1 870	Yes
Total		6 803	3 875	

The following table provides information about the exposure to credit risk and ECLs for advance credit customers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	13.73%	1 662	228	No
31 – 60 days	100.00%	410	410	No
61 – 90 days	100.00%	275	275	No
91 – 120 days	100.00%	228	228	Yes
> 120 days	100.00%	1 944	1 944	Yes
Total		4 519	3 085	

The following table provides information about the exposure to credit risk and ECLs for other debtors as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	11.35%	298	34	No
31 – 60 days	29.82%	564	168	No
61 – 90 days	46.58%	219	102	No
91 – 120 days	69.61%	–	–	Yes
121 – 180 days	92.23%	–	–	Yes
> 180 days	100.00%	2 075	2 075	Yes
Total		3 156	2 379	

The following table provides information about the exposure to credit risk and ECLs for other debtors as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	10.64%	1 589	169	No
31 – 60 days	30.08%	123	37	No
61 – 90 days	49.51%	–	–	No
91 – 120 days	66.86%	1	1	Yes
121 – 180 days	82.74%	21	17	Yes
> 180 days	100.00%	2 502	2 502	Yes
Total		4 236	2 726	

Company

The following table provides information about the exposure to credit risk and ECLs for super dealers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	100.00%	7	7	No
31 – 60 days	100.00%	–	–	No
61 – 90 days	100.00%	–	–	No
91 – 120 days	100.00%	49	49	Yes
121 – 180 days	100.00%	14	14	Yes
> 180 days	100.00%	30 385	30 385	Yes
Total		30 455	30 455	

The following table provides information about the exposure to credit risk and ECLs for super dealers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	100.00%	32	32	No
31 – 60 days	100.00%	45	45	No
61 – 90 days	100.00%	–	–	No
91 – 120 days	100.00%	–	–	Yes
121 – 180 days	100.00%	–	–	Yes
> 180 days	100.00%	30 271	30 271	Yes
Total		30 348	30 348	

36. Risk management policies and objectives continued

36.3 Financial risk management continued

Credit risk continued

The following table provides information about the exposure to credit risk and ECLs for prepaid airtime distributors as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	1.05%	1 613	17	No
31 – 60 days	7.49%	67	5	No
61 – 90 days	22.21%	21	5	No
91 – 120 days	44.18%	–	–	Yes
121 – 180 days	70.39%	–	–	Yes
> 180 days	100.00%	1 001	1 001	Yes
Total		**2 702**	**1 028**	

The following table provides information about the exposure to credit risk and ECLs for prepaid airtime distributors as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	1.43%	3 077	44	No
31 – 60 days	6.22%	–	–	No
61 – 90 days	15.67%	134	21	No
91 – 120 days	32.73%	–	–	Yes
121 – 180 days	54.14%	157	85	Yes
> 180 days	100.00%	303	303	Yes
Total		**3 671**	**453**	

The following table provides information about the exposure to credit risk and ECLs for postpaid customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	3.16%	11 189	354	No
31 – 60 days	17.39%	103	18	No
61 – 90 days	33.21%	720	239	No
91 – 120 days	64.74%	366	237	Yes
121 – 180 days	85.81%	350	300	Yes
> 180 days	98.47%	90	89	Yes
Total		**12 818**	**1 237**	

The following table provides information about the exposure to credit risk and ECLs for postpaid customers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	3.58%	9 652	346	No
31 – 60 days	20.45%	19	4	No
61 – 90 days	37.70%	849	320	No
91 – 120 days	70.64%	576	407	Yes
121 – 180 days	98.91%	245	242	Yes
> 180 days	100.00%	319	319	Yes
Total		**11 660**	**1 638**	

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	0.46%	397	2	No
31 – 60 days	5.63%	–	–	No
61 – 90 days	10.75%	–	–	No
91 – 120 days	19.88%	–	–	Yes
121 – 180 days	60.22%	1	1	Yes
> 180 days	97.07%	2	2	Yes
Total		400	5	

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2022.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	–	1 200	–	No
31 – 60 days	10.86%	223	24	No
61 – 90 days	23.24%	–	–	No
91 – 120 days	36.72%	–	–	Yes
121 – 180 days	61.65%	–	–	Yes
> 180 days	70.72%	3	2	Yes
Total		1 426	26	

The following table provides information about the exposure to credit risk and ECLs for advance credit customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	15.41%	3 461	533	No
31 – 60 days	100.00%	590	590	No
61 – 90 days	100.00%	460	460	No
91 – 120 days	100.00%	422	422	Yes
> 120 days	100.00%	1 870	1 870	Yes
Total		6 803	3 875	

The following table provides information about the exposure to credit risk and ECLs for advance credit customers as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	13.73%	1 662	228	No
31 – 60 days	100.00%	410	410	No
61 – 90 days	100.00%	275	275	No
91 – 120 days	100.00%	228	228	Yes
> 120 days	100.00%	1 944	1 944	Yes
Total		4 519	3 085	

36. Risk management policies and objectives continued

36.3 Financial risk management continued

Credit risk continued

The following table provides information about the exposure to credit risk and ECLs for other debtors as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	11.35%	298	34	No
31 – 60 days	29.82%	564	168	No
61 – 90 days	46.58%	219	102	No
91 – 120 days	69.61%	–	–	Yes
121 – 180 days	92.23%	–	–	Yes
> 180 days	100.00%	2 000	2 000	Yes
Total		3 081	2 304	

The following table provides information about the exposure to credit risk and ECLs for other debtors as at 31 March 2023.

Age Bracket	Weighted average loss rate %	Gross carrying amount TZS m	Loss allowance TZS m	Credit impaired
1 – 30 days	10.64%	1 589	169	No
31 – 60 days	30.08%	123	37	No
61 – 90 days	49.51%	–	–	No
91 – 120 days	66.86%	1	1	Yes
121 – 180 days	82.74%	21	17	Yes
> 180 days	100.00%	2 423	2 423	Yes
Total		4 157	2 647	

The following table provides information about the exposure to credit risk and ECLs for contract assets as at 31 March 2023 for both Group and Company.

Split	Weighted average loss rate	Gross carrying amount	Loss allowance
Current	3.63%	3 873	141
Non-current	3.63%	1 927	70
Total		5 800	211

The following table provides information about the exposure to credit risk and ECLs for contract assets as at 31 March 2023 for both Group and Company.

Split	Weighted average loss rate	Gross carrying amount	Loss allowance
Current	3.42%	2 319	79
Non-current	3.42%	939	32
Total		3 258	111

The change in credit risk disclosure during the year is necessary in order to provide more information and disclosures.

Liquidity management

The Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities. At the end of the reporting date, the Group had US$14.5 million (TZS33 930 million) (2022: US$14.5 million (TZS 33 640 million)) undrawn foreign-denominated borrowing facilities to manage its liquidity. The Group uses bank facilities under the normal operating cycle to manage short-term liquidity. The Group raises funds in bank markets and ensures a reasonable balance is maintained between the period over which the assets generate funds and the period over which the respective assets are funded to manage long-term liquidity. Liquidity on long-term borrowings is managed by maintaining a varied maturity profile thereby minimising refinancing risk.

The tables below disclose the maturity profile of the Group's non-derivative financial liabilities and those financial assets used for managing liquidity risk. The tables have been drawn up based on the earliest date on which the Group can be required to settle or can require settlement. The amounts disclosed in the table are the contractual undiscounted cash flows at the year-end.

Group TZS m	<1 Year	2-5 Years	5+ years	Total
2023				
Financial liabilities				
Lease liabilities	(133 708)	(386 239)	(139 295)	(659 242)
Accruals	(139 372)	–	–	(139 372)
Intergroup payables	(12 819)	–	–	(12 819)
Capital expenditure creditors	(66 040)	–	–	(66 040)
Licences payables	(73 710)	–	–	(73 710)
Asset restoration Obligation payables	(5 498)	(2 707)	(12 895)	(21 100)
Mobile financial payables	(509 358)	–	–	(509 358)
Other payables	(13 393)	–	–	(13 393)
Trade payables	(25 683)	–	–	(25 683)
	(979 581)	(388 946)	(152 190)	(1 520 717)
Financial assets				
Trade receivables	56 816	–	–	56 816
Other receivables	9 601	–	–	9 601
Cash and bank balances	236 503	–	–	236 503
M-Pesa balances	87	–	–	87
Mobile financial deposits	509 358	–	–	509 358
Intergroup receivables	4 333	–	–	4 333
	816 698	–	–	816 698

36. Risk management policies and objectives continued

36.3 Financial risk management continued

Liquidity management continued

Group TZS m	<1 Year	2-5 Years	5+ years	Total
2022				
Financial liabilities				
Lease liabilities	(124 754)	(424 103)	(145 125)	(693 982)
Accruals	(128 630)	–	–	(128 630)
Intergroup payables	(15 297)	–	–	(15 297)
Capital expenditure creditors	(64 541)	–	–	(64 541)
Mobile financial payables	(436 086)	–	–	(436 086)
Asset restoration Obligation payables	(5 474)	(2 829)	(14 078)	(22 381)
Other payables	(9 889)	–	–	(9 889)
Trade payables	(21 192)	–	–	(21 192)
	(805 863)	(426 932)	(159 203)	(1 391 998)
Financial assets				
Trade receivables	55 526	–	–	55 526
Other receivables	3 298	–	–	3 298
Cash and bank balances	256 914	–	–	256 914
M-Pesa balances	47	–	–	47
Mobile financial deposits	436 086	–	–	436 086
Intergroup receivables	7 317	–	–	7 317
	759 188	–	–	759 188

Company **TZS m**	**<1** **Year**	**2-5** **Years**	**5+** **years**	**Total**
2023				
Financial liabilities				
Lease liabilities	**(133 708)**	**(386 239)**	**(139 295)**	**(659 242)**
Accruals	**(129 388)**	**–**	**–**	**(129 388)**
Intergroup payables	**(7 804)**	**–**	**–**	**(7 804)**
Capital expenditure creditors	**(66 040)**	**–**	**–**	**(66 040)**
Licences payables	**(73 710)**	**–**	**–**	**(73 710)**
Asset restoration Obligation payables	**(5 498)**	**(2 707)**	**(12 895)**	**(21 100)**
Other payables	**(2 391)**	**–**	**–**	**(2 391)**
Trade payables	**(25 692)**	**–**	**–**	**(25 692)**
	(444 231)	**(388 946)**	**(152 190)**	**(985 367)**
Financial assets				
Trade receivables	**51 014**	**–**	**–**	**51 014**
Other receivables	**8 342**	**–**	**–**	**8 342**
Cash and bank balances	**179 989**	**–**	**–**	**179 989**
M-Pesa balances	**87**	**–**	**–**	**87**
Intergroup receivables	**27 363**	**–**	**–**	**27 363**
	266 795	**–**	**–**	**266 795**
2022				
Financial liabilities				
Lease liabilities	(124 754)	(424 103)	(145 125)	(693 982)
Accruals	(121 697)	–	–	(121 697)
Intergroup payables	(11 943)	–	–	(11 943)
Capital expenditure creditors	(64 541)	–	–	(64 541)
Asset restoration Obligation payables	(5 474)	(2 829)	(14 078)	(22 381)
Other payables	(2 484)	–	–	(2 484)
Trade payables	(21 156)	–	–	(21 156)
	(352 049)	(426 932)	(159 203)	(938 184)
Financial assets				
Trade receivables	52 639	–	–	52 639
Other receivables	1 760	–	–	1 760
Cash and bank balances	59 047	–	–	59 047
M-Pesa balances	47	–	–	47
Intergroup receivables	16 165	–	–	16 165
	129 658	–	–	129 658

37. Capital management

The Group manages it's capital to ensure that entities within the Group will be able to continue as going concern while maximising return to shareholders. Capital is monitored on the basis of net debt to adjusted equity. Net debt comprises interest bearing borrowings, non-interest bearing borrowings, derivative financial instruments and cash and cash equivalents. The Group's strategy is to maintain a net debt to adjusted equity ratio of below 150%. These internal ratios establish levels of debt that Group should not exceed other than for relatively short periods of time and they are reviewed on a semi annual basis to ensure they are being met. The net debt to adjusted equity ratio at the reporting date are as follows;

	Group		**Company**	
TZS m	**2023**	**2022**	**2023**	**2022**
Cash and bank balances – (Note 22)	**236 590**	256 961	**180 076**	59 094
Borrowings	**–**	–	**–**	–
Equity	**(821 723)**	(777 324)	**(764 164)**	(582 653)
Net debt to equity ratio (%)	**(28.79)**	(33.06)	**(23.57)**	(10.14)

38. Immediate and ultimate parent companies

The Group is controlled by its parent, Vodacom Group Limited, which is incorporated and domiciled in South Africa, and as at 31 March 2023, owns 75% (2022: 75%) of the Company's shares. The ultimate parent is Vodafone Group Plc., which is incorporated and domiciled in the United Kingdom.

39. Statement of cash flows notes

(a) Cash generated from operations

TZS m	Note	Group 2023	Group 2022	Company 2023	Company 2022
Profit/(loss) before tax					
Adjusted for:		**26 351**	3 179	**153 322**	(109 202)
Finance income	10	**(24 463)**	(25 837)	**(161 410)**	(2 729)
Finance cost	11	**76 650**	85 544	**59 925**	66 952
Net gain on foreign currency translation	12	**2 939**	1 548	**2 901**	1 554
		81 477	64 434	**54 738**	(43 425)
Adjusted for:					
(Gain)/loss on disposals of property plant and equipment and de-recognised lease liabilities	9(a)	**(386)**	18	**(386)**	18
Depreciation and amortisation	9(b)	**248 306**	236 201	**241 857**	229 496
Charge/(release) on financial assets	9(c)	**2 974**	(2 275)	**2 978**	(2 281)
Amortisation of capacity prepayments	9(a)	**16 353**	14 345	**16 353**	14 345
Increase/(decrease) in provision for inventory	20	**1 222**	(2 555)	**1 222**	(2 555)
Amortisation of government grant	26	**(345)**	(1 716)	**(345)**	(1 716)
Government grants applied against funded assets	26	**(4 626)**	(3 532)	**(4 626)**	(3 532)
Decrease in legal and marketing fees provision		**(3 832)**	(5 657)	**(5 489)**	(5 657)
Cash flows from operations before working capital changes		**341 143**	299 263	**306 302**	184 693
Payment for capacity contracts	17	**(13 162)**	(15 044)	**(13 162)**	(15 044)
(Increase)/decrease in inventory – gross		**(1 700)**	4 137	**(1 700)**	4 137
(Increase)/decrease in trade and other receivables		**(10 783)**	17 556	**(7 936)**	20 596
Increase/(decrease) in trade and other payables		**75 892**	10 836	**9 611**	(3 964)
Cash generated from operations		**391 390**	316 748	**293 115**	190 418

(b) Additions to property and equipment, and intangible assets

TZS m	Notes	Group 2023	Group 2022	Company 2023	Company 2022
Additions to property and equipment	15	**177 237**	193 638	**177 231**	193 638
Less: Right of use assets additions	15	**(32 993)**	(41 077)	**(32 993)**	(41 077)
Additions to intangible assets	16	**154 981**	21 395	**154 077**	21 395
Property and equipment (Capex investment)		**299 225**	173 956	**298 315**	173 956
Changes in capital expenditure creditors		**(1 016)**	(31 803)	**(1 016)**	(31 803)
Changes in licenses payables		**(69 946)**	–	**(69 946)**	–
Property and equipment cash additions		**228 263**	142 153	**227 353**	142 153

40. Operating segments

In order to identify operating segments, management identifies components:

- that engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group Executive Committee; and
- for which discrete financial information is available.

Based on management's analysis, there are no separate business segments for which discrete financial information, as required, is available. In addition, the Group operates within the same geographical area, the United Republic of Tanzania, therefore no separate geographical segments exist. Entity wide segment information is the same as that presented in the consolidated and separate financial statements. There are no revenues from transactions with a single external customer that amount to 10% or more of the Group's revenue.

41. Net current liability position

The Group had a net current liability position of (TZS92 743 million) as at 31 March 2023 (2022: net current asset of TZS37 373 million). The Group will adapt to market conditions in order to maintain an optimal capital structure, commensurate with the level of risk which one would expect from an emerging market telecommunication entity.

42. Events after the reporting period

The Board is not aware of any additional matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which significantly affects the financial position of the Group or the results of its operations or cash flows for the period.

Notice of annual general meeting

VODACOM TANZANIA PUBLIC LIMITED COMPANY
(Incorporated in the United Republic of Tanzania)
(Registration number 38501)
(ISIN: TZ1996102715 Ticker code: VODA)
('Vodacom Tanzania' or 'the Company')

Notice is hereby given that, the seventh annual general meeting of the Company for the year ended 31 March 2023 will be held virtually on Friday 22 September 2023 at 10:00am to conduct the following business:

1. Confirmation of minutes

To confirm minutes of the sixth annual general meeting held on 22 September 2022.

Ordinary resolution number 1

"RESOLVED THAT the minutes of the sixth annual general meeting held on 22 September 2022 be and are hereby confirmed."

Copies of the minutes are obtainable from the Company's website **www.vodacom.co.tz/investors**

2. Adoption of audited consolidated annual financial statements

To receive, consider and adopt the audited consolidated annual financial statements for the year ended 31 March 2023.

Ordinary resolution number 2

"RESOLVED THAT the audited consolidated annual financial statements of the Company, together with the independent auditors' report and directors' report for the year ended 31 March 2023, be and are hereby received and adopted."

Copies of the full audited consolidated annual financial statements for the year ended 31 March 2023 are obtainable from the Company's website **www.vodacom.co.tz/investors**

3. Election and re-election of a director

To elect by way of separate resolutions:

3.1 Mr Philip Besiimire as executive director, having been appointed since the last annual general meeting of the Company, is in accordance with article 86 of the Company's articles of association in respect of casual vacancy on the Board obliged to retire at this annual general meeting. Having so retired, Mr P Besiimire is eligible for election as a director. His profile appears on page 151.

3.2 Mr Thomas B Mihayo and Ms Thembeka Semane are obliged to retire by rotation at this annual general meeting in accordance with the provisions of articles 104 and 105 of the Company's articles of association. Having so retired, Mr TB Mihayo and Ms T Semane are eligible for re-election as directors. Their profiles appear on page 151.

Ordinary resolution number 3

"RESOLVED THAT Mr Philip Besiimire be and is hereby elected as an executive director of the Company."

Ordinary resolution number 4

"RESOLVED THAT Mr Thomas B Mihayo be and is hereby re-elected as an independent non-executive director of the Company."

Ordinary resolution number 5

"RESOLVED THAT Ms Thembeka Semane be and is hereby re-elected as an independent non-executive director of the Company."

4. Appointment of Ernst & Young as auditors of the Company

To appoint Ernst & Young Inc., as nominated by the Company's Audit, Risk and Compliance Committee, as independent auditors of the Company, to hold office until the conclusion of the next annual general meeting of the Company.

Ordinary resolution number 6

"RESOLVED THAT Ernst & Young Inc. be and are hereby appointed as the auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company."

5. Appointment of members of the Audit, Risk and Compliance Committee

To re-elect, by way of separate resolutions and in accordance with article 32(f) of the Company's articles of association, Mesdames Margaret Ikongo, Thembeka Semane and Kanini Mutooni to continue serving as members of the Audit, Risk and Compliance Committee and considered to be financial experts for this purpose. Their profiles appear on page 151 and 152.

Ordinary resolution number 7

"RESOLVED THAT Ms Margaret Ikongo be and is hereby re-elected to serve as a member of Audit, Risk & Compliance Committee."

Ordinary resolution number 8

"RESOLVED THAT, subject to approval of resolution no. 5, Ms Thembeka Semane be and is hereby re-elected to serve as a member of Audit, Risk & Compliance Committee."

Ordinary resolution number 9

"RESOLVED THAT Kanini Mutooni be and is hereby re-elected to serve as a member of Audit, Risk & Compliance Committee."

6. Dividend

To approve a final gross dividend of TZS9.95 per ordinary share for the financial year ended 31 March 2023 as recommended by the directors. The dividend will be paid on or before Monday 16 October 2023 to the shareholders recorded in the register as at the close of trading on 14 August 2023.

Ordinary resolution number 10

"RESOLVED THAT the dividend of TZS9.95 per ordinary share for the year ended 31 March 2023 be and is hereby approved."

7. Approval of the directors' remuneration

To approve the non-executive directors' remuneration of US$ 477 000 until the conclusion of the next annual general meeting of the Company, enabling the Company to attract and retain persons of the capability, skills and experience required to make a meaningful contribution to the Company. No increase in fees has been proposed.

Ordinary resolution number 11

"RESOLVED THAT the level of non-executive directors' remuneration of US$ 477 000 be and is hereby approved on the basis set out as follows:

	Proposed fee US$[1]	Current fee US$
Board Chairman	150 000	**150 000**
Board Member	30 000	**30 000**
ARCC Chairperson	15 000	**15 000**
ARCC Member	8 000	**8 000**
Remco Chairperson	12 000	**12 000**
Remco Member	4 000	**4 000**
Nomco Member	3 000	**3 000**

1. These amounts represent gross remuneration, inclusive of all taxes (including withholding tax) and are payable in Tanzanian shillings for local directors, South African rand for South African directors and United States dollar for other directors. Payments are made on a quarterly basis in arrears for a minimum of four ordinary meetings per annum, three special board meetings and an AGM or any EGM as may be required.

8. Special Business

8.1 Acquisition of Smile Communications Tanzania Limited

To approve the acquisition of 100% of the issued shares in Smile Communications Tanzania Limited, subject to approvals being issued by the Tanzanian Fair Competition Commission and the Tanzania Communications Regulatory Authority as well as there being no objection being obtained by the Capital Markets and Securities Authority and the Dar es Salaam Stock Exchange for the acquisition, on terms acceptable to the parties involved.

Special resolution number 1

"RESOLVED THAT the acquisition of 100% of the issued shares in Smile Communications Tanzania Limited be and is hereby approved".

8.2 Investing in joint ventures

To approve investing into joint ventures with strategic partners to carry out fibre installation and provide related services as well as accelerate tower infrastructure in rural areas in order to grow fixed and mobile footprints in Tanzania while optimising investment costs.

Special resolution number 2

"RESOLVED THAT an investment into a joint venture for purposes of carrying out fibre installation and providing related services in Tanzania be and is hereby approved".

Special resolution number 3

"RESOLVED THAT an investment into a joint venture for purposes of accelerating tower infrastructure and provide related services in rural areas in Tanzania be and is hereby approved".

Profile of directors for re-election and election

Independent non-executive chairman
Chairman of the Nomination Committee

Thomas B Mihayo (76)

- Degree in Law (LL.B) from University of Dar es Salaam, Tanzania.
- Arbitrator and Legal Consultant.

Justice Mihayo was appointed as an independent non-executive director of Vodacom Tanzania in November 2020. He is the President of the Tanzania Retired Judges Associations. He is also Commissioner of the National Electoral Commission. Justice Mihayo is an Advocate of the High Court and Courts subordinate thereto save Primary Courts. He has over 35 year of experience working in various courts in Tanzania. He served as Principal Corporation Counsel with the Tanzania Legal Corporation and then Registrar of the LART Loans Recovery Tribunal and finally for seven years as Judge of the High Court of Tanzania. Justice Mihayo served as Chairman of the Board of Directors of the Tanzania Tourist Board. He also served as Board Member of the Public Procurement Regulatory Authority and President of the Media Council of Tanzania. Thereafter, he served as a Council Member in the Tanganyika Law Society and was President thereof for two terms of one year each.

Executive Director
Managing Director – Vodacom Tanzania
Member of Vodacom Tanzania PLC
Executive Committee

Philip Besiimire (47)

- Master's in Business Administration, Business School of Netherlands (BSN), Netherlands
- Bachelor of Arts in Social Sciences, Makerere University, Kampala, Uganda

Philip was appointed as the Managing Director of Vodacom Tanzania PLC effective 15 October 2022. He joined Vodacom from MTN South Africa where he was the Chief Sales, Distribution and Regional Operations Officer since 2019. He held various senior roles at MTN including Executive Regional Operations in South Africa, Chief Executive Officer in South Sudan, Chief Marketing Officer in Zambia and Chief Marketing Officer and Acting Chief Executive Officer in Swaziland. He has over 15 years' experience in leadership and commercial execution (marketing, consumer, enterprise and mobile financial services) working with one of the largest telco companies in Africa.

Independent Non-Executive Director
Chairperson of the Audit, Risk and Compliance Committee and a financial expert on this committee

Margaret Ikongo (66)

- Master's in Business Administration, Open University, Tanzania.
- International Certificate in Risk Management, Institute of Risk Management, United Kingdom.
- International Diploma in Risk Management and Graduate Member of the Institute of Risk Management United Kingdom.
- Associate member of Chartered Insurance Institute, United Kingdom.

Margaret was appointed as an independent non-executive director of Vodacom Tanzania in November 2017. She is also a board member of Actuarial and Risk Consulting, and Metrolife and Meticulus Insurance. Previously, Margaret sat on the Boards of NMB Plc and AAR Insurance Tanzania as well as the Board of Trustees of the National Social Securities Fund. Margaret has extensive financial and corporate governance expertise which were gained from her career in the insurance industry where she was Managing Director of the National Insurance Corporation for a period of ten years. Margaret was also an advisor to the Commissioner of the Tanzania Insurance Regulatory Authority as well as the Acting Head of the Technical Directorate.

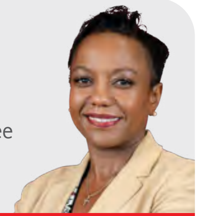
Independent Non-Executive Director
Member of Audit, Risk and Compliance Committee and a financial expert on this committee

Thembeka Semane (47)

- Master's in Business Administration; Monash University;
- Post Grad Diploma in Business Administration; University of Pretoria – Gordon Institute of Business Science.
- Bachelor of Commerce in Financial Accounting; University of Transkei (the current Walter Sisulu University)
- Certificated Associate of the Institute of Bankers – CAIB (SA)

Thembeka was appointed as an independent non-executive director of Vodacom Tanzania in November 2017. She is an experienced business executive proficient in corporate strategy development, business systems implementation, high value project financing, compliance and monitoring, corporate governance and financial management. She is a director at Linea consulting (Pty) Ltd, a regulatory committee member of ACASA and ATNS, reporting to South Africa's Minister of Transport, as well as a councillor at ICASA. Thembeka serves as a board member of the Department of Human Settlements' EAAB, where she also serves as the chairperson of its finance and investment committee as well as being a member of the audit and risk committee and human resources and remuneration committee. She is a board member and a member of both the audit & risk management committee and remuneration committee of South African National Parks. Furthermore, Thembeka is a member of the South African Heritage Resource Agency and the Sol Platjie Municipality's audit, risk and performance management committee.

Profile of directors for re-election and election
continued



Independent
Non Executive Director
Member of Audit, Risk and Compliance Committee and a financial expert on this committee

Kanini Mutooni (47)

- Harvard Kennedy School of Government-Global Policy Executive Education.
- Master's in Business Administration (MBA), Cass Business School, City University, London.
- Securities Institute Diploma (UK)-Chartered Institute of Securities and Investment Professionals.
- Investment Management Certificate (UK)
- ACCA, Chartered Association of Certified Accountants (UK).
- Bachelor of Commerce (Hons) Catholic University, Kenya.

Kanini was appointed as an independent non-executive director of Vodacom Tanzania in October 2022. She is the Managing Director of Draper Richards Kaplan Foundation responsible for the Africa portfolio. She also serves as a board director for Financial Sector Deepening Africa (FSDA); MCE Social Capital, the United Nations Capital Development Fund, Africa Enterprise Challenge Fund, Amref Health Innovation and CDC UK PLC. Kanini is the former Board Chair of The Global Innovation Fund, a $250M investment vehicle supported by the UK, US, Canadian, Australian and Swedish Governments. She also worked at the Board level in leadership positions at investment banks in London and the US, such as Bank of America-Merrill Lynch and Dresdner Kleinwort Benson.

Record date

The record date for shareholders to be registered in the books of the Company for purposes of being entitled to participate, speak and vote at the annual general meeting is Friday 15 September 2023.

Participation by electronic means

The annual general meeting will be held in full electronic format in accordance article 29 and 63 of the Company's articles of association. Shareholders who will be on the register on the record date will received SMS notification with meeting credentials. The annual general meeting will be streamed live via a link using a web enabled device with compatible web browser (smart phone/tablet/iPad). For more information, please visit the Company's website **https://vodacom.co.tz/investors**

Shareholders will be liable for their own network and data charges. The Company will not be held accountable in the case of the loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages/electronic participation channel malfunction which could prevent a shareholder from participating in the electronic annual general meeting.

Shareholders are encouraged to submit any questions concerning the resolutions proposed as set out in this notice of annual general meeting in advance of the annual general meeting by emailing their questions to **investorrelations@vodacom.co.tz** by no later than 10:00am Tuesday 19 September 2023. These questions will be addressed via the electronic participation channel at the annual general meeting. Submission of questions in advance will however not preclude a shareholder from asking a question at the electronic meeting.

Voting and Proxy

Only shareholders are entitled to attend, speak and vote at the annual general meeting.

Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company. A duly completed form of proxy, obtained from the company's website, along with DSE Depository receipt, personal identification (National ID/ Voters ID/ Driver ID) and contact details must be emailed to **investorrelations@vodacom.co.tz** or delivered for the attention of the Company Secretary at 7 Floor, Vodacom Tower, Ursino Estate, Plot 23, Bagamoyo Road, Dar es Salaam, Tanzania not later than 10:00am Tuesday 19 September 2023. The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

Voting shall be conducted in accordance with the Company's memorandum and articles of association. An ordinary resolution to be approved at the annual general meeting must be supported by more than 50% of the voting rights of shareholders, whereas a special resolution must be supported by the holders of not less than 75% of the voting rights.

Shareholders holding shares, but not in their own name must furnish their custodians or broker with their instructions for voting at the annual general meeting. If your custodian or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it.

Shareholders are encouraged to continuously monitor the Company's website for updates relating to the annual general meeting.

By order of the Board.

Caroline M Mduma
Company Secretary
31 August 2023

Form of proxy

Vodacom Tanzania Public Limited Company
(Incorporated in the United Republic of Tanzania)
(Registration number 38501)
(ISIN: TZ1996102715 Ticker code: VODA)
('Vodacom Tanzania' or 'the Company')

Section A – To be completed by all shareholders

Full Name

CDS Account Number | Number of shares held in the Company

Section B – Only shareholders who wish to appoint individual(s) other than the Chairman as a proxy should complete this section

I (We), the person(s) named in Section A above, with the CDS Account Number and Number of shares held in the Company shown in Section A above, do hereby appoint (see note 1 & 2)

or failing him/her,

or failing him/her,

the Chairperson of the annual general meeting as my(our) proxy to attend and speak and vote for me(us) on my(our) behalf at the virtual annual general meeting which will be held on Friday 22 September 2023 for the purpose of considering and, if deemed fit, passing the ordinary and special resolutions to be proposed and at each adjournment of the meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my(our) name(s).

Section C – To be completed by all shareholders

Please indicate with an "x" in the applicable space, how you wish your votes to cast.

Unless otherwise directed the proxy specified in Section B above will vote as he or she thinks fit.

	For	Against	Abstain
1 **Ordinary resolution number 1** Confirmation of minutes of the annual general meeting held on 22 September 2022			
2. **Ordinary resolution number 2** Adoption of consolidated annual financial statements for the year ended 31 March 2023			
3. **Ordinary resolution number 3** Election of Philip Besiimire as an executive director			
4. **Ordinary resolution number 4** Re-election of Thomas B Mihayo as an independent non-executive director			
5. **Ordinary resolution number 5** Re-election of Thembeka Semane as an independent non-executive director			
6. **Ordinary resolution number 6** Appointment of Ernst & Young Inc. as auditors of the Company for the year ending March 2024			
7. **Ordinary resolution number 7** Re-election of Margaret Ikongo as a member of Audit Risk & Compliance Committee			
8. **Ordinary resolution number 8** Re-election of Thembeka Semane as a member of Audit Risk & Compliance Committee			
9. **Ordinary resolution number 9** Re-election of Kanini Mutooni as a member of Audit, Risk & Compliance Committee			
10. **Ordinary resolution number 10** Approval to pay a dividend of TZS9.95 per share for the financial year ended 31 March 2023			
11. **Ordinary resolution number 11** Approval of the non-executive directors' remuneration of US$ 477 000			
12. **Special resolution number 1** Approval to acquire 100% of the issued shares in Smile Communications Tanzania Limited			
13. **Special resolution number 2** Approval to enter into a joint venture and carry out fibre installation and provide related services			
14. **Special resolution number 3** Approval to enter into a joint venture and accelerate tower infrastructure and provide related services			

Signed this | day of | September 2023

Signature: | Signature:

Completed forms of proxy must be lodged with the Vodacom Tanzania PLC Company Secretary office by no later than 10:00am Tuesday 19 September 2023.

Notes to the form of proxy

1. A member entitled to participate and vote at the annual general meeting may appoint one or more proxies to attend, vote and speak in his/her stead at the annual general meeting. A proxy need not be a member of the Company. In the case of a member being a corporate, the proxy form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.

2. Please insert an 'X' in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company insert the number of shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.

3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting" but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

4. Duly signed forms of proxy and a copy of the shareholder's depository receipt may be scanned and emailed to investorrelations@vodacom.co.tz or deposited for the attention of the Company Secretary at 7th Floor, Vodacom Tower, Ursino Estate, Plot 23, Bagamoyo Road, Dar es Salaam, Tanzania by no later than 10:00am Tuesday 19 September 2023.

5. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

6. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced.

7. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the shareholder wishes to vote.

8. Where there are joint holders of shares:

   - Any one holder may sign this form of proxy; and
   - The vote of the senior shareholder (for that purpose, seniority will be determined by the order in which the names of the shareholders appear in the company's register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.

Ms Caroline Mduma

Company Secretary
7th Floor, Vodacom Tower, Ursino Estate,
Plot 23, Bagamoyo Road,
PO Box 2369,
Dar es Salaam,
E-mail: investorrelations@vodacom.co.tz

Share information

Total shareholding	# of shares	% holding
Vodacom Group Limited	1 680 000 200	75.0%
Government Employees Pension Fund (Public Investment Corporation SOC Limited, the Republic of South Africa)	164 503 540	7.3%
Institutional Investors (East Africa)	250 752 782	11.2%
Institutional Investors (Rest of the World)	50 122 663	2.2%
Others	94 621 115	4.3%
	2 240 000 300	**100.0%**

Institutional investors other than Vodacom Group	% institutional holding
Tanzania	**47.9%**
PIC	**35.3%**
Uganda	**6.0%**
Other International investors	**10.8%**
	100.0%

Corporate information

Vodacom Tanzania Public Limited Company

(Incorporated in the United Republic of Tanzania)
Registration number: 38501
(ISIN: TZ1996102715 Share Code: VODA)

Directors

TB Mihayo (Chairman)[1]
P Besiimire (Managing Director)[2]
H Bujiku (Finance Director)[1]
S Mdlalose[3]
D Gutierrez[4]
M Ikongo[1]
M Mbungela[5]
N Nyoka[5]
R Morathi[5]
S Ramasamy[6]
T Semane[5]
K Mutooni[7]

[1] Tanzanian. [2] Ugandan. [3] British. [4] Bolivian.
[5] South African. [6] Indian. [7] Kenyan.

Company secretary

Caroline Mduma
15th Floor, Vodacom Tower
Ursino Estate, Plot 23, Bagamoyo Road
P.O. Box 2369, Dar es Salaam, Tanzania

Registered office and Place of business

15th Floor, Vodacom Tower
Ursino Estate, Plot 23, Bagamoyo Road
P.O. Box 2369, Dar es Salaam, Tanzania

Auditor

Ernst & Young
EY House Plot No 162/1 TZ
14111 Mzinga Way, Oysterbay Peninsular
P.O. Box 2475
Dar es Salaam, Tanzania

Main bankers

Citibank Tanzania Limited

Citibank House
Plot 1962, Toure Drive, Oysterbay
P.O. Box 71625
Dar es Salaam, Tanzania

National Bank of Commerce Limited

Sokoine Drive & Azikiwe Street
P.O. Box 1863
Dar es Salaam, Tanzania

NMB Bank Plc

Ohio street/Ali Hassan Mwinyi Road
P.O. Box 9213
Dar es Salaam, Tanzania

CRDB Bank Plc.

Azikiwe street
P.O. Box 268
Dar es Salaam, Tanzania

Standard Chartered Bank Tanzania

International House
Shaaban Robert St/Garden Avenue
P.O. Box 9011
Dar es Salaam, Tanzania

External legal counsel

IMMMA (Advocates)

Plot 357, IMMMA House
United Nations Road, Upanga
P.O. Box 72484
Dar es salaam, Tanzania

Lawhill

14112 Regent Estate Mikocheni
Historia Street, Plot 311 House No 96
P.O. Box 105646
Dar es salaam, Tanzania

Transfer secretary

CSD & Registry Company Limited
Dar es Salaam Stock Exchange
3rd Floor, Kambarage House
Plot 6, Ufukoni Street
P.O. Box 70081
Dar es Salaam, Tanzania

Sponsoring licenced dealing member

Orbit Securities Company Limited

External communications

Zuweina Farah

Investor Relations

Albert Maneno, Neema Munuo
investorrelations@vodacom.co.tz
www.vodacom.co.tz/investors

Definition of terms

2G	2G networks are operated using global system for mobile ('GSM') technology which offers services such as voice, text messaging and low speed data. In addition, our network supports general packet radio services ('GPRS'), often referred to as 2.5G. GPRS allows mobile devices to access online data services such as the internet and email.
3G	A cellular technology based on wide band code division multiple access delivering voice and faster data services.
4G	Technology that 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.
Active customers	Active customers 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.
Active data customers	Active data customers are based on the number of unique users generating billable data traffic during the month. Also included are users on integrated tariff plans, or who have access to corporate access point names ('APNs'), and users who have been allocated a revenue generating data bundle during the month. A user is defined as being active if they are paying a contractual monthly fee for this service or have used the service during the reported month.
30 day active M-Pesa customers	30 day active M-Pesa customers are the number of unique customers who have generated billable transactions during the past 30 days.
ARPU	ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
Capital Markets and Securities Act	Capital Markets and Securities Act, Cap. 79 of the Laws of the United Republic of Tanzania (Act No. 5 of 1994), as amended from time to time.
Churn	Churn is calculated by dividing the annualised number of disconnections during the period by the average number of monthly customers during the period.
Cloud services	Services where the customer has little or no equipment at their premises and all the equipment and capability associated with the service is run from the Vodacom network and data centres instead. This removes the need for customers to make capital investments and instead they have an operating cost model with a recurring fee.
Companies Act	Companies Act, Cap. 212 of the Laws of the United Republic of Tanzania (Act No. 12 of 2002), as amended from time to time.
Customer value management ('CVM')	The delivery of perceived value to identifiable customer segments that results in a profitable return for the company.
EBIT	Earnings before interest, taxation, impairment losses, profit/loss on disposal of investments, profit/loss from associate and restructuring cost.
EBITDA	Earnings before interest, taxation, depreciation and amortisation, impairment losses, profit/loss on disposal of investments, property, plant and equipment, and intangible assets, profit/loss from associate and restructuring cost.
EPOCA	The Electronic and Postal Communications Act, Cap. 172 of the Laws of the URT (Act No. 3 of 2010) as amended from time to time.
Free cash flow	Cash generated from operations less additions to property, plant and equipment and intangible assets, proceeds on disposal of property, plant and equipment and intangible assets, tax paid, net finance charges paid or received. Free cash flow excludes movements in amounts owed to M-Pesa customers.
GSM Association	An organisation which represents the interests of mobile operators globally, uniting nearly 800 operators with almost 300 companies in the broader mobile ecosystem.
IIRC	International Integrated Reporting Council.

Internet of Things ('IoT')	The network of physical objects embedded with electronics, software, sensors, and network connectivity, including built-in mobile SIM cards, that enables these objects to collect data and exchange communications with one another or a database.
Mobile broadband	Mobile broadband allows internet access through a browser or a native application using any portable or mobile device such as smartphone, tablet or laptop connected to a cellular network.
Mobile customer	A mobile customer is defined as a subscriber identity module ('SIM') which has access to the network for any purpose, including data only usage.
Mobile termination rate ('MTR')	A per minute charge paid by a telecommunications network operator when a customer makes a call to another mobile or fixed network operator.
MoU	Minutes of use per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
Operating free cash flow	Cash generated from operations less additions to property, plant and equipment and intangible assets other than licence and spectrum payments and purchases of customer bases, net of proceeds on disposal of property, plant and equipment and intangible assets, other than licence and spectrum payments and disposals of customer bases. Operating free cash flow excludes movements in amounts owed to M-Pesa customers.
PABX	A private automatic branch exchange ('PABX') is an automatic telephone switching system within a private enterprise.
RAN	Radio access network is the part of a mobile telecommunications system which provides cellular coverage to mobile phones via a radio interface, managed by base stations installed on towers and rooftops across the coverage area, and linked to the core nodes through a backhaul infrastructure which can be owned, leased or a mix of both.
Roaming	Allows customers to make calls, send and receive texts and data on other operators' mobile networks, usually while travelling abroad.
Smartphone penetration	The number of smartphones and other smart devices used on our network during a month divided by the total number of mobile customers which used any service during the same period.
SME	Small to medium-sized enterprise.
SoHo	Small office-home office.
Spectrum	The radio frequency bands and channels assigned for telecommunication services.
Vodacom Group	Vodacom Group Limited and each of its subsidiary companies.
Vodacom Tanzania or the Company	Vodacom Tanzania Public Limited Company.
Vodafone Group Plc	Vodafone Group Plc and each of its subsidiary companies.
VPN	A virtual private network ('VPN') is a network that uses a shared telecommunications infrastructure, such as the internet, to provide remote offices or individual users with secure access to their organisation's network.
Weighted NPS	The net promoter score ('NPS') is an index ranging from –100 to 100 that measures the willingness of customers to recommend an operator's products or services to others. It is used as a proxy for gauging the customers' overall satisfaction with an operator's product or service and the customers' loyalty to the brand. For each operator, responses are collected from customers who use its products or services as either the primary or alternative means of telecommunication (a 'primary user' or 'alternative user'). Responses from primary and alternative users are then weighted by the natural proportion of primary and alternative users for that operator in order to calculate the weighted NPS.
WiMAX	Worldwide Interoperability for Microwave Access ('WiMAX') technology is a broadband wireless data communications technology which is able to provide high speed data over a wide area.

Disclaimer

Non-IFRS information

The auditor's report does not necessarily cover all of the information contained in this announcement, which sets out the consolidated financial results of Vodacom Tanzania Public Limited Company ('the Company') and its subsidiaries (together 'the Group') for the twelve months ended 31 March 2023. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. This announcement 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. Refer to the 'Operating and financial review' section of this announcement for details relating to service revenue, EBITDA and earnings per share.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, Vodacom, Connected Farmer and Vodafone Supernet are trademarks of Vodafone Group PLC (or have applications pending). M-Fundi, M-Shamba, M-Pawa and Vodacom Faraja are trademarks of Vodacom Tanzania Public Limited Company (or have applications pending). Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This announcement, which sets out the consolidated results of the Group for the twelve months ended 31 March 2023, contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain information relating to the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: The Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's business by the government in the country in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

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, 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 roll-outs, mobile data, Enterprise and 4G and 5G networks expansion; 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. All subsequent written or oral forward-looking statements attributable to the Company, 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 law and regulations, the Company does not intend to update these forward-looking statements and does not undertake any obligation to do so.


vodacom