Vodacom Tanzania Public Limited Company

# Annual Integrated Report

For the year ended 31 March 2024

Together we can

# Contents


## Overview
Who we are 02
Vodacom Tanzania at a glance 03
Chairman's review 04
The value we impacted 06

## Our business
Managing Director's review 08
Our products and services 10
Our investment case 11
Our business model 12

## Our business environment
Our operating context 16
Our key relationships 20
Our material risks and opportunities 22

## Our strategy
Our strategic priorities 26
- Vigorously grow mobile 26
- Expand and escalate M-Pesa growth 28
- Relentlessly pursue Fixed 29
- Extract Wholesale value 30
- Innovate and lead Enterprise 30
- Leveraging our brand position 31

Our strategic enablers 33
- Digital care and experience 33
- Technology leadership in network and IT 34
- Retain and develop a high performing team 36

## Our purpose
Empowering people 39
Protecting the planet 41

## Our financial performance
Finance Director's review 42

## Governance
Our leadership team 48
Corporate governance report 52
Corporate governance activities 54
Remuneration report 2024 56

## Consolidated annual financial statements
Report of the directors 59
Statement of directors' responsibilities 75
Declaration by the head of finance 76
Independent auditor's report 77
Financial statements 80

## Notice of annual general meeting 143
Form of proxy 147
Notes to form of proxy 148

## Additional information
Share information 149
Corporate information 150
Definition of terms 151
Disclaimer 153


# Vodacom Tanzania's Annual Report 2024

This is Vodacom Tanzania's eighth annual report, and the seventh 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 2023 to 31 March 2024. This report adopts a 'financial materiality' perspective: it provides information on those matters that are likely to influence report users' assessment of the value, timing and certainty of Vodacom Tanzania's future cash flows over the short, medium and long term.

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards (IFRS), the 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 77 to 79).

Throughout this report, we include forward-looking information on the challenges we are likely to face and opportunities we intend to pursue as part of our strategy. Where possible, we articulate the implications of these on our performance. It is important to note, however, that forward-looking statements are inherently predictive and speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

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 17 July 2024.

Signed on the Board's behalf:

**Justice (rtd) Thomas Mihayo**
Chairman
17 July 2024

**Philip Besiimire**
Managing Director
17 July 2024

## 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. As a subsidiary of the leading African telco, Vodacom Tanzania is committed to harnessing its technology and resources in the attainment of these goals, supporting governments, communities, businesses and individuals to build a better future. Through our business we enhance access to reliable and accessible data, messaging, voice and mobile money services, making a valuable contribution to meeting national and global developmental objectives.

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


Our performance in contributing to these SDGs is reviewed throughout this report, and in particular in the section on Our Purpose (pages 38 to 41), with additional detail in our separate latest ESG Report available in our website: **https://vodacom.co.tz/financials**. and Group's ESG report at **https://www.vodacom.com/integrated-reports.php**

## Where to find more information:

Find relevant information in **this report**

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

# 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 **19.6 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

**Empowering people**
We aim to close the digital divide and help people benefit from digitalisation

**Protecting the planet**
We want to help protect the planet and enable our customers to do the same

**Maintaining trust**
through responsible business practices

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

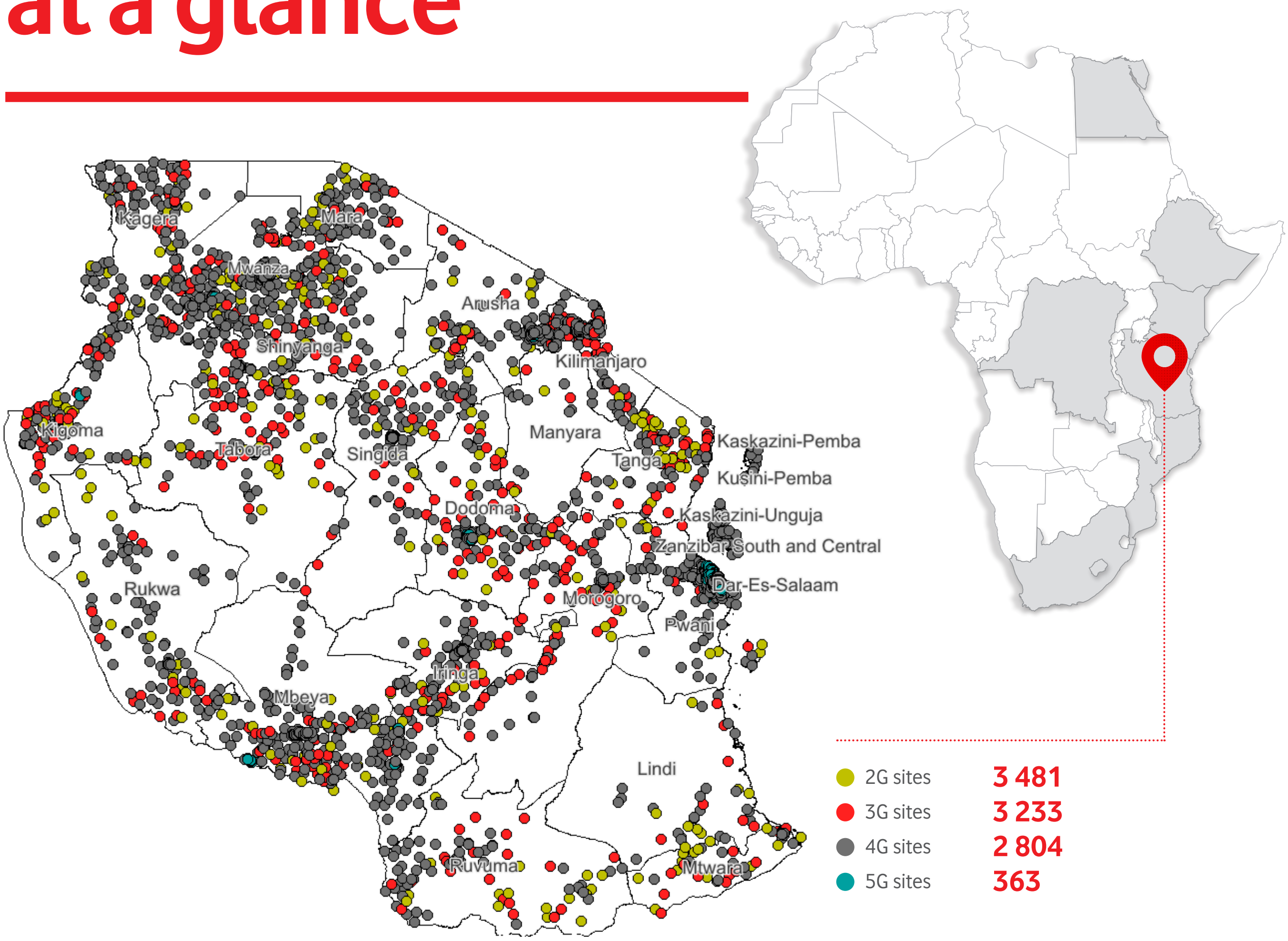
Digital **Care** and **Experience**

Technology leadership in **network** and **IT**

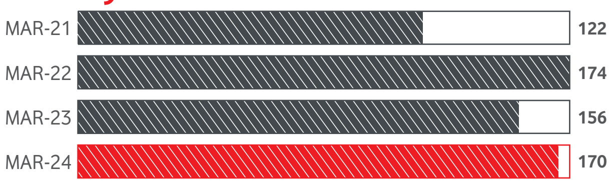
Retain and develop a **high performing team**

Improve the **return on capital employed**

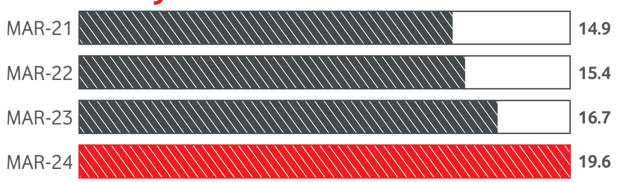
# Vodacom Tanzania at a glance



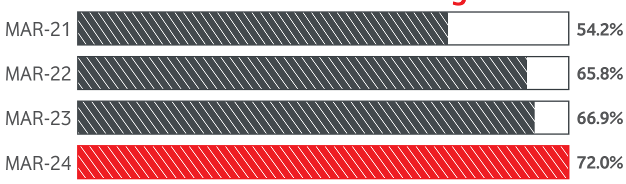

## 4 years CAPEX (TZS billions)



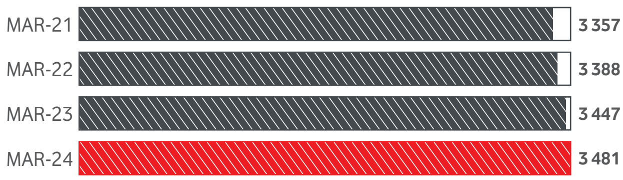

## 90 days customers (million)



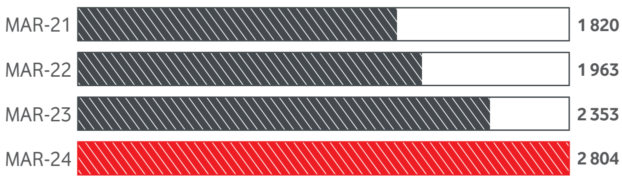

## Combined 3G and 4G coverage



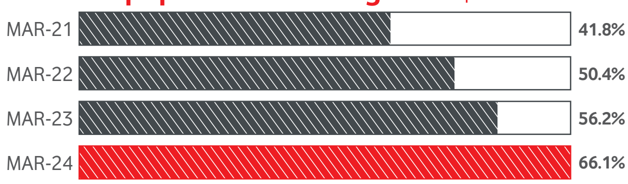

## Total number of sites




## Total number of 4G sites




## 4G population coverage (1 mbps outdoor)



# Chairman's review

I am pleased to present Vodacom Tanzania's eighth annual report, and the seventh since our listing on the Dar es Salaam Stock Exchange in August 2017. Being the first and the only mobile network operator to deliver on the Government's listing requirements, with our IPO attracting over 40,000 investors – is evidence of Vodacom's strong commitment to compliance and contribution to the growth and development of Tanzania's economy.

This has been a very encouraging year for the company, with its strong financial results and operational performance reflecting both the **quality of the Company's purpose-led strategy and its ability to execute effectively on this strategy**.

This year, profit after tax was **up 19.9%** to **TZ53.4 billion**, which will enable the Board to recommend that shareholders approve a final dividend of at least **50% of post-tax profit for the year,** in accordance with our stated dividend policy.

Justice (rtd) Thomas Mihayo

In the face of heightened market competition, it has been pleasing to see the growth in Vodacom's customer market share to a leading 30.5%[1], and customer increase in its growth streams of mobile data and M-Pesa. The overall base grew 16.9% to 19.6 million customers, supporting a strong double-digit growth in revenue. The growth of 66% in 4G data traffic reflects the collective impact of Vodacom's expansion of its data network, effective execution of its smartphone-acceleration initiatives, and the quality of its mobile data offerings and customer value management (CVM) activities. Given the relatively low level of internet and smartphone penetration in Tanzania, this growth in mobile data gives us confidence that **there is exciting potential for further substantial growth**.

In addition to the Company's strong financial performance, it has been pleasing to see the positive impact of its activities in **promoting financial inclusion and narrowing the digital divide**. This is delivered through its various M-Pesa service offerings, its innovative activities in digitising the critical sectors such as agriculture, health, education and government services, and its continued investment in network infrastructure and expanding access to more affordable smart devices. Through these initiatives, Vodacom not only strengthens its long-term resilience and opportunities for growth, but also empowers people and makes a valuable contribution to the Tanzanian economy.

The Company's ability to make these investments in infrastructure and in innovative products and service offerings, has been enhanced by the **improved dialogue between government and the business community** on issues affecting the ICT sector, as well as the strengthened levels of regulatory certainty. This change in dialogue is evidenced, for example, by the gradual changes and eventually, the removal of the levy on peer to peer mobile money transactions, a significant development that benefited all affected parties, and that had demonstrated the value of working together to fully realise ICT's potential in contributing to the country's developmental priorities.

As Chairman, I am responsible for **ensuring that the Board, through its committees, fulfils its oversight and stewardship functions** to ensure that the Company delivers sustainable growth and financial returns in a responsible and ethical manner and in the best interest of all its stakeholders. Our most recent independent evaluation of the Board's performance gives me the assurance that we have the adequate level of skills, diversity, experience, insight and perspectives amongst our directors. This is necessary for maintaining a strong culture of accountability and providing effective independent oversight of the Company's strategic direction and performance.

**Looking to the future,** there are obviously some concerns that the current conflicts in Europe and the Middle East and the growing tensions in the South China Seas may further impact an already fragile global economy. The ship attacks in the Red Sea not only disrupt one of the world's most important shipping routes, but also damaged one of our undersea communication cables in early March, highlighting the potential vulnerabilities in this very connected global economy. There is also uncertainty regarding the outcome of the many elections taking place this year – including in the US, India, EU, UK and South Africa – that could have important implications for global and regional trade dynamics.

Despite this uncertain geopolitical environment, as well as local challenges such as foreign currency availability, I remain optimistic about both the country's economic outlook and about Vodacom's growth prospects. I am confident that the Company has the right strategy, leadership team and culture of innovation to navigate these uncertainties and to continue to generate long-term value. While we have demonstrated our ability to succeed and grow, we recognise that we can never afford to become complacent, particularly given the context of heightening competition and the changing expectations of a more demanding consumer base.

I would like to thank my colleagues on the Board for their continued insights and advice, and on their behalf, I wish to express our collective appreciation to Vodacom's executive team, employees and all the business partners for their contribution to this year's pleasing performance.

Finally, I would once again encourage all of you reading this annual report to share your views on the Company's performance and strategy. Holding the Company accountable on its performance and disclosure is valuable in helping us all to deliver on Vodacom's purpose of connecting for a better future.

**Justice (rtd) Thomas B Mihayo**
Chairman
17 July 2024

1. According to TCRA report for the quarter to March 2024.

# The value we impacted

## Our performance

Customers
**19.6 million**
up 16.9 %

Smartphone users
**6.6 million**
up 24.3%%

M-Pesa customers
**10.2 million**
up 24.1%

Service revenue
**TZS1.3 trillion**
up 19.4 %

Mobile data revenue
**TZS347.3 billion**
up 26.9 %

M-Pesa revenue
**TZS456.3 billion**
up 27.8%

EBITDA
**TZS394.2 billion**
up 19.7 %

Profit after tax
**TZS53.4 billion**

CAPEX
**TZS170.1 billion**[1]

**13.3%**
of revenue

Funding
**451**
additional 4G sites

**132**
new 5G sites

**250 kilometres**
of fibre and enhancement of IT infrastructure

## For our customers

**Provision of critical connectivity services**

**Financial inclusion enhancement through services in M-Pesa**

**Progressing with inclusive care initiatives to serve customers requiring special care**

**Rated first in customer Net Promoter Score (NPS)**

**Further expanded our network coverage**

| 4G[2] coverage | 3G[3] coverage | 2G coverage |
|---|---|---|
| **66.1%** of population up 4.8pp | **76.5%** of population | **94.6%** of population up 0.9pp |

**Digital inclusivity through network expansion using investment made during the year**

1. Excluding spend on mergers and acquisition – acquisition of Smile Telecommunications Tanzania Limited.
2. Measured at the rate of 1 Mbps (outdoor).
3. Measured at the rate of 1 Mbps (outdoor). Coverage statistics reported in the prior years were relating to voice coverage over 3G network.

## For our shareholders

**TZS26.7 billion**
proposed dividends to equity shareholders

A total of
**TZS571 billion**
paid in dividends since listing in 2017

## For our employees

**TZS75 billion**
spent on employees, including on salaries, training and skills development

Provided self-development online training to over
**600**
employees and contractors

**46.7%**
female representation in management and senior leadership roles

## In our community

**TZS523 billion**
cash contributions to public finances in taxes, levies, spectrum, and regulatory fees[3]

**313 sites**
built over ten years in support of government's rural coverage programme

**TZS630 billion**
spent on over 300 local suppliers and partner companies in Tanzania

Close to
**TZS6 billion**
spent on social investment[1]

Indirect employment provided close to
**200 000[2]**
Tanzanians

Support to agricultural sector – more than
**TZS16 billion**
paid to farmers registered on M-Kulima platform

Our life-saving
**m-mama programme**
has been extended, and is live and operational in all regions in Tanzania

1. Include both cash and cash equivalents of the in-kind CSI projects.
2. Including freelancers and M-Pesa agents.
3. Additional details available in Vodacom Group's tax transparency report available at https://www.vodacom.com/integrated-reports.php

# Managing Director's review

This has been an exceptional year for us, characterised by strong financial performance and our continued contribution to stimulating inclusive economic development and reducing the digital divide across Tanzania. Our performance reflects the resilience and effective execution of our strategy, as well as the benefits of a more conducive regulatory and policy environment.

**M-Pesa crossed the milestone of 10 million active customers.**

Philip Besiimire

**Our mobile business** performed strongly, providing the commercial momentum across the company, ending the year with 19.4% year-on-year total service revenue growth to TZS1.3 trillion. We also consolidated our market leadership position with a 30.5%[1] customer market share. This was underpinned by our deliberate focus on the customer. Encouragingly, we ended the year with a 16.9% growth in our customer base to 19.6 million, and a 15.1% increase in number of data users to 10.1 million, of which over 65% were smartphone users, setting us up well for success in other areas.

**Our mobile financial services business – M-Pesa**, crossed the milestone of 10 million active customers, adding close to two million new customers during the year, and achieving a market share of 38.2%[1]. M-Pesa continues to evolve as an integral part of the financial lives of millions of Tanzanians, making a meaningful contribution to financial inclusion. M-Pesa facilitates access to advanced mobile financial services including digital payments, access to digital lending, savings, provision of insurance and more. These transformative services make M-Pesa not only an enabler of financial inclusion, but also an economic empowering tool, especially for the non-banking population.

M-Pesa delivered impressive year-on-year growth across all the underlying metrics, including revenue growth of 27.8% and with the total value transacted increasing 36% and over TZS8 trillion per month. Our new growth areas in M-Pesa[2] showed strong traction driving revenue growth and diversification. The core services such as peer-to-peer payments and cash-in/cash-out transactions, also registered a healthy performance boosted by the lifting of government levies on peer-to-peer transactions.

1. Tanzania Communication Regulatory Authority's quarterly communications statistics as at March 2024.
2. Including lending, savings, insurance, IMT and merchant payment services.

**Our Fixed services** offer robust growth opportunities as we leverage our investment into superior fixed wireless access connectivity solutions. During the year we connected several homes and businesses, clocking a pleasing base growth of more than 35% year-on-year.

**Our enterprise business** also did well, with a notable performance in serving the small and medium enterprise segment supported by the scaling of fixed services. We also continue to see promising potential to scale our IoT platform which provide valuable tracking-related services, smart metering for power and water utility companies, asset tracking in logistics companies, and IoT-based smart farming.

Complementary to our retail business, **our wholesale business** is also emerging as another exciting growth opportunity. We now provide connectivity to an estimated two-thirds of all ISPs in Tanzania, which is an encouraging progress.

**The strength of our Vodacom brand** reflects the quality of our network, our people and our customer service, as well as the widespread appreciation of our work in delivering proactively on our social contract and purpose, to 'connect for a better future'. Effective execution of our strategy was powered by our highly skilled, motivated and engaged workforce, which ranks among the best globally across the Vodafone group of companies as measured by our 'Team Spirit' Index and 'Engagement scores'. The efforts of this high-quality work force enabled us to consolidate our strong brand position and maintain our leading position in customer net promoter score (NPS) throughout the year. Pleasingly, we ended the year with a strong double-digit points lead over our closest competitor in headline NPS.

Consistent with **our Purpose of 'connecting for a better future'** and our commitment to bridging Tanzania's digital divide, we invested TZS170.1 billion this year in expanding our network coverage and capacity, accelerating our 4G and 5G roll-out, and further modernising our IT infrastructure to improve customer experience, enhance cybersecurity and to help us in realising some of the vast opportunities in underpenetrated segments such as IoT solutions. In March 2024, we significantly completed procedures for the acquisition of Smile Communications Tanzania Limited. With this acquisition, we will have access to valuable spectrum of 20MHz of 800MHz and 20MHz of 2 600MHz, which is critical in enabling us to further strengthen our network infrastructure and customer experience.

Harnessing the existing strength of our network, we have continued to excel in executing on our purpose and delivering on our social contract. This year, we evolved our purpose from the three-pillar purpose of 'digital society', 'inclusion for all' and 'the planet', to two-pillar purpose –'empowering people' and 'protecting the planet' in a digital society.

Our purpose enables us to continue supporting creation of a sustainable digital inclusive society, in which we are making real impact. For example, through initiatives such as m-mama in maternal health, our Code Like A Girl programme addressing the global gender disparity gap in STEM, our women leadership development initiatives, and our tree planting drive across Tanzania. Also through our innovative M-Kulima agricultural platform, more than 3 million smallholder farmers are linked to the agriculture value chain, accessing relevant agricultural and market information via App and SMS, while being able to make faster and safer payments enabled through M-Pesa. On the other hand, our newly launched energy transformation project is helping us to reduce our carbon footprint, contributing to our parent company – Vodacom Group's ambitions to significantly reduce greenhouse gas emissions across its operations by year 2035.

**Our financial performance,** having returned to profitability last year, sustained strong momentum in FY2024. EBITDA growth was close to 20%, supporting 65% growth in operating profit and net profit after tax of TZS53.4 billion. This performance was complemented by our comprehensive cost optimisation programme, which was implemented judiciously across the Company without compromising customer experience or investments. Given this healthy financial performance, we are pleased to recommend that the Board propose a final dividend equivalent to 50% of our profit after tax – in accordance with our stated dividend policy.

Our strong performance this year has been aided by a **stable political and policy environment**, as well as specific positive regulatory developments, such as the removal of levies on peer-to-peer transfers and a reduction in right-of-way fees for passing communications infrastructure along the roads. The government's pro-investment, private sector-supportive growth policies, and its strong levels of public investment, has provided valuable policy certainty, encouraging us to plan and invest in the country's future with confidence.

**Looking ahead**, Tanzania's young and growing population, and its comparatively low levels of digital penetration, offers particularly exciting growth opportunities. Vodacom is best placed to harness these opportunities, and as a leading player in the FinTech space we are well positioned to deliver value for all our stakeholders.

Although we remain watchful of the global geopolitical tensions and seasonal macroeconomic factors such as currency fluctuations, and recognise the challenges of an increasingly competitive market landscape and the growing sophistication of customer expectations, I am confident that we have the right strategy, capabilities and team in place to sustain our industry-leading performance. Our current strong market standing, and innovative portfolio of products and services, places us well to secure the long-term growth prospects across our business.

Our ability to grow and deliver value is underpinned by the contribution of all our stakeholders – our customers, regulators, communities, investors, business partners and our employees. I would like to thank all of you, for your continued support and commitment. I wish in particular to thank my colleagues in the Vodacom leadership team and employees across the company for your incredible contribution to the Company's performance this year.

Together, we remain firmly committed to creating sustainable value for all our shareholders and the stakeholders' community at large, underpinned by our focus on customer, simplicity and growth. I look forward to another exciting and rewarding journey in the year ahead.

**Philip Besiimire**
Managing Director
17 July 2024

# Our products and services

We have 19.6 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)
- Health (Afyacall and Elimika)
- Transport and Market place (Paisha)

### Customer Care
- Call centre
- Vodacom shops
- Service-desks
- 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 163 000 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, M-Godi and Halal Pesa*)
- Group savings (M-Koba and Changisha)
- Agent Term Loans
- Insurance services

## 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

* Halal Pesa savings account that abide to Sharia law.

# Our investment case

Vodacom Tanzania is the leading mobile network operator (MNO) in Tanzania with a strong purpose-led business model and a compelling track-record of effective management and 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 extending 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 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 key drivers that support our investment case:**

- A proven strategic resilience supported by our diversified transformative revenue streams.
- Tanzania's young and growing population, provides significant scope for further digital adoption both in connectivity and in the uptake of mobile financial services.
- The country's relatively strong and stable GDP growth creates demand for efficient supporting infrastructures including connectivity and mobile financial services.
- Being the leading mobile operator in Tanzania, with over 90% voice population coverage and recognised as the preferred service provider with a strong purpose driven brand and the largest mobile money network.
- Having a good and resilient data network across the country with 6.6 million smartphone users – a 65% penetration of data users, providing us with a substantial opportunity to increase smartphone penetration and mobile data uptake.
- Having significant opportunities to further extend our leadership in providing mobile financial services, by expanding our M-Pesa ecosystem through innovative products and by providing highly demanded technological solutions to the community.
- Our strong investments in artificial intelligence (AI), machine learning and CVM systems position us at the advantage of providing customised offers that grow revenue and reduce the impact of price competition.
- Our strong cash flow generation and robust balance sheet, enable us to support further strategic investments.
- Benefits of being part of the Vodafone Group, which is globally recognised for their leadership in mobile financial services and innovative digital services in emerging markets.
- Our continued investment in infrastructure that supports delivery of our business objectives and our purpose.

# 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 service 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 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. The limited availability of radio spectrum is one of the key challenges facing the sector in Tanzania and globally, particularly for the provision of 4G services. Over the past seven years, we have invested more than TZS1.0 trillion in expanding and upgrading our mobile network and the supporting IT infrastructure. We have a resilient 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. We are currently also expanding our fixed fibre network.

### Procurement activities

We manage a significant supplier landscape with total procurement spend in FY2024 of TZS824.3 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, 24.8% of purchases (TZS204.5 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, 76.4% of total procurement spend (amounting to TZS630.0 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 rapidly 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 CVM platforms to deliver personalised offers to our customers, popularly known as 'Just4You' 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 469 nationwide retail points, more than 30 000 freelance distributors and 164 000 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:

## Our profit formula

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, merchants and other players in the industry. 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 – both mobile and fixed data, 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

- A dedicated and strong focus on customer.
- Globally recognised and established brand with a strong reputation across Tanzania.
- Leading mobile financial service offering (M-Pesa), supported by a world-class payment platform and highly innovative solutions.
- Diversified revenue streams with a growing share of new growth areas (in mobile and fixed data, M-Pesa and digital).
- Innovative and progressive product portfolio enabling personal inclusivity and economic growth.
- 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 | FY24 | FY23 |
|---|---|---|
| Voice | **22.7%** | 26.4%[1] |
| Data | **27.6%** | 26.0% |
| M-Pesa | **36.3%** | 33.9% |
| Fixed | **2.4%** | 1.8% |
| Other | **11.0%** | 11.9% |

1. Previously reported as 26.9%. A change is due to reallocation of 'Loyalty' revenue to 'Other' revenue as detailed in page 43.

| Revenue split | FY24 | FY23 |
|---|---|---|
| Advanced services[1] | **25.1%** | 19.5% |
| Traditional services | **74.9%** | 80.5% |

1. Advanced services includes Digital & VAS, fixed, IoT and M-Pesa revenue excluding cash out and P2P transfers.

### Our costs

We have a strong 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 in network maintenance, billing and IT areas, 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 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. Over TZS70 billion costs saved in FY2024.
- Ability to optimise costs through efficient use of Robotic Process Automation (RPA), investment in big data, and 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 VPC.
- Robust governance processes for approving new or revised products and investments.
- Strong relationship with suppliers built on utmost trust and win-win partnership.

# How we sustain value

## Investing in the resources and relationships impacting on value

| | People, culture and governance<br>HC IC | Quality relationships with key stakeholders<br>SRC |
|---|---|---|
| Critical inputs (2024[1]) | • 607 employees (2023: 581)<br>• Strong Board with wide and deep experience, supported by robust governance systems and processes<br>• Experienced executive team<br>• Agile, performance-based, purpose-led culture<br>• Service providers delivering efficiently and effectively on agreed terms<br>• Focus on reskilling employees | • 19.6 million customers (up 16.9%)<br>• Constructive engagement with government and regulators, informed by mutual trust<br>• Sustained levels of investor confidence<br>• Positive relationships with global and local suppliers<br>• Trusted brand and reputation<br>• A committed focus on customers |
| Our activities to sustain value | • Competitive remuneration and personal development opportunities<br>• TZS1.7 billion invested in employee training and leadership development, including upskilling employees for digital transformation<br>• Agile business processes implemented across business units<br>• Various initiatives to further strengthen our existing reputation as a quality employer<br>• Regular engagement with employees to foster strong culture and ensure consistent delivery on targets<br>• Sustained focus on employee, contractor and supplier safety | • Continued investment in ensuring network and IT quality, a strong positive customer experience, and segmented products and services<br>• Regular and frank engagement with government and regulators, pursuing full compliance<br>• Active participation in government's projects e.g rural coverage, health and government digitalisation agenda<br>• Regular investor communication<br>• Delivering societal value through connectivity and digital services in areas such as inclusive finance, education, health and agriculture<br>• Inclusive customer care initiatives<br>• Strong governance and oversight processes<br>• Corporate social responsibility programmes |
| Outcomes (2024) | **Maintained employee motivation, skills, and diversity through:**<br>✓ TZS74.7 billion in wages and benefits<br>✓ 46.7% female representation in senior management<br>**Sustained evidence of staff satisfaction:**<br>✓ Top across Vodacom and Vodafone group for our Team Spirit Index and engagement scores<br>✓ Top Employer award for eight consecutive years<br>✓ 94% engagement index score in Spirit Beat survey<br>✗ Reasonable staff turnover at 6.0%<br>**Health and safety performance**<br>✓ No work-related fatalities for 12 consecutive years<br>✓ Successful roll-out of enhanced digital solutions to monitor high-risk activities<br>✓ Strong uptake of Employee Assistance Program support for staff | **Maintaining positive customer relations:**<br>○ Leader in customer NPS with 13-point lead gap over the nearest competitor<br>✓ Various awards for customer service (see page 32)<br>✓ Development of personalised offerings with AI deployment<br>✓ Our inclusive care initiatives aimed at serving people with special needs have benefitted 7 700 customers<br>**Generally positive government relations, supported for example by:**<br>✓ TZS1.5 trillion total cash contribution to public finances over the last three years<br>✓ Enabling financial inclusion and empowerment to more than 10 million M-Pesa customers<br>✓ Building 313 Universal Communications Access Fund sites in the past 12 years<br>✓ Numerous social investment initiatives |
| 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, and of growing significance in the context of heightened competition for scarce talent. While this expense 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 AI, may result in pressure on some existing traditional job functions (depleting human and social capital), but also raises opportunities in new roles especially due to reskilling programs that exist for our employees. 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. | Striving to maintain good quality relations with all our stakeholders may require trade-offs in certain relationships as we balance competing stakeholders' interests. Our focus while balancing the competing forces is to meet regulatory requirements, and maintain customers that will generate positive returns over the longer-term. |

1. Data for all inputs as at 31 March 2024.

FC Financial capital
MC Manufactured capital
HC Human capital
SRC Social and relationship capital
IC Intellectual capital
NC Natural capital

Value created
Value eroded
Value sustained

## Network and IT infrastructure

MC

- 3 481 base stations (up 1.0%)
- 2 804 4G base stations (up 19.2%)
- 363 5G base stations (up 57.1%)
- 2 588 km of self-built fibre (up 10.7%)
- TZS170.1billion CAPEX (down 9.1%)
- US$30.5 million spent on acquiring access to Spectrum resources through acquisition of Smile Communications Tanzania Limited

- 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 access to Smile's 2*10 MHz of 800MHz and 2*10 MHz of 2 600MHz spectrum
- Continued roll-out and monetisation of recently launched 5G technology

**Positive results in most areas:**

- (Value created) TZS170.1 billion capex investment to address network and IT plans
- (Value created) 132 new 5G sites
- (Value created) 451 new 4G sites
- (Value created) 137 new 3G sites
- (Value created) Network resilience supported a 66% growth in 4G data traffic, with close to 75% carried in the 4G network
- (Value sustained) 12 points lead on combined network performance NPS
- (Value sustained) Maintained our recognised Cybersecurity leadership across the Vodafone Group

Building and maintaining our network and IT infrastructure requires significant financial capital, and appropriate levels of human and intellectual capital, as well as various natural capital inputs and outcomes. An extensive network is a key basis for bridging the digital divide and sharing the substantial social and economic benefits of digital connectivity. As a purpose-driven organisation we have committed to reducing the environmental impacts associated with our network infrastructure and services. An important trade-off is balancing between the short-term and long-term costs and benefits – not sacrificing long-term gains for the short-term calls. For example, investment in spectrum drains our financial resources now, but benefits the company and pay off our shareholders in the long term.

## Financial capital

FC

- TZS1 724 billion market capitalisation (FY23: 1 724 billion)
- TZ95.7 billion free cash flow (up 74.4%)

- 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

- (Value created) Service revenue up 19.4% to TZS1.3 trillion
- (Value created) EBITDA up 19.7% to TZS394.2 billion
- (Value created) 64.8% increase in operating profit to TZS134.3 billion
- (Value created) Generated TZS53.4 billion profit after tax
- (Value created) TZS123.8 billion operating free cash flow

There is an important trade-off between the short-term interests of certain investors 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 an important balancing act that informs our strategic decision-making.

## Natural resources

NC

- Radio spectrum: 700, 800, 900, 1 800, 2 100 and 2 300 MHz bands for mobile, and 2 300 and 3 500 MHz for fixed 4G & 5G
- 88.8 GWh electricity (up 7.8%)
- 9 176 kilolitres of fuel (up 1.7%)
- 25.3 kilolitres of water (down 18.7%)
- 32 852 tonnes of refrigerants and fire suppressants (GHG contributor) up 2.8%)
- Plastics, paper and related inputs

- Strong focus on energy efficiency and GHG mitigation across our network as part of our ambition towards Vodacom group's goal to achieve net zero GHG emissions from operations (scope 1 and 2) by 2035.
- 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

- (Value eroded) Scope 1 and 2 GHG emissions calculated to 55 526 t$CO_2$e
- (Value created) 121 tonnes of total refrigerants and fire suppressants replenished – a decrease of 84%
- (Value created) Prevented over 31 tonnes of plastic waste, and over 214 tonnes 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 minimising the environmental impacts of our operations and activities, and to realising the significant potential for digital products and services to deliver positive environmental outcomes.

# Our operating context

As a Tanzanian company operating across multiple business sectors – including telecoms, digital, and financial services – we face a particularly dynamic operating context that presents some potentially profound challenges, as well as some exciting opportunities for innovation and growth.

We have identified four broad trends in our business environment that have a material impact on our activities. Our strategic commitments have been designed to ensure that the Company is well positioned to manage the risks and realise the opportunities associated with each of these trends.

## Stable domestic growth in an increasingly uncertain global environment

Despite significant global headwinds, Tanzania's economy has been relatively resilient with improving economic performance indicators. The recent issued macro-economic statistics reported a Gross Domestic Product (GDP)[1] growth of 5.1% for the calendar year 2023, up from 4.7% in the prior year. Inflation rate has also trended well below the target of 5% across the year, with annual average of 3.8% for period ending December 2023, and a rate of 3.0% as at end of March 2024[2] – among the lowest rate in Africa[3].

There has been a sustained pressure on the country's foreign exchange reserves - an impact of the global macroeconomic fundamentals. The government is attempting various corrective measures including a shift in the central bank's monetary policy in managing money in supply to an interest-rate-based framework which started in January 2024.

This economic performance comes in the context of significant global uncertainty, with geopolitical tensions in the Middle East, Ukraine and South China Seas threatening global supply chains, trade and investment. This is evidenced by the attacks in the Red Sea in early March 2024, which not only disrupted a globally important trade route, but also resulted in a break in one of our key undersea communication cables. There is also increasing evidence of the severity of the impact of climate change, which at a local level presents more immediate risks to the agriculture sector and infrastructure . Given this context, there is seen a heightened need to build further on the recent government reforms aimed at attracting private investment and encouraging inclusive private-sector-led growth. We are optimistic with the overall economic outlook, with projections by the World Bank, IMF and AFDB suggesting that GDP growth for the calendar year 2024 is expected to improve further at above 5.5%[4].

**Our response**

- Vodacom remains firmly committed to investing in the long-term growth and development of Tanzania. We strive to mitigate some of the underlying structural challenges in the country by promoting inclusive economic growth and development through our activities in two broad areas: empowerment through creating a digital society and driving inclusion for all, and protecting the planet (see page 38 to 41).
- In our enterprise business we are exploring innovative opportunities to deliver strong social value in critical areas such as agriculture, health and education. By focusing on our purpose, the Company is making a meaningful contribution to the UN SDGs and help to enhance the underlying social and environmental conditions critical to economic development and business success in the country.
- We have been encouraged by the improved quality of dialogue and interaction between government and business in the country, and welcome the government's pro-investment, private sector-led growth policies and a sustained increased level of public investment in the country. This provides valuable policy certainty, encouraging us to invest further in the country's future.

1. National Bureau of Statistics: 'Highlights on the fourth quarter (October – December) GDP 2023 base year 2015'.
2. https://www.nbs.go.tz/statistics/topic/consumer-price-index-2024
3. World Bank (April 2024): 'Tackling inequality to revitalize growth and reduce poverty in Africa.'
4. AfDB: 'African Economic Outlook 2024 – Driving Africa's Transformation, the reform of the global financial architecture.' and IMF (April 2024): 'Regional Economic Outlook for Sub-Saharan Africa – A tepid and pricey recovery.'

## A stable regulatory and policy environment

Given the scale of the contribution of the telecoms sector to a country's economic and social growth and development, mobile network operators tend to face high levels of regulatory scrutiny in almost all markets. In Tanzania, our operations have been significantly reflective of the laws, policies and regulations from our two principal regulators – the Tanzania Communications Regulatory Authority (TCRA) and the Bank of Tanzania (BoT). Following several years of a profoundly volatile and impactful regulatory environment – including the requirements associated with customer and SIM registration, and the introduction of levies on mobile money transfers and withdrawals – recently we have seen a more favourable and regulatory regime and improved levels of engagement between business, government and regulators.

**The most significant recent regulatory and policy developments are listed below:**

### Mobile Termination Rates

In July 2023, the Tanzania Communications Regulatory Authority issued the Interconnection Rates Determination No.6/2023, which was applicable retrospectively starting January 2023. The determination decreased the voice call termination charges per minute for local calls by 7.0% from TZS2.0 to TZS1.86 which was applicable to 31 December 2023, and a further 5.4% decline to TZS1.76 effective from 1 January to 31 December 2024. Overall impact of MTR reduction on our financial performance for the year was not material. The determination also provided a glidepath to the end of December 2027, as indicated in the table below:

| Start date | 1 January 2023 | 1 January 2024 | 1 January 2025 | 1 January 2026 | 1 January 2027 |
|---|---|---|---|---|---|
| Rate per minute (TZS) | 1.86 | 1.76 | 1.68 | 1.60 | 1.52 |

### Levies on mobile money transfers and withdrawals

On 30 June 2021, the President approved the Finance Act 2021, which included the amendments to the National Payment System Act (NPS Act, 2015) and Electronic and Postal Communications Act (EPOCA, 2010 RE: 2022), introducing a levy on mobile money transfer transactions. In respect of mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Following engagements with stakeholders and due consideration by the Government, the following amendments have been implemented since the introduction of the levies:

- **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 2022 also re-defined the scope of the levy, to include withdrawals and transfers effected through banks, which were earlier excluded. The levy, which was previously only chargeable on mobile transactions, also became applicable to transfers between mobile accounts, 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, which was equivalent to 20% of the levy charged at inception.
- **1 July 2023:** The Finance Act 2023 amended the National Payment System Act, Cap. 306 and Cap. 437, effectively abolishing the Airtime Levy and the Mobile money transaction levy on electronic transfers. The levy on cash withdrawals was retained and continues to be charged accordingly.

**Our response**

- 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).
- We continuously monitor changes to regulations and licencing requirements and engage regularly with the TCRA, BoT and other regulatory authorities to ensure compliance with all relevant regulatory requirements.
- We have 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 have invested significantly in compliance awareness training across the company and in our distribution channel to ensure that our business units are sensitised, including through training programs such as the 'Doing What is Right' Programme on legislative and regulatory requirements.

## Acquisition of Smile Communications Tanzania Limited

On 27 March 2024, we fulfilled all material conditions precedent for acquisition of 100% issued share capital of Smile Communications Tanzania Limited ('Smile'), at a cost of US$30.5 million (TZS78.3 billion). The purchase consideration included US$4.2 million (TZS10.7 billion) fee for spectrum reassignment. Most of the administrative procedures were completed on 3 April 2024. The acquisition provides Vodacom Tanzania with access to Smile's spectrum resources, including 2 x 10MHz of 800MHz and 2 x 10MHz of 2 600MHz. Spectrum is a critical resource for growing digital inclusion in Tanzania and enable our strategy. The detailed information of the Smile acquisition deal is published and included in the company's website at **https://vodacom.co.tz/announcements**.

## An increasingly competitive market

Vodacom Tanzania operates in one of the most competitive telecommunications markets in Africa. In addition to the five mobile network operators (MNOs) in the country, there is a heightened competition from new sources, including in particular the growing entry of banks and other players into the fintech space. The stiff market competition over the years has driven low effective voice and data prices Africa, and has placed sustained pressure on already tight operating margins. Encouragingly, we have recently experienced a more stable pricing environment, a critical ingredient of the necessary long-term investments in this highly capital-intensive industry, needed to drive a faster 'digital dividend' in the country.

**Our response**

- The strengthened competitive environment highlights the value of providing segmented personalised offers through our CVM, relevant to our customers' lifestyle and spend, informed by big data analytics and supported by an effective cost containment programme. 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 all areas in which we have demonstrated competitive performance, as evidenced for example by our sustained leadership in NPS for customer service and network speed.
- We recognise the critical importance of remaining agile and realising commercial 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.
- We continue to build on our 'system of advantage' – enriching our product portfolio with powerful transformative and sticky products, that attracts customers and make them stay in our network, especially in M-Pesa, innovating products that touches and identifies with personal lives of customers.
- 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. The country has a young, growing and increasingly urbanised population, with opportunity to improve on levels of internet and smartphone penetration. Recent estimates suggest there are currently 36.8 million internet users in Tanzania, of the country's total population of around 61.7 million, resulting in internet penetration of only 59.6%[1]. There are huge opportunities for Vodacom to play a role in promoting digital inclusion and bridging the digital divide by facilitating access to essential services, including specifically by driving digitalisation opportunities in finance, education, agriculture, e-commerce, and health.

For these opportunities to be fully realised, investment is required in both mobile and fixed data networks. We need also to address challenges relating to the accessibility of smart devices and digital services, availability of digital skills, and the levels of consumer awareness especially in rural areas. Recognising the critical importance of digital inclusion and the need for long-term infrastructure investment, the government has made various valuable interventions to support the extension and availability of communication services including the projects under the Universal Communications Service Access Fund (UCSAF).

**Our response**

- With the aim of seizing the valuable commercial opportunities for digital growth in Tanzania, we have overtly positioned Vodacom as a leading digital company that empowers a connected society by helping to close the digital divide in the key economic sectors.
- In delivering on this ambition, we are 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 participate actively in programmes to support network roll out in the underserved areas in partnership with the government through the UCSAF.

1. TCRA quarterly report to March 2024, and Population estimate obtained from the National Bureau of Statistics of Tanzania (NBS) on 11 June 2024.

# 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 that have a substantive impact on our ability to create value. For each stakeholder group, we outline their contribution to value creation, our means of engaging with them, and their identified priority interests relating to our business activities.

## Customers

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

### 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
- Data-usage transparency
- Readily available services
- Inclusive access to services for people with disabilities

### Means of engagement

- Call centres, retail outlets and online channels
- My Vodacom app, M-Pesa app, USSD code, self-help channels
- Weighted NPS feedback interviews and focus groups
- Social media interaction
- Educational videos on products via 'Vodatube'
- Vodacom Tanzania website

## Government and regulators

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

### Priority interests

- Effective use of spectrum as a strategic resource
- Regulatory compliance on issues such as customer registration, mobile termination rates, service quality, price, security, privacy, safety, health and environment protection
- Participating and promoting opportunities for economic development
- Contributing to public finances
- Industry development initiatives
- Fair market practices

### 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

## Employees

Provide the skills and inputs needed to realise our vision and purpose

### 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
- Ensuring a safe working environment

### Means of engagement

- Internal website, 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

## Investors and shareholders

Provide the financial capital needed to sustain and grow

**Priority interests**

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

**Means of engagement**

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

## 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 clear expectations on ESG issues
- A win-win business relation
- Increase in share of local purchases

## Communities

Provide a social licence to operate and strengthen the socioeconomic context

**Means of engagement**

- Public participation for new base stations
- Vodacom Tanzania corporate social responsibility initiatives in partnership with communities
- Social media pages

**Priority interests**

- Access to our services both GSM, finance and social contract programmers in health and education
- Free-to-use social media, health, education, and job sites
- Responsible expansion of infrastructure
- Responsible business practices
- Business existence continuity

Refer to **Page 38** - 'Our Purpose' for more details on engagements with the community.

## 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 and other issues of public interest
- Evidence of responsible business performance

# Our material risks and opportunities

Vodacom Tanzania 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 Directorate responsible for managing our risk profile and mitigating potential impact. The directorate has a role of ensuring business plans and priorities are implemented consciously of the potential risks.

Our material risks are identified through our Risk Management 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 country's risk heat map (Figure 1) sets out the top 10 principal risks as identified through the risk management process, depicting residual risk after considering mitigating risk factors. This is supported by the risk and speed of impact report (Figure 2), which reflects the rate at which the country would experience adverse impacts if the risk materialised.

**Figure 1: Vodacom principal risks FY2024**
(impact versus likelihood)


**Figure 2: Vodacom speed of impact FY2024**


**Risk** — External (square) / Internal (circle)

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

**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
(2023: 1)

Speed of impact: Very rapid

**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.
- Anonymisation and pseudonymisation of data projects are implemented.
- End-point detection and response in place.

## 2 Taxation
(2023: 2)

Speed of impact: Very rapid

**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 government and tax authorities to ensure good working relationships and managing potential impacts of legislative change.
- We have engaged expert tax advisors and lawyers whom we regularly consult including tax health checks.
- Report publicly on tax issues. See additional info on our tax affairs in Vodacom group's tax transparency report found at **https://www.vodacom.com/integrated-reports.php**

## 3 Technology resilience
(2023: 3)

Speed of impact: Very rapid

**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.
- Security monitoring tools are deployed cross our infrastructure.
- Capacity planning.
- TRP plans are in place and reviewed annually.

## 4 Financial and economic conditions

(2023: 4)

Speed of impact: Very rapid

**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 global geopolitics, may drive 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.
- Regular review and tracking of the cost-containment and radical cost transformation programmes.
- Counterparty risk monitoring of financial institutions is performed both locally and at the Group-level.
- Minimise exposure through ensuring that new/existing trading relationship contracts are agreed in local currency where possible.

## 5 Market disruptions

(2023: 5)

Speed of impact: Very rapid

**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 excellence 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 stabilise market price aggression.
- Ring-fencing the customer base via advanced/enhanced CVM capabilities such as Big data, machine learning.

## 6 Regulatory compliance

(2023: 6)

Speed of impact: Very rapid

**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 sensitised, 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.

## 7 Financial services

(2023: A revised version of risk #7 in FY23)

Speed of impact: Very rapid

**Context**

Risk of failure to ensure that there are necessary governance processes and controls for financial services (M-Pesa) to manage inherent risks that may affect execution of Company's strategy.

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

**Mitigating actions**

- End Point detection and response (EDR) are in place for M-Pesa Jumpbox.
- Diversification into new financial service streams.
- Continue to monitor changes to key laws, regulations and licence requirements.
- Automated checks for unusual transactions.
- 24x7 fraud monitoring (detection, prevention and reaction) on Mobile Money.
- M-Pesa has more than 4 Trust accounts in order to ensure Trust funds are always less than 25% and spread in many Banks.

## 8 Privacy

(2023: new)

Speed of impact: Very rapid

**Context**

Failure to manage privacy compliance, risks and opportunities will lead to reputational damage, decline in NPS and potential regulatory fines.

**Mitigating actions**

- Permission portal in place.
- Training and awareness related to privacy.
- GDPR Controls.
- The local Personal Data Protection Act (PDPA) controls.

## 9 Third-part management

(2023: 9)

Speed of impact: Rapid

**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.
- Supplier performance review for critical suppliers.
- Continue to ensure that service level agreements in place and monitored.

## 10 Litigation

(2023: 10)

Speed of impact: Rapid

**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 regulators.
- Close monitoring of the progress of cases in arbitration/court, managed by our external legal counsel.
- Proactive Management of Disputes/Out of court settlement.
- Continuous advisory services given to Business teams.

# Our strategy


## Our strategic priorities

### Vigorously grow mobile

Tanzania presents exciting opportunities for growth in the digital and internet-based services sector. The country has a young and increasingly urbanising population, as well as comparatively low levels of smartphone penetration; together, this is fuelling growth in demand for mobile digital and data services.

To benefit from these opportunities, we are implementing various initiatives to protect our existing market leadership and further grow customer market share in the mobile sector. We are executing this by driving further uptake and monetisation of data, increasing the penetration of smart devices, expanding our portfolio of personalised offers and digital services, while managing customers' value perception. To further increase market share, data uptake and customer stickiness, we are using big data analytics to drive hyper personalisation in our data offers, ensuring that we remain competitive and relevant to our customers.

### Our FY2024 performance

#### Growing customer market share and revenue

We have had another year of pleasing progress in executing our strategy, delivering further growth in customer market share, data revenue and data customers in the face of heightened market competition. Our progress this year has been underpinned by some bold decisions, cutting back in those areas that had not been delivering and increasing investment in our identified priority growth areas.

- The results of our activities this year are reflected in our overall market leadership of 30.5%[1]. We expanded market share in some of our prioritised strategic growth markets, while continuing to defend our position in existing strongholds.
- Following our strong focus this year on driving customer acquisition, we have seen a 16.9% growth in our customer base, to 19.6 million customers in total, with data customers up 24.1% to 10.1 million. This pleasing growth in customers reflects the positive impact of our CVM activities, the benefits of leveraging off our market-leading M-Pesa offerings, our strong drive to accelerate 4G market share, and our powerful customer loyalty programme, all of which has been supported by a significant increase in our on-the-ground sales force team.
- Our total data traffic grew by close to 30%, underpinned by 66% growth in 4G traffic. The sustained growth in demand for mobile data services highlights the powerful business case for maintaining investment in our network, increasing access to affordable smartphones and data services, and further enhancing customers' data experience.
- Mobile data revenue increased 26.9% to TZS347.3 billion, with contribution to service revenue increasing by 1.6pp to 27.6%. This continued growth in data users and revenue has been supportive to overall GSM revenue performance.
- Pleasingly, this year we contained mobile voice revenue performance from successive years of a decline to a turnaround of 2.7% growth, which is a significant improvement on earlier trends.

1. Tanzania Communication Regulatory Authority quarterly statistics report as at March 2024.

Value created
Value eroded
Value sustained

- In response to continuing aggressive price competition, we have run a series of very effective marketing campaigns this year to address consumer perceptions relating to the costs of our data, and to highlight the significant benefits of our world-class 4G and 5G network, as well as the substantial positive impact of our activities aimed at positively transforming lives. Pleasingly, at year-end, we had a joint leading score on NPS in terms of pricing, an improvement from the second place in the prior year, and we maintained our market leadership in overall NPS, with a gap of 13 points on our nearest competitor.
- 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, with close to 3 million customers engaged monthly.

## Accelerating our 4G market share

Increasing our 4G market share and driving the uptake of 4G devices is key to delivering on our broader data user and data revenue growth ambitions.

- We achieved a pleasing growth of 24.3% in active smartphone users, ending the year with 6.6 million users. This represents a 65.1% penetration of our data customer base, up 8.1pp year-on-year. This growth was achieved through effective execution of our various smartphone-acceleration initiatives, including:
  - Significantly increasing our open market activations, doubling the number of shops that we are partnering with to ensure availability of our products and services.
  - Developed an innovative device financing platform to improve the affordability and payment terms for smart devices, giving customers flexible payment terms.
  - Providing compelling value propositions for customers and our sales team.
  - Using our big data capabilities to improve the registration and onboarding of customers and agents.
- As a result of these various initiatives, we achieved a close to 3.0pp[1] increase in our 4G market share.

Despite adding a record-breaking 1.3 million smartphones into the market this year, 49% of our customers are still not using smartphones, highlighting the scale of the growth opportunities.

## Ensuring personalisation through CVM and big data

This year's strong growth in active customers and data revenue, and our ability to retain existing customers, reflects the progress we have made in further strengthening our personalised segmented offers.

- This progress is evidenced by the 4.2% increase in average number of days per month that a customer is active on our network, as well as the growth in the percentage of our customers taking up our personalised offers. This growth has been underpinned by our advanced CVM platform powered by our strong capabilities in big data analytics, as well as our activities aimed at embedding a strong customer-first culture across the organisation.

## Providing reasons to consume data

- We have had another good year in the development, uptake and monetisation of our digital service offerings in entertainment, education, agriculture, health and transport. We increased our portfolio of offerings in health and entertainment – especially music and games, introduced a new education product developed through our Digital Accelerator Program, and entered into new partnerships with leading digital-content service providers. We have seen a pleasing increase this year in the uptake of our music offerings, both in terms of customer numbers and data usage.
- Our new service offerings, supported by our strong commercial execution in optimising the user journey and ensuring effective content management, contributed to an 8.2% growth in Digital & VAS revenue and a 26.9% year-on-year increase in data revenue, contributed by data usage growth which supported a 10.3% improvement in data ARPU.
- During the year, we further enhanced the features and general user-experience of My Vodacom App, adding several new progressive functions to address customer needs including self care.
- Our Airtime Advance Credit Service (ACS) an initiative which also supports digital inclusion, continued to support customer spend, providing financing to assist in payment for airtime. This year we added more features that resulted into almost 16% increase in the amount borrowed, showcasing the need for and importance of this service.

## Delivering operational efficiencies

An important focus this year has been to reprioritise the allocation of resources, redirecting investments explicitly to identified priority growth areas, and identifying opportunities to deliver material operational efficiencies.

- We have delivered significant operational efficiencies by increasing the automation and digitising of our sales and distribution processes, providing our on-the-ground teams with ready access to the information needed to make decisions, as well as automating some traditionally time-consuming processes.
- We made further progress this year in encouraging customers to use M-Pesa instead of scratch-cards for recharging; this has delivered valuable efficiencies by reducing the costs of the production, distribution and channel support incentives, as well as reducing the plastic waste and paper resources associated with paper vouchers.
- We have also secured further efficiency gains by reviewing and automating elements of our salesforce commissions, ensuring that we remain competitive yet cost-efficient in incentivising and rewarding our distribution channel partners. This initiative played a critical role in driving a record breaking base growth of close to 3 million customers.

Looking ahead, we will continue to identify opportunities to reprioritise elements of our operational expenditure and drive further automation and efficiency optimisation through the use of Agile squads.

1. Statistics based on Facebook analytics reports.

## Expand and escalate M-Pesa growth

Our globally leading mobile financial service offering, M-Pesa, continues to be a significant driver of revenue growth and brand differentiation for the Company, as well as playing a vital role in promoting financial inclusion, empowerment and stimulating economic activity across Tanzania. We are looking to drive substantial further growth in our M-Pesa through strong delivery in three targeted growth areas: scaling our digital financial service offerings, accelerating our merchant payment solutions, and advancing our M-Pesa super-app.

## Our FY2024 performance

This has been one of our best years in terms of performance, reflecting effective execution of our growth strategy, as well as the benefits of a smoother external operating environment. This year's excellent performance has been underpinned by our compelling product offerings in particular the digital financial services acceleration, base growth and levy removal on peer to peer transactions.

- The combination of strong commercial execution and a more favourable business environment contributed to this year's M-Pesa revenue growth of 27.8% and a 24.1% increase in our 30-day active M-Pesa customers to 10.2 million. The total number of transactions through M-Pesa grew 38.2%, with value transacted increasing 41.7% year-on-year.
- Vodacom's M-Pesa offering continues to lead the mobile financial service sector in the country, with a customer market share of 38.2%[1], up from 36.5%[2] in 2023.

### Scaling our digital financial services

We have continued to develop and drive product and service adoption especially in the digital finance arena, resulting to a pleasing growth supported by strong commercial execution in product enhancements and improvements in the customer experience.

- We have seen particularly strong growth this year in our digital micro loan offerings, growing disbursements by over 65%, including a trillion shillings issued to businesses, providing the small and medium sized business with easy access to short term financing.
- We have also seen a pleasing uptake this year in our various insurance-related offerings, including in particular our recent innovative options such as the very affordable micro-health insurance and our insurance premium financing offering.
- We ended the year with close to 7 million customers using our digital financing services of lending, savings and insurance – critical for advancing our contribution to financial inclusion across the country.
- We continued to grow revenue and value of transactions in international money transfers (IMT). With additional destinations permitted in the continent and incoming transfers allowed from more than 200 destination, value of our outgoing IMT more than doubled, contributing to a double digit growth in total IMT revenue. This growth reflects successful commercial execution, the addition of new partners in the remittance space, and further expansion into the broader Tanzanian diaspora.
- There has continued to be strong uptake of our group savings product – M-Koba. Launched four years ago as part of our commitment to promoting financial inclusion in Tanzania, this product enhances the levels of visibility, security, safety and trust associated with traditional informal group savings schemes that are popular across the country, particularly among women. The growth in the number of users of this product with over 60% of transacted value initiated by women, coupled with more than 100% increase in the value processed on the platform, highlights the product's strength in promoting financial inclusion and empowerment particularly, among women.

### Accelerating our merchant payment solutions

- There has been continued strong growth this year in our 'Lipa kwa simu' merchant solution, an end-to-end payment platform for our customers and businesses. We ended the financial year with more than double the number of active merchants we had last financial year.
- This year we facilitated more than TZ9.3 trillion in payments through the platform, an increase of over 50% on value processed in the prior financial year.

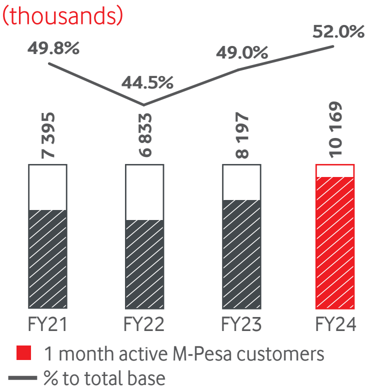
### Developing Tanzania's true super-app

- We made significant strides this year in further enhancing and rolling out our 'one-stop shop' M-Pesa super-app. We now have over 30 mini-apps available on our platform, enabling M-Pesa customers to access a range of valuable functionalities with an improved experience. These include:
  - Booking and purchasing airline tickets
  - Making government payments directly with auto-retrieval of the amount due per a control number
  - Ordering gas refill cylinders, delivered directly to the identified location
  - Accessing various online merchants' websites as 'mini apps'
  - Being able to pay up to five recipients in a single transaction for either fixed or varying amounts
  - Accessing an online marketplace for insurance services
  - Watching DSTV shows through redirection
- Following our bold marketing campaigns aimed at driving further uptake of the M-Pesa super-app, we have seen the number of active monthly app users more than doubling. We are continuing to work on increasing the uptake of smartphones across the country – a critical enabler for an extended adoption of M-Pesa app.

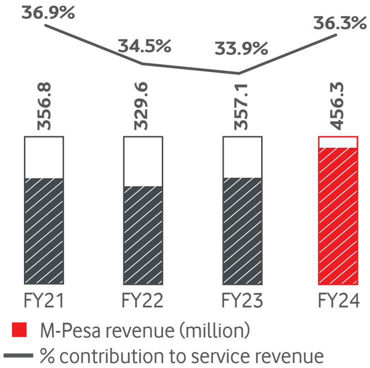
1. Tanzania Communication Regulatory Authority's quarterly communications statistics as at March 2024.
2. Tanzania Communication Regulatory Authority's quarterly communications statistics as at March 2023.

Value created
Value eroded
Value sustained

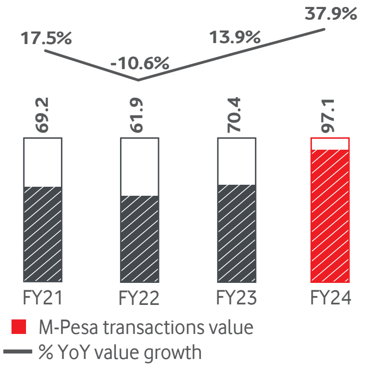
## 1 month active M-Pesa customers
(thousands)




## M-Pesa revenue
(TZS billions)




## M-Pesa transactions value
(TZS trillion)





## Relentlessly pursue Fixed

Expanding our reach in fixed service forms an important part of our ambition to transform from a traditional Telco to a digitised Tech Company. We believe that there are significant commercial opportunities in fixed service, and we are working to tap into by offering a strongly differentiated service offering, providing our customers with the best and most secure data experience at their offices and homes.

## Our FY2024 performance

- We have made further pleasing progress this year in driving scale and market share in our fixed services, growing our customers by more than 35%, with revenue up 27.8% year-on-year. This progress comes amidst a heightened competition.
- This year's strong performance was achieved by expanding the reach of our 4G and 5G network, good progress in working with suppliers to drive down the price of routers, growing our network of active sales partners, and further increasing the corporate reach of our fixed service by using microwave as well as fibre connectivity.
- We have significantly streamlined the on-boarding processes, more than halving the time taken to on-board our enterprise customers, achieving the best-in-market for customers to be on-boarded. We have also revamped our support desk with more staff and improved tools, enabling us to resolve customer queries more rapidly, further enhancing the customer experience.
- During the year we added 132 new 5G sites, 451 new 4G sites and 250 kilometres of fibre, providing improved speeds and lower latencies in our data service offerings.
- The quality of our service offerings, network availability and compelling tariff plans contributed to the valuable progress made this year towards our goal of being 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.

## Extract Wholesale value

We are identifying opportunities to realise the full potential of our extensive available assets in network, fibre, cloud and data centres. Our goal is to extract wholesale value and monetise these assets through mutually beneficial partnerships, sharing our network and data centres, and realising opportunities to co-build fibre. This is a long-term strategic objective that may not necessarily deliver immediate results.

## Our FY2024 performance

- We have made pleasing progress this year in realising some of identified opportunities to utilise and monetise excess capacity in our fibre, data centre and hosting capabilities. In a sector that has become increasingly commoditised, our growth weaponry are our strengthened support, service structures, and competitive market pricing.
- An important focus this year has been on driving sales in our fixed bandwidth bulk capacity to internet services providers (ISPs) in Tanzania. By year end we have secured an estimated two thirds of the customer market share, up from around 20% at the start of the year.
- We have created more products for our inbound roaming offerings, secured exclusive agreements with various other East African MNOs, and simplified many of our outbound roaming bundles. This has contributed to a significant uptake of our roaming bundles.

## 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 suite of digital solutions that meet specific customer needs. We believe our enterprise business provides valuable opportunities for further revenue and customer growth, harnessing our technical expertise, recognised service levels and brand reputation to build on our existing strong base. We are focused on providing digital services that addresses advanced technological business challenges, including by providing sector specific IoT solutions.

## Our 2024 performance

In the context of various market and operational challenges we have delivered solid customer and revenue growth through our various service offerings in agriculture, education and health, as well as in our emerging IoT business.

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

- Through our innovative 'M-Kulima' platform, we are progressing towards digitising the agriculture value chain to include offering a complete digital solution covering a suite of activities including farmer profiling, digital extension services, financial transactions, pesticide and fertiliser loans, insurance, communication and education. In addition to delivering direct agricultural benefits, the initiative provides significant economic and financial value by improving the speed and security of payments to parties in the agriculture value chain. Following our very successful registration drive last year, ending the year with more than 3.2 million small-scale farmers on the platform (up from 140 000 in 2022), our focus this year has been on realising opportunities where we can add the greatest value to our registered farmers. Following a thorough research exercise, we have identified progressive products for which we are working closely with various partners for development before launch. They will be administered through the M-Kulima platform.
- We have maintained our various partnerships this year – including with the health ministry and Mezzanine – piloting various health-related service offerings, and we are currently working on building and scaling an innovative new health platform for roll-out in the near future.

### Leading in new service areas

- Our IoT business is an emerging business area where we continue to see exciting potential to further scale up and commercialise our IoT-related solutions, growing the market in Tanzania by leveraging Vodafone's globally recognised leadership in this area. This year we have demonstrated the significant commercial opportunities in deploying our new IoT platform to provide valuable tracking-related services, such as metering for power and water utility companies, asset tracking in logistics companies, and smart precision agriculture. This is the area that will get our enhanced focus to tap the existing opportunities both short and long term. We are confident that we will soon see a step-change in unlocking and executing on these opportunities, building substantially on this year's revenue growth in the IoT business.
- We have maintained a strong focus this year on further deepening the digital and sector-specific skills within our team to deliver on our sector-specific service offerings across Enterprise and in IoT. In the context of heightened competition for digital talent, we are building a team of specialists in each of our targeted focus areas, both through our internal skills development initiatives and where necessary by recruiting talent in key areas such as big data analytics, IoT and customer value management.

Value created
Value eroded
Value sustained

## Leveraging our brand position

Our ability to deliver on our strategic objectives depends ultimately on the quality of our relationships with our key stakeholders – our customers, government and regulators, investors, suppliers, the media, and the public at large. As reviewed on pages 20 to 21, we regularly engage with our stakeholders to ensure that we understand and appropriately address their priority interests, and to maintain our existing strong brand and reputation. We are working constantly to deepen brand loyalty among our stakeholders by further enhancing the customer experience, future proofing our network infrastructure and delivering on our purpose aimed at promoting people empowerment through inclusion for all in a digital society, and environmental stewardship.

## Our FY2024 performance

We have had another pleasing year in consolidating our leadership in terms of our brand reputation and market share positioning.

- We strengthened our overall market share leadership this year, with 30.5% of customer market share[1]. We also maintained our leadership in the mobile financial services sub-sector, with M-Pesa customer market share of 38.2%[1].
- We were once again rated first in terms of customer NPS throughout the year and ended the year with a strong 13-points lead over our closest competitor in headline NPS. In addition to continuing our NPS leadership for combined network performance and overall customer care NPS, we also maintained our recently improved perception in terms of pricing, ending the financial year joint first on price perception, moving up from our joint second position in the prior year. This important shift reflects the impact of our effective communication and engagement with consumers.
- In this year's independently conducted reputation survey, we achieved a 12.5 points increase in our reputation score, a significant stride compared with other markets. Of the seven African markets measured in the survey, Vodacom Tanzania is the reputation leader; this is underpinned by our strong performance in every reputation driver, including the most important areas of citizenship, conduct and products and services.
- In an important shift in our brand marketing and communication strategy, we have strengthened our communication on our initiatives in delivering on our purpose and social contract. We have also leveraged off our partnerships with various sector organisations to enhance broader communication on the role of the telecoms sector in general, and Vodacom specifically, in driving inclusive growth in the digital economy.
- Our strong performance and brand positioning was recognised by the numerous external awards that Vodacom Tanzania received for the quality of our customer service, the work of our human resources and marketing teams, the quality and speed of our internet service, our commitment to promoting sustainability and social inclusion, and the transparency in our financial reporting (see Box on page 32).

## Building a brand with a purpose

- Vodacom's purpose is to 'connect for a better future'. We strive to use our technology, network, reach and resources to improve the lives of millions of Tanzanians across the country empowering people by connecting people and things to the internet and driving inclusion for all, and reducing our environmental impact. As reviewed in more detail on page 38 to 41 and in our separately available reports relating to ESG, we have made valuable further progress this year in delivering on purpose-led commitments in **our renewed two focus areas: Empowering people** and **Protecting the planet** in a digital society. Through our activities in these areas, we continue to make a positive contribution to the UN Sustainable Development Goals, Tanzania's Vision 2025 and its national Five-Year Development Plan.

## Accelerating support to government

- We have continued to work closely with the government of Tanzania on various digital initiatives, **supporting the government in its efforts to digitise some of its services,** contributing actively to its commitment to bridge the digital divide by extending voice and data connectivity, and working with government to enhance access to more inclusive digital services. In addition to **broadening rural communications coverage** through the government's Digital Tanzania initiative, we have driven **digitalisation of the farming communities,** to more than 3 million farmers registered in our M-Kulima platform in partnership with the Ministry of agriculture and have made a profound contribution to **women and child health projects** through support of the m-mama initiative in partnership with the Ministry of Health, Ministry of Information, Communication, and Information Technology, and Ministry of President's Office Regional Administration and Local Government. Our drive this year focused on collaborative work with government and regulators to deliver valuable efficiencies by driving digital automation in some of our key interactions.
- Through our M-Pesa products and platform, we have contributed to enhancing the efficiency of government-related payments in such areas as water and electricity utilities. Total value of payments to government through M-Pesa platform grew 22.8% year-on-year, with transactions volume up 15.1%. Our M-Pesa services – including merchant payments, lending, insurance, IMT and the traditional peer-to-peer transfers – have also played an important role in promoting financial inclusion, empowerment and contributing to the government's social and environmental objectives.

1. Tanzania Communication Regulatory Authority's quarterly communication statistics as at March 2024.

## Enhancing digital accessibility

As reviewed across this report, we have been making significant investments to enhance digital accessibility across Tanzania by expanding the coverage and improving the quality of our network across the country, as well as by driving smartphone penetration to enable more people to access data and digital services. At financial year-end, 76.5%[1] of the Tanzanian population was covered by Vodacom broadband, and we ended the year with 6.6 million smartphone users in our customer base.

## Future proofing our network infrastructure

We invested TZS170.1 billion[2] (13.3% of revenue) this year in our network and IT infrastructure to expand our network coverage and upgrade capacity, support our roll-out of 5G sites and the acceleration of 4G, and further modernise the network to enhance security and resilience and drive operational efficiencies.

## Vodacom Tanzania's Awards 2024

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

### Human resources

- Top Employer Tanzania 2024 and Top Employer Africa 2024 (Top Employers Institute)
- Winner Human Resource Management Excellence 2023 (Association of Tanzania Employers)

### Finance

- Best Presented Financial Statements award for 2022 in Telecommunication Services Category (National Board of Accountants and Auditors of Tanzania)
- Top Taxpayer Award in Financial Year 2022/2023 (Tanzania Revenue Authority)

### M-Pesa

- Marketing campaign of the year 2023 (Tanzania Marketing Science Awards)
- Video advert of the year 2023 (Tanzania Marketing Science Awards)

### Customer service

- Most preferred Telcom Company in Customer service (Consumer Choice Awards 2023)
- Preferable Customer Experience (Tanzania Service Excellence Award)

### Corporate Social Responsibility

- Corporate Social Responsibility award (Tanzania Service Excellence Award)
- The SERAS, Africa Sustainability/CSR Awards 2023: Not-for-Profit of the Year 2023
- Serengeti Bytes- Tanzania Digital Awards for Digital Innovation in Health: M-mama

### Other

- Most preferred quality and speed internet service (Consumer Choice Awards 2023)
- 1st Exhibitor winner in Telecommunication category (Tanzania Trade Development Authority)

1. Broadband service measured at a rate of 1 Mbps (outdoor).
2. Excluding spend on mergers and acquisition – acquisition of Smile Telecommunications Tanzania Limited.

Value created
Value eroded
Value sustained

# Our strategic enablers

## Digital care and experience

Our focus is to maintain and grow 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' in how we work, we aim to combine the best of digital technology and personal interaction to evolve our customer experience through a personalised omni-channel digital solution that promotes inclusion and generates loyalty to our brand.

## Our FY2024 performance

This has been another pleasing year, underpinned by effective execution of our strategic priorities relating to an enhanced customer experience.

- Once again, we were consistently rated first in terms of headline NPS throughout the year, ending the year with a 13-point lead over our closest competitor.
- We have continued to maintain our overall leadership[1] in market share, reflecting strong execution of customer acquisition and retention strategies, including our excellence in customer care.
- The quality of our customer service has been recognised by the various external awards received this year (see page 32).

### Scaling digital care

This year, we implemented various initiatives to increase the effectiveness and uptake of our digital engagement channels, with the aim of reducing call centre volumes and handling times, and increasing our first-call resolution rates:

- To enhance the development and uptake of RPA, this year we ran a 'Citizen Development Programme' in which we engaged staff (tech and non-tech) from across the company to identify specific repetitive tasks in their roles and to train them in using RPA to automate these processes. A total of 68 processes have been automated since initiation of this initiative, delivering valuable cost savings, contributing to improved process turn-around time, and freeing up staff for higher quality duties and engagements.
- We have introduced further refinements to our chatbot functionalities, expanded the availability of our chatbots across various social media platforms, and successfully migrated TOBi to a new platform. By increasing the use of emerging AI capabilities, we are making the chatbot more engaging and intuitive, ensuring that as far as possible common account and service-related queries are effectively addressed by the chatbot, before channelling any remaining customer queries to the right agent. This year 32% of the queries were attended by the chatbots.
- 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 28% year-on-year growth in volume of customer service issues handled through digital channels.
- Recognising that many customers still prefer to speak to an agent, we have improved our IVR (Interactive Voice Response) to make it easier for customers to access us, while also maintaining messaging to encourage self-care.
- We have further expanded the self-reversal functionality for erroneous M-Pesa transactions to include transactions sent to other networks, improving the customer experience and reducing demand on our call-centre agents.

### Transforming the customer experience

- Following the introduction last year of a Customer Experience Board comprising of all ExCo members, this year we launched an ExCo-driven company-wide customer obsession programme aimed at ensuring that every Vodacom employee recognises the impact of their activities on current and potential customers and integrates customer priorities within their work activities.
- Through our customer education initiatives and by addressing identified customer pain points, we delivered further improvements this year in the customer experience at our call centres, with our touchpoint net promoter score (tNPS) up 72pp, and with a service level average of 82% at year-end.
- We have continued to eradicate customer pain points, as far as possible using digitised and automated processes to simplify the customer journeys. Majority of customer queries are now resolved within six hours.
- We have further improved our use of AI and CVM technologies, and our customer-centric go-to-market processes, to develop differentiated, highly personalised product offerings.
- Through our customer education platform ('Ni Rahisi Tu') we continued to provide customers with data management tips, as part of our efforts to curb the misperception of unknown depletion of megabytes bought, as well as empowering customers to manage their spend and usage. This year we provided a repository of our data management tips on our online subscription based Vodatube website that currently, at its infancy, has almost 10 000 registered subscribers.

1. TCRA report for the quarter ended 1 March 2024.

## Inclusive care

In delivering on our commitment to 'inclusively' serve customers better, we have maintained our focus on addressing the needs of customers with hearing and physical movement challenges.

- Building on the sign language initiatives introduced last year, this year we provided access to a video-based sign language desk in our call centre and continued to sensitise our retail staff with basic sign language skills.
- To further enhance customer access to our touchpoints, we increased the availability of wheelchair ramps to more than 171 Vodacom shops (up from 80 in the prior year), as well as installing priority desks for the disabled in our retail stores.
- For our visually impaired customers, we have introduced a direct line to our call centre. We are increasing awareness of this facility to encourage more customers to sign up.

## Creating expert agents

- As part of our heightened company-wide focus on embedding a customer-first mindset, and to ensure that customers are always attended to by a knowledgeable and confident agent, we have continued to invest in strengthening our agents' skills to support our more sophisticated products in the digital, financial, insurance and fixed space.
- We have also leveraged on our digital 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.

## Technology leadership in network and IT

Continued investment in network infrastructure, IT systems and innovation – to maintain network performance, strengthen cybersecurity, protect customer privacy and secure operational efficiencies – is fundamental to meeting our growth objectives and delivering on our purpose.

## Our FY2024 performance

### Investing in infrastructure to expand capacity, coverage and resilience

- This year, we invested TZS170.1 billion[1], equivalent to 13.3% of revenue on capital expenditure in our network and IT infrastructure. This investment was used to expand our network coverage, upgrade network capacity, roll-out new 5G sites and fibre in priority areas, and further modernise our network and IT systems to enhance security and resilience while also driving operational efficiencies.
- We added new sites across the technologies in particular 3G and 4G, bringing the total number of sites to 3 233 and 2 804 respectively. This investment has increased our 4G reach to 66.1% of the country's population, up from 56.2% last year. It has also increased our 3G reach, enabling us to provide 3G data services to around 76.5% of the population. Importantly, we also added 34 new 2G sites, including 11 sites as part of the government's rural coverage programme, bringing our 2G coverage to 94.6% of Tanzania's population[2]. Our fibre network has also been extended to reach close to 4 800 kilometres.
- To provide for continuing growth in network traffic and address specific instances of network congestion, this year we invested in various end-to-end capacity upgrades across the country, further enhancing the overall customer experience. We have continued to modernise our radio network (RAN) by deploying new sites or changing existing base stations to single radio access network (SRAN).
- In late March 2024, we successfully completed acquisition of Smile Communications Tanzania Limited, a small telecom operator, as part of our plans to strengthen our network infrastructure and provide satisfactory customer service. This agreement grants us access to critical spectrum resources previously held by Smile.
- As a result of our cumulative investment in network coverage and capacity, 76.5% of the population is now covered by broadband[3]. Pleasingly, this year we reported a network availability of 99.5%, which is markedly above the Vodacom Group average.

1. Excluding spend on mergers and acquisition – acquisition of Smile Telecommunications Tanzania Limited.
2. All assessments of population reach are based on Vodacom Tanzania internal estimates.
3. All population penetration measured at a rate of 1Mbps (outdoor).

Value created
Value eroded
Value sustained

The impact of our efficient network operations and investment is reflected in the generally strong performance in our KPIs relating to network availability, dropped call rate, accessibility, and data download and upload rates. At the year end, we maintained our lead in overall network NPS, with a solid 10 points lead gap over our nearest competitor.

Due to the recent rapid growth in demand for data in some of our strongholds, we have unfortunately experienced congestion on some of our 2G network. We have also been lagging in network reach in some areas, which will be our investment focus for the coming years.

Looking to the year ahead, we will be investing in further upgrades to our network capacity to handle growing demand, as well as expanding our coverage generally and in strategic areas, while continuing to support government's rural coverage initiatives through UCSAF projects.

We will continue to accelerate the roll-out of 4G, 5G and fibre coverage for broadband and data, and strengthening capacity in VoLTE (Voice over LTE), as well as encouraging the uptake of smart devices and VoLTE-capable phones.

## Strengthening cybersecurity and maintaining customer privacy

In implementing 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. This year, 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.

Our Bug Bounty Programme, launched last year in partnership with a global cybersecurity company, has continued to prove very effective in identifying and addressing potential vulnerabilities. Through this initiative, we offer monetary rewards to ethical hackers for successfully discovering and reporting a critical vulnerability in any of our externally facing applications.

We maintained our certification this year in terms ISO 27001 (Information Security Management System) and are 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 to be a net zero operator across its operations by year 2035, 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. Currently, 89% of our towers are connected to the grid, and 6% are on solar hybrid.

We have introduced various energy efficiency initiatives in our data centres and are working to connect all of our data centres to renewable energy sources by 2026.

We completed requirements for obtaining ISO 50001 certification on energy management.

In delivering on our cost containment commitments, we have continued to drive network and IT efficiencies, including consolidating network towers through our co-build and sharing strategy, developing some of our key IT products internally, and streamlining internal processes through increased digitisation and RPA.

## Retain and develop a high performing team

Vodacom Tanzania has always excelled in attracting, nurturing and retaining talent, and we take pride in consistently being rated as a Top Employer in Tanzania. Given the increasingly competitive market for talent, we recognise the critical importance of attracting and retaining diverse talent and future-ready skills within an inclusive work environment that fosters personal growth, and a culture that values agility, innovation and customer service.

## Our FY2024 performance

### Diverse talent and future-ready skills

- We are continuing to invest significantly in building the internal skills and capabilities needed to deliver on our ambition of being a future-ready digital tech company. This year, all of our employees engaged in internal and external training opportunities of some form, averaging 44 learning hours per employee over the year. This includes training in key future skill areas such as cloud technologies, blockchain, cybersecurity, robotic process automation, fintech and digital money, IoT, big data, AWS, and environmental, social and governance (ESG) issues.
- Senior management succession planning and leadership development remains a top priority. This year, we ran various leadership development programs addressing 143 leaders. We have continued to retain a particular focus on developing female leaders through participation in leadership initiatives including the nine-month Female Future Leaders Programme developed in partnership with the Association of Tanzania Employers (ATE).
- Our learning mantra of #1MoreSkill has seen an uptake of 1 473 courses to upskill and reskill on technical knowledge, future digital skills and soft skills. This resulted to an average of 46.1 learning hours for each employee during the year.
- 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, we made 10 promotions internally to management positions, 4 of these being female, ending the financial year-end with 46.7% female at Director and/or Head of division level. All but two of our thirteen executives are Tanzanians, representing an 84.6% level of local representation at director level, up from 30.8% seven years ago, a significant shift that reflects our commitment to investing in the localisation of our leadership team.
- Our ability to attract and retain the best talent is strengthened by being part of the Vodafone and Vodacom groups. Given the highly competitive market for skills – particularly in the digital technology field – this is an important differentiator, enabling 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, 12 Tanzanian Vodacom employees are working on various assignments within the Vodacom group family.

- We are continuing to play a role in addressing the global gender disparity gap in STEM careers by collaborating with government, the private sector and academia to encourage young women and girls pursue STEM subjects. Since its launch in 2019, our flagship Code Like A Girl programme has engaged 2 340 Tanzanian girls aged 14 to 18, equipping them with coding skills and life skills, and inspiring them to pursue ICT and STEM subjects. This year, as part of commitment to inclusion, we have made a particular effort to encourage the participation of girls with disabilities. Participants attends a one-week training covering basic knowledge of computer languages and programme development including 'HTML' and 'CSS', a computer language for web pages structuring.

### Agile and efficient operating model

- Vodacom Tanzania was the first operation in the Vodacom Group other than Vodacom South Africa, to adopt Agile structures, principles, and tools. Since its launch in 2019, all our employees have been trained in Agile processes through the Vodafone University online portal. We now have 8 Agile squads and trained 45 staff members as 'RPA Citizens'. We have now fully automated 273 processes using RPA.
- Through our various Agile interventions, we 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. In this year alone we have saved more than 50 000 person-hours.

Value created
Value eroded
Value sustained

## Spirit, culture transformation and engagement

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.

We are very proud that we maintained our top position this year across Vodacom and the Vodafone group for our Team Spirit Index and engagement scores. This reaffirms 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 have continued in our efforts in contributing to the Vodafone group's goal of being recognised as the world's best employer for women by 2025 by increasing the representation of women at the leadership level and across the organisation.

We have various strategies and initiatives in place to support achievement of this objective, including progressive provisions on parental leave, gender pay equality, domestic violence and sexual harassment. These are supported by the leadership development and training programmes mentioned earlier.

We have continued to automate and enhance digitised employee engagement tools, introducing best-in-class digital solutions to facilitate secure communication and enhance collaboration and innovation across our workforce. We have fully digitised employee on-boarding, introduced chatbot for HR services, and encouraged further uptake of our employee-Engage app. We are proud, this year we achieved 76% active-user uptake on our Engage app.

Our various workplace initiatives have once again been recognised this year, with Vodacom Tanzania receiving the Top Employer Tanzania and Top Employer Africa awards from the Top Employers Institute for the seventh consecutive year, and winning the Human Resource Management Excellence 2023 award from the Association of Tanzania Employers.

## Health, safety and wellbeing

This year was Vodacom Tanzania's 12th 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.

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 developed fully automated digital solutions covering permit-to-work and journey management plans, and shared these across the broader Vodafone group, where they have been adopted by many of the Vodacom markets. This year we upgraded these digital tools to enable risk predictive analysis and improved control in identified high risk areas and activities.

Our employee wellbeing programme continues to get very positive employee uptake and feedback. The programme includes awareness sessions – covering various issues such as mental health and emotional wellbeing, nutrition, healthy lifestyles, and sound financial management – as well as a 'Better Me' programme with three-monthly one-on-one consultations with a nutritionist.

As part of our commitment to promoting community safety, we have engaged in various road safety initiatives, including on education and awareness-raising within schools and communities, the training of junior patrol officers, and the provision of safety-related equipment such as reflective vests and road signs.

| Our Workforce performance indicators | Unit | Mar-24 | Mar-23 | Mar-22 | Mar-21 | Mar-20 |
|---|---|---|---|---|---|---|
| Full-time employees | Number | **607** | 581 | 560 | 569 | 551 |
| Female in ExCo | % | **38.5** | 38.5 | 38.5 | 36.4 | 30.8 |
| Female (HoD and ExCo level) | % | **46.7** | 43.8 | 40.0 | 41.2 | 41.2 |
| Female employees | % | **38.1** | 37.5 | 37.3 | 35.7 | 37.0 |
| Local (Tanzanians) % in ExCo | % | **84.6** | 84.6 | 84.6 | 72.7 | 69.2 |
| Total training spend | (TZS bn) | **1.7** | 0.3 | 0.2 | 0.7 | 1.0 |
| Employee turnover* | % | **6.0** | 5.2 | 11.5 | 6.9 | 6.7 |

* There has been a change in employee turnover computation methodology hence a retrospective change of the ratio reported in prior years.

# Our purpose

Vodacom Tanzania's purpose is to 'connect for a better future,' and we are committed to improving the lives of millions of Tanzanians through this mission. This year, our purpose has been simplified to focus on two pillars from our previous three-pillar purpose approach. The revamped purpose focuses on **'Empowering people'** and **'Protecting the planet'**, allowing us to continue delivering innovative digital and financial services that have the power to change lives. This is underpinned by our commitment to maintaining trust in everything we do. Further, we remain focused on the delivery of our Social Contract with stakeholders to ensure that we make meaningful contributions to digital and financial inclusion.

As a leading digital company, the most effective way we can accelerate positive socioeconomic transformation and contribute meaningfully towards national and global development objectives is through the responsible provision of connectivity services, and enhanced access to more inclusive digital services for both connectivity and financial services through M-Pesa.

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

### Empowering people

We aim to close the digital divide and help people benefit from digitalisation.

### Protecting the planet

We want to help protect the planet and enable our customers to do the same.

### Maintaining trust

through responsible business practices.

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

Value created
Value eroded
Value sustained

# Empowering people

## Empowering people through creation of a 'Digital Society'

Bridging the digital divide is critical for progressing Tanzania 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 connectivity services to the underserved areas and by facilitating access to airtime credit, affordable smartphones and providing low-cost price packages to democratise communications. We are also developing tailored digital solutions that support the digitisation of businesses, government services and critical sectors providing solutions to socioeconomic and environmental challenges.

## Connectivity for all

This year, we invested TZS170.1 billion in expanding the coverage and improving the quality of our network. We added 17 new sites in rural Tanzania and to further support access to data services, we rolled out 132 new 5G and 451 new 4G sites. We also rolled out 11 new sites in special-purpose areas[1] in collaboration with the government through the Universal Communications Service Access Fund (UCSAF).

At year-end, we had 1 704 rural sites[2], including 313 sites[1] built in collaboration with UCSAF over the past twelve years of our partnership. As a result of our sustained investment in network coverage and capacity, 72.0%[3] of Tanzania's population is now covered by broadband.

We have continued to promote digital inclusion through our affordably priced packages offered under our 'Just4You' umbrella, powered by our CVM and machine learning platforms. Currently, 9.0 million customers, monthly, use our Just4You offers.

We also continued to facilitate access to connectivity services through our airtime credit advance service platform that enables customers to access telecommunications services by loaning airtime or bundles for repayment in their next recharge. This year, close to 7 million customers benefitted from over TZS100 billion in airtime advance issued, almost 16% higher than last year's value.

We are continuing to drive the affordability of smart devices to enable more people to access data and digital services. This year our initiatives, notably the device financing scheme that allows users to own affordable smartphones, with an initial payment of as low as TZS 20 000 and daily repayment of less than a thousand shillings over 12 months' period, contributed to a 24.3% increase in smartphone users to 6.6 million. We continue to work with various stakeholders to identify new opportunities to stimulate demand for smartphones and to assist on affordability.

## Promoting financial inclusion

We have continued to make significant strides this year in facilitating financial inclusion through our various M-Pesa service offerings. Over 10 million monthly active M-Pesa customers – processing close to 2.0 billion transactions, with value just short of TZS 100 trillion for the year – are connected to the formal financial services through M-Pesa, the largest reach of any mobile financial services provider in Tanzania.

Our M-Pesa offering provides a significant step in financial inclusion, particularly for a largely unbanked population by facilitating various valuable services traditionally available through formal bank or insurance companies. Such service include money transfers, merchant payment solutions, personal and communal savings, short term loans, overdraft facilities and insurance services.

- 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, significantly reducing the risks of cash loss associated with poor record keeping, insecure storage, theft and/or dishonest practises by those entrusted to maintain the groups' savings. It is encouraging to see that value of transactions in M-Koba grew by more than 100% – more than doubled, and over 60% of the value transacted was initiated by women, showcasing M-Koba's empowering feature.
- Through the M-Pesa wallet, our M-Pawa and M-Godi customers have access to a savings account service; more than TZS400 billion in deposits were made this year through these services.
- During the year, over 6.0 million customers benefitted from our Songesha overdraft facility, which is easily accessed and does not require any paperwork 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 the ultimate customers.

## Digitalisation of the critical sectors

Our innovative M-Kulima agricultural platform links the 3.2 million registered smallholder farmers to the agriculture value chain, getting access to information, services and markets via App and SMS, with faster and safer payments enabled through M-Pesa. By digitising the farming community, the platform is empowering smallholder farmers and providing a valuable source of statistical data to government to enable

1. Note: not all the sites built in collaboration with UCSAF are rural sites. The main criteria for funding is facilitating services to underserved areas that are typically commercially unattractive; geographically these sites could also be in urban areas.
2. The 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.

more productive farming practice. This year, more than TZS16 billion was paid to M-Kulima registered customers. We continue evaluating other use cases on digitising the agriculture value chain to benefit the farming communities.

- Through our e-Fahamu (instant schools) initiative, we are providing digital tools to connect various schools to the internet. We provide identified needy schools with facilities for students and teachers to access online educational content. A total of 285 schools with 42 181 registered students are active in our portal. In this spirit, during the year, we conducted awareness campaign reaching close to 18 000 students and 1 350 teachers, and donated 204 desktop computers, 17 printers, 145 tablets and 101 routers. Our total investment in e-Fahamu activities was TZS593 million.

## Digitalising government

- Our M-Pesa payment solutions, supported by the government's willingness to drive digitalisation of payments, is delivering valuable productivity and efficiency gains by facilitating electronic payments in such areas as water and electricity utilities, education and city parking. Through our M-Pesa super-app customers can easily access options to effect government payments via direct links to the government portal. This year, value of transactions relating to government payments grew by 22.8% with transactions' volume growing 15.1%.
- We made pleasing progress this year in driving digital automation in some of our interactions with government and regulatory agencies, delivering valuable efficiencies. We will be working with government to further identify digitalisation opportunities.

## Empowering people through inclusion for all

Through our numerous digital initiatives that enhance access to communications, democratise health and education, or support technology start-ups, we are making an important contribution to alleviating poverty and inequality in Tanzania.

## Inclusive access to our communications service

In addition to increasing access more broadly to our communication services – by extending our network reach and capacity, and by facilitating access to more affordable smart devices (see Connectivity for all on page 39) – we are also specifically ensuring more inclusive access and customer care services for customers with physical challenges. Specific inclusive care initiatives included:

- Installing ramps to support wheelchair or non-stairs access in more than 171 shops across the country (FY23: 80 shops).
- Introducing sign language customer service for hearing impaired customers by recruiting sign language specialists and training employees in our touch points on basic sign language skills.
- Providing a video call customer service on WhatsApp attended by a sign language specialist.
- Providing special counters and support in our main outlets for customers with special needs.

These initiatives reflect our commitment to ensuring that our customers get equal access to our services regardless of their physical conditions. This year, an estimated 7 700 customers were served through our inclusive care initiatives.

## Democratising health

- M-mama initiative, in partnership with the Vodafone Foundation, USAID and the Government of Tanzania, has helped reduced maternal deaths by providing emergency transportation for pregnant women to healthcare centres in rural areas. The program started in year 2013 as a pilot in Shinyanga region and is now operational in all regions in the country. At the close of this financial year, a total of almost 55 000 emergency cases were attended to, saving almost 2 000 lives.
- Our non-communicable diseases awareness campaign through the "Afya Bora Camp" provided free community health check-up campaign for Tanzanians where more than 3 500 villagers were served, and where severe conditions were detected, they were referred to regional hospitals. This campaign was conducted in collaboration with Regional Commissioners Offices, Regional Medical Officers, the Medical Association of Tanzania, Tanzania Medical Students Association, and Association of Private Health Facilities in Tanzania (APHFTA). A total of TZS129.4 million was spent on this campaign.

## Democratising education

- Maintaining our resilient and high-quality data network across the country enables our customers to have access to quality educational sources through the internet. By consistently extending coverage for high speed internet accessed through mobile and fixed-data services, our customers are able to access online educational materials including electronic libraries, lectures and other educative content.
- Through our Code Like A Girl programme, we are playing a role in addressing the global gender disparity gap in STEM careers. We are supporting the government, in collaboration with the private sector and academia, to encourage young women and girls to pursue STEM and ICT subjects and to stimulate the development of digital solutions for sustainable social and economic development. Since its launch, 2 340 girls aged 14 to 18 have participated in the programme, equipping them with coding and life skills, and inspiring them to pursue ICT and STEM subjects.

## Supporting technology start-ups

- The 'Digital Accelerator Season 3' – an accelerator run in partnership with Mass Challenge and Huawei Tanzania, aims to help Tanzanian innovators and tech startups transform their potentially game-changing product ideas into successful businesses, creating jobs and for some, addressing pressing societal challenges. Over the three seasons, accelerator has attracted more than 750 applicants (FY24: 214), and provided support and mentoring services to more than 35 short-listed founders (FY24: 15) to accelerate start-ups, through bootcamps, design-thinking labs, roadshows, and intensive tailormade session with mentors globally.

# Protecting the planet

We are committed to ensuring sound environmental stewardship 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 and other legal requirements on environment.

## Climate change, energy and water efficiency

We are continuing to reduce our carbon footprint and drive energy and water efficiency initiatives in our operations by modernising our data centres and delivering efficiencies across our mobile network. This year, although our total absolute energy consumption increased as a result of the growth in our network (see page 15), we have implemented various initiatives that are delivering efficiency gains and contributing to our parent company – Vodacom Group ambition, to achieve net zero GHG emissions from its operations (scope 1 and 2) by 2035:

- We are working with our network providers to accelerate grid connectivity to reduce usage of the more carbon-intensive diesel generators; currently, 89% of our towers are connected to the grid, with 6% are on solar hybrid.
- We have introduced various energy efficiency initiatives in our data centres and are working to start connecting data centres to renewable energy sources by 2025.
- We completed requirements for obtaining ISO 50001 certification on energy management.
- In delivering on our cost containment commitments, we have continued to drive network and IT efficiencies, including consolidating network towers through our co-build and sharing strategy, developing some of our key IT products internally, and streamlining internal processes through increased digitisation and RPA.

## 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 214.4 tons in paper-waste this year, resulting in a cumulative estimated reduction of over a thousand tons of paper in the past eight years.
- By moving across to smaller SIM-cards using biodegradable material, we have reduced plastic usage and plastic waste by an estimated 30.8 tons this year, resulting in a total estimated reduction of 210.8 tons in plastic waste over the past eight years.

| Sustainability KPIs | Unit | Mar-24 | Mar-23 | Mar-22 | Mar-21 | Mar-20 |
|---|---|---|---|---|---|---|
| Number of full-time employees | Number | **607** | 581 | 560 | 569 | 551 |
| Number of full-time female employees | Number | **231** | 218 | 209 | 203 | 204 |
| Female in ExCo | % | **38.5** | 38.5 | 38.5 | 36.4 | 30.8 |
| Female (HoD and ExCo level) | % | **46.7** | 43.8 | 40.0 | 41.2 | 41.2 |
| Female employees | % | **38.1** | 37.5 | 37.3 | 35.7 | 37.0 |
| Total spend on employees | (TZS bn) | **74.7** | 65.2 | 63.8 | 63.8 | 57.7 |
| Total training spend | (TZS bn) | **1.7** | 0.3 | 0.2 | 0.7 | 1.0 |
| 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 | % | **94** | 93 | 85 | 86 | 86 |
| Customer base (90 days) | Number ('000) | **19 563** | 16 735 | 15 368 | 14 861 | 15 513 |
| M-Pesa users (monthly base) | Number ('000) | **10 169** | 8 197 | 6 833 | 7 395 | 6 685 |
| Data users (monthly base) | Number ('000) | **10 065** | 8 748 | 7 603 | 7 695 | 7 687 |
| CAPEX investment | (TZS bn) | **170.1** | 156.0 | 174.0 | 122.4 | 154.6 |
| Total tax and levies paid to government[1] | (TZS bn) | **522.6** | 530.0 | 516.9 | 429.7 | 434.8 |
| Airtime advanced to customers | (TZS bn) | **101.7** | 72.5 | 68.6 | 43.3 | 38.2 |
| Total value transacted in M-Pesa | (TZS tn) | **97.1** | 70.4 | 61.9 | 69.2 | 58.9 |
| Beneficiaries of Songesha overdraft | Number ('000) | **6 179** | 4 444 | 3 776 | 3 541 | 2 001 |
| Rural sites (UCSAF) | Number | **313** | 302 | 283 | 260 | 217 |
| Rural sites (Total) | Number | **1 704**[2] | 1 687 | 1 680 | 1 660 | 1 570 |
| Number of customers in rural sites | Number | **8 987** | 7 689 | 7 016 | 6 719 | 6 298 |
| % Customers in rural sites | % | **55** | 54 | 57 | 56 | 53 |
| Paper usage saved by focusing on electronic recharges | Tons | **214** | 172 | 134 | 140 | 175 |
| Plastic usage saved by using small size SIM-cards | Tons | **31** | 29 | 15 | 22 | 30 |

1. The figure for FY2024 includes 'custom duties' not included in the prior years. Excluding this, the value of contribution would have been TZS496.4 billion – the decline is due to lower levies on mobile financial services after the government scrapped the levies on peer-to-peer transactions.
2. Vodacom Group's FY2024 ESG report cited 34 new rural sites for Vodacom Tanzania. This will be updated to 17 in subsequent reporting.

# Finance Director's review

We sustained our growth momentum from the prior year to deliver a c20% growth in net profit after tax. We navigated against various headwinds including significant foreign currency losses an impact of global geopolitics, to deliver growth in all our profitability measures, supported by service revenue growth and effective cost containment. I am pleased to share with you details of our financial performance for the financial ended 31 March 2024.

**Hilda Bujiku**
Finance Director

| Consolidated | 2024 | 2023 | Year-on-year % change |
|---|---|---|---|
| Service revenue (TZS m) | **1 258 335** | 1 053 762 | 19.4 |
| of which | | | |
| Mobile voice revenue (TZS m) | **285 769** | 278 246 | 2.7 |
| M-Pesa revenue (TZS m) | **456 285** | 357 136 | 27.8 |
| Mobile data revenue (TZS m) | **347 303** | 273 702 | 26.9 |
| Digital & VAS revenue (TZS m) | **38 723** | 35 797 | 8.2 |
| Mobile incoming revenue (TZS m) | **48 380** | 46 340 | 4.4 |
| Fixed revenue (TZS m) | **30 745** | 19 509 | 57.6 |
| Revenue (TZS m) | **1 278 217** | 1 073 018 | 19.1 |
| Profit for the year (TZS m) | **53 427** | 44 556 | 19.9 |
| Capital expenditure (TZS m)[1] | **170 134** | 155 981 | 9.1 |
| Capital intensity (%) | **13.3** | 14.5 | (1.2)pp |
| Customer market share[2] (%) | **1st** | 1st | |
| Active customers[3] (thousand) | **19 563** | 16 735 | 16.9 |
| 30 day active M-Pesa customers[4] (thousand) | **10 169** | 8 197 | 24.1 |
| Active data customers[5] (thousand) | **10 065** | 8 748 | 15.1 |
| MoU per month[6] | **285** | 275 | 3.6 |
| ARPU[7] (shillings per month) | **5 523** | 5 328 | 3.7 |
| Number of employees | **607** | 581 | 4.5 |
| Weighted NPS[8] (position relative to competitors) | **1st** | 1st | |

**Notes:**
1. Capital expenditure as a percentage of revenue.
2. Tanzania Communication Regulatory Authority's quarterly communication statistics as at March 2024.
3. Active customers are based on the total number of mobile customers using any billable 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 NPS is an index ranging from 0 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** was up 19.4% to TZS1 258.3 billion, supported by our commercial momentum which delivered good growth in customers and average revenue per user (ARPU). Our commercial initiatives focused on customer acquisition and retention, as well as increasing products uptake, resulting into 16.9% customer growth and 3.7% ARPU uplift.

**Mobile voice revenue**[1] grew 2.7% to TZS285.8 billion primarily supported by commercial initiatives to grow customers, while voice ARPU declined 9.4%. The ARPU decline was due to a c15% decline in average price per minute reflecting continued pressure on voice pricing in the market, which was partly offset by a 6.5% increase in minutes of use per customer.

**M-Pesa revenue** grew 27.8% to TZS456.3 billion, expanding its contribution to service revenue by 2.4pp to 36.3%. The growth was supported by a 24.1% increase in customers and ARPU growth of 3.0%, both reflecting increased adoption of M-Pesa services. Our focus on the new growth areas, which include lending, insurance, savings and merchant payments, continued to support M-Pesa revenue diversification. The new growth areas significantly contributed to the M-Pesa revenue growth.

**Mobile data** revenue was another key contributor to this year results, up 26.9% to TZS347.3 billion, making up 27.6% of service revenue from 26.0% in the prior year. The data revenue performance was a result of successful commercial execution, with data customers up 15.1% to 10.1 million and ARPU growing by 10.3%. ARPU growth was primarily driven by the increase in data usage per customer. supported by our investment in the network and smartphone penetration.

**Digital & VAS revenue**, which comprises of airtime advance service and value-added services (VAS), increased 8.2% to TZS38.7 billion. This growth was underpinned by increased product penetration from our diverse portfolio of digital and VAS products, supported by our commercial initiatives.

**Mobile incoming revenue** grew 4.4% to TZS48.4 billion driven by a 14.6% increase in the number of incoming minutes. Revenue growth was partly offset by 5.4% reduction in mobile termination rates (MTR) from TZS1.86 to TZS1.76 per minute effective in January 2024.

**Fixed data revenue** grew impressively by 57.6% to TZS30.7 billion. This performance reflects our investment in fixed wireless infrastructure, with our fixed customer base comprising of homes and businesses growing by over 35%.

## Net profit

We made a profit after tax of TZS53.4 billion, up 19.9%. Profitability growth reflected our strong service revenue growth and sustained cost saving momentum in the year, delivering more than TZS70 billion worth of savings. The savings achieved helped to partially mitigate the cost pressures arising from increased energy prices, contractual escalation on service contracts, and the impact of foreign exchange losses.

## Capital expenditure[2]

During the year, we invested TZS170.1 billion in our infrastructure, equivalent to 13.3% of our revenue. This spend was directed towards expanding our broadband coverage, capacity enhancements and modernisation of our IT infrastructure. Our network reach was expanded by 451 new 4G sites and additional 250 kilometres of fibre. We also invested in IT modernisation to support the development of innovative and next generation digital and financial products. We are pleased that our sustained investment supported business growth and a shift in data traffic from 3G to 4G, which is critical for driving data demand through enhanced customer experience. During the year, over 75% of our data traffic was carried via 4G technology compared to less than 66% a year ago.

1. Previously, mobile voice revenue included a component of loyalty based revenue. Loyalty revenue is based on loyalty points issued, held and redeemed by the customers. Considering the evolution and growth of our loyalty programme over recent years, it has become more appropriate to reflect the loyalty revenue within the other service revenue category, rather than mobile voice revenue. Consequently, TZS5.9 billion and TZS5.3 billion for the financial years 2024 and 2023, respectively, were reallocated to other service revenue. There was no impact on overall service revenue as a result of this reclassification.
2. Excluding spend on mergers and acquisition, and movement in capital creditors.

# Summarised consolidated financial statements

## Summarised consolidated statement of profit or loss and other comprehensive income

| TZS m | 2024 Audited | 2023 Audited |
|---|---|---|
| **Revenue** | **1 278 217** | 1 073 018 |
| Total expenses | **(882 564)** | (740 261) |
| Direct expenses | **(418 035)** | (349 470) |
| Staff expenses | **(74 666)** | (65 230) |
| Publicity expenses | **(30 358)** | (27 255) |
| Tower lease and maintenance expenses | **(141 017)** | (121 532) |
| Other operating expenses | **(218 488)** | (176 774) |
| Depreciation and amortisation | **(260 317)** | (248 306) |
| Net credit losses on financial assets | **(1 060)** | (2 974) |
| **Operating profit** | **134 276** | 81 477 |
| Finance income | **25 764** | 24 463 |
| Finance costs | **(73 107)** | (76 650) |
| Net loss on foreign currency transaction | **(8 949)** | (2 940) |
| **Profit before tax** | **77 984** | 26 350 |
| Income tax (expense)/credit | **(24 557)** | 18 205 |
| **Profit for the year** | **53 427** | 44 556 |
| Other comprehensive income | **–** | – |
| **Total comprehensive income for the year, net of tax**[1] | **53 427** | 44 556 |
| **Basic and diluted earnings per share (TZS)** | **23.83** | 19.89 |

We delivered TZS1.3 trillion revenue an increase of 19.1%, significantly from 19.4% growth in service revenue, underpinned by our strong strategy execution. Our commercial initiatives focused on growing customers and increasing product uptake, resulting in a 16.9% customer growth and 3.7% ARPU uplift, which together supported the service revenue growth. Pleasingly, revenue generated through our new services in M-Pesa, digital and VAS, and fixed services continued to grow, contributing 25.1% of our service revenue, a 5.6pp improvement year-on-year- and critical for revenue diversification.

Total expenses increased 19.2% to TZS882.6 billion reflecting business growth, partly offset by over TZS70 billion cost savings achieved in our cost containment initiatives in the year, which mitigated the growth rate arising from operational headwinds. Our main cost growth drivers in the year included the significant foreign exchange losses due to depreciation of the local currency against the major currencies, rising energy costs and as expected, the cost increases due to intensifying market competition. We also incurred TZS2.3 billion expense increase due to changes in the rate of fees payable to the government to support universal access to communication services. Other drivers for cost increase included inflationary adjustments in service contracts and employment costs, service contracts' escalations and higher energy costs in our data centres due to increased fuel usage resulting from power rationing and fuel price increases.

The 4.8% increase in depreciation and amortisation charges to TZS260.3 billion reflects additional investments made in Network, IT systems and spectrum resources.

Net credit losses on financial assets relates to impairment charges on financial assets. The current year decrease was driven by collection of previously impaired financial assets.

Finance income increased 5.3% as interest income earned from the M-Pesa Trust account offset lower interest received from cash investments, following a spectrum acquisition and payment of the final dividend for financial year 2023.

The finance cost decreased 4.6% due to lower lease interest costs following the settlement of matured obligations on the lease liability.

The tax expense of TZS24.6 billion (FY23: a tax credit of TZS18.2 billion) reflects tax increase from growth in M-Pesa profitability. The tax credit in the prior year was a result of TZS50.9 billion once off deferred tax asset recognised in relation to an improved medium term profitability outlook for our GSM business, which was partly offset by a tax expense from M-Pesa Limited.

Increased due to impact of foreign currency transaction losses.

1. o/w TZS40 million is attributable to the shareholders with a non-controlling interest.

# Summarised consolidated statement of financial position

| | 2024 Audited | 2023 Audited |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | **1 268 668** | 1 314 691 |
| Goodwill | **1 639** | 1 639 |
| Property and equipment | **595 659** | 593 185 |
| Intangible assets | **280 069** | 210 233 |
| Right of use assets | **270 992** | 371 991 |
| Capacity prepayments | **29 159** | 40 339 |
| Trade and other receivables – non current | **12 800** | 11 853 |
| Income tax receivable – non-current | **36 120** | 33 098 |
| Deferred tax assets | **42 230** | 52 353 |
| **Current assets** | **1 107 067** | 897 149 |
| Capacity prepayments – current | **12 756** | 16 916 |
| Inventory | **3 409** | 3 075 |
| Trade and other receivables – current | **114 380** | 115 771 |
| Income tax receivable | **24 532** | 15 439 |
| Mobile financial deposit | **730 293** | 509 358 |
| Cash and cash equivalents | **221 697** | 236 590 |
| **Total assets** | **2 375 735** | 2 211 840 |
| **Equity and liabilities** | | |
| **Capital and reserves** | | |
| Share capital | **112 000** | 112 000 |
| Share premium | **442 435** | 442 435 |
| Capital contribution | **27 698** | 27 698 |
| Retained earnings | **270 660** | 239 590 |
| Equity attributable to the owners of the parent | **852 793** | 821 723 |
| Non-controlling interest | **41** | – |
| **Total equity** | **852 834** | 821 723 |
| **Non-current liabilities** | **297 883** | 400 225 |
| Lease liabilities - non current | **281 831** | 394 137 |
| Other financial liabilities | **9 292** | – |
| Provisions | **6 760** | 6 068 |
| Government grants – non-current | **–** | 20 |
| **Current liabilities** | **1 225 018** | 989 892 |
| Lease liabilities – current | **110 931** | 99 203 |
| Other financial liabilities | **2 930** | – |
| Licences payables classified as debt | **–** | 72 168 |
| Government grants | **735** | 513 |
| Mobile financial payable | **730 293** | 509 358 |
| Trade and other payables – current | **374 540** | 301 026 |
| Dividend payables | **269** | – |
| Provisions – current | **5 320** | 7 624 |
| **Total liabilities** | **1 522 901** | 1 390 117 |

The increase was driven by the investment made during the year, partially offset by depreciation charges.

The increase was mainly driven by spectrum acquired through the acquisition of Smile Communications Tanzania Limited.

The decrease was mainly driven by the payments of the matured lease contract obligations.

The decrease was driven by amortisation of the prepaid right of use for the fibre infrastructure, as well as reallocation to short term capacity prepayment during the year.

The decrease was primarily driven by amortisation of the prepaid capacity lease under indefeasible right of use of fibre infrastructure.

The increase was driven by the growth in the mobile money ecosystem as we continue to grow the distribution network and diversify products.

The decrease was primarily driven by the significant non-operational payment made during the year - the final 50% instalment of the spectrum price acquired in the auction conducted by the TCRA in prior financial year, which offset cash increase generated from business operations.

The increase was driven by profit generated during the year, partly offset by TZS22.3 billion final dividend for financial year ended 31 March 2023 which was paid in October 2023.

The decrease was mainly driven by payment of matured lease obligations and reclassification to short term leases.

This was a payable to the government in relations to previously accrued right of way costs, the amount was payable over five years and therefore was reclassified from accruals to other financial liabilities.

The increase was mainly due to timing difference in payments and reclassification from long term leases.

This is in relation to previously accrued right of way costs payable to the government. The amount is payable over five years and accordingly, is reclassified from accruals to other financial liabilities.

This is the 50% final instalment payment for the spectrum acquired in the TCRA auction in the previous financial year, which was settled in April 2023 in accordance with the purchase contract.

The increase was driven by the growth in the mobile money ecosystem as we continue to grow the distribution network and diversify products.

The increase is mainly related to the amount payable to Smile Telecoms Holdings Limited and Smile Telecoms IP Limited on acquisition of Smile communication Tanzania limited.

## Summarised consolidated statement of cash flows

| TZS m | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash flows generated from operations | **643 087** | 391 390 |
| Income tax paid | **(26 549)** | (17 050) |
| Interest paid on tax liabilities | **–** | (277) |
| **Net cash flows generated from operating activities** | **616 538** | 374 063 |
| **Cash flows utilised in investing activities** | | |
| Additions to property and equipment, and intangible assets | **(179 916)** | (228 263) |
| Asset acquisition | **(12 501)** | – |
| Proceeds from disposal of property and equipment | **419** | 500 |
| Government grant received | **14 456** | 4 143 |
| Finance income received | **4 409** | 7 792 |
| Net movement in mobile financial deposits | **(220 935)** | (73 272) |
| Interest received from M-Pesa deposits | **21 355** | 16 671 |
| **Net cash flows utilised in investing activities** | **(372 713)** | (272 429) |
| **Cash flows used in financing activities** | | |
| Dividend paid | **(22 265)** | (203) |
| Proceeds from revolving credit facility | **47 266** | – |
| Principal repayment of revolving credit facility | **(47 266)** | – |
| Interest payment of revolving credit facility | **(1 312)** | – |
| Principal repayment on other financial liabilities | **(771)** | – |
| Interest payment on other financial liabilities | **(280)** | (39) |
| Payment of lease liabilities – interest* | **(47 774)** | (57 098) |
| Settlement of derivative financial liabilities | **(5 767)** | – |
| Principal repayment on spectrum licence payables | **(75 465)** | – |
| Interest payment on spectrum licence payables | **(1 925)** | – |
| Payment of lease liabilities – principal* | **(87 070)** | (48 140) |
| Interest paid to M-Pesa customers | **(19 596)** | (15 556) |
| **Net cash flows utilised in financing activities** | **(262 225)** | (121 036) |
| **Net (decrease) / increase in cash and cash equivalents** | **(18 400)** | (19 402) |
| Cash and cash equivalents at the beginning of the year | **236 590** | 256 961 |
| Effects of exchange rate changes on cash and cash equivalents held in foreign currencies | **3 507** | (969) |
| **Cash and cash equivalents at the end of the year** | **221 697** | 236 590 |

* Lease payments (interest and principal) increase is mainly due to timing difference in settlement of lease related payments.

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

The decrease is mainly due to the changed treatment for the instalments paid on spectrum acquisition which was reported under 'investing activities' in prior year, and 'financing activities' in the current year – in line with the payment terms granted. Excluding this recategorisation capex addition would have been 11.9% higher vs prior year, reflecting our continuous investment to support business growth.

This is a fee paid as reassignment cost for the spectrum acquired through acquisition of Smile Communications Tanzania Limited.

This relates to the 50% government grant received in government projects through the Universal Communications Service Access Fund, for the rollout of new sites in the underserved areas, as well as upgrade of 2G/3G sites to 4G.

The increase was driven by the growth in the mobile money ecosystem as we continue to grow the distribution network and diversify products.

This relates to dividends declared and paid to shareholders during the year. Prior year figure related to payment of previous years' unclaimed dividends which were subsequently paid to the rightful shareholders.

This relates to receipt and repayment within the same financial year and interest charge paid, on the revolving credit for facilitating acquisition of Smile Communications Tanzania Limited entity.

This relates to the cost of derivative – Forward exchange contracts (FEC) in a bid to mitigate impact from volatility of the foreign exchanges in the market.

This is the final 50% instalment payment on spectrum license acquired in TCRA auction in the prior financial year. The first instalment paid in the prior financial year was reported under 'investing activities'. The  change in reporting the second instalment under the 'financing activities' is in line with the payment terms granted.

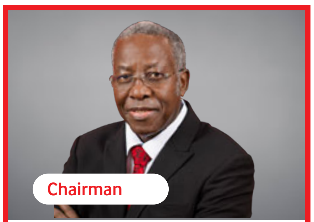
The increase reflects increase in deposit M-Pesa customers during the year.

# 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

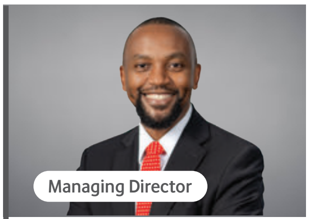
### Executive directors




**Thomas B Mihayo** (77) N

Appointed in November 2020

- Legal expertise.
- Arbitrator.
- Government relations.




**Philip Besiimire** (49)

Appointed in October 2022

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


**Hilda Bujiku** (45)

Appointed in January 2022

- Strong financial expertise.
- Experience in other emerging markets.

### Independent non-executive directors

**Kanini Mutooni** (48) A R N

Appointed in September 2022

- Financial and Venture Capital expertise.
- Board member with international leadership experience.

**Margaret Ikongo** (66) A

Appointed in November 2017

- Financial expertise.
- Government relations.
- Corporate governance expertise.

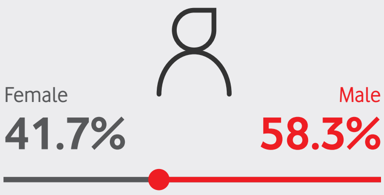
**Thembeka Semane** (48) A

Appointed in November 2017

- Corporate governance expertise.
- Operational and strategy execution experience.
- Financial expertise.

■ Chairman  A ARCC  R RemCo  N NomCo

**Gender**




**Unitary Board structure**


**Board meeting attendance**

## Non-executive directors

**Diego Gutierrez** (48) R

Appointed in March 2018

- Commercial strategist.
- Extensive telecoms technology knowledge and emerging market experience.
- Strategic leadership expertise.

**Sudhersan Ramasamy** (38)

Appointed January 2022

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

**Matimba Mbungela** (52) R N

Appointed in August 2017

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

**Nkateko Nyoka** (61)

Appointed in April 2020

- Law and Public Policy experience.
- Corporate Governance expertise.
- Leadership and Stakeholder Management

**Sitholizwe Mdlalose** (44)

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.

**Raisibe Morathi** (55)

Appointed in April 2020

- Diverse international financial experience.
- Strategic leadership expertise.
- M&A skills.

## Company Secretary

**Caroline Mduma** (46)

Appointed in April 2017

- Corporate Governance expertise.

### Age

| | |
|---|---|
| 35 – 39 | 1 |
| 40 – 49 | 6 |
| 50 – 59 | 2 |
| 60 and above | 3 |

### Tenure

| | |
|---|---|
| 0 – 3 years | 5 |
| 4 – 6 years | 5 |
| 7 – 8 years | 2 |

# Executive Committee

**Philip Besiimire** (49)
Joined Vodacom in 2022
Managing Director

**Hilda Bujiku** (45)
Joined Vodacom in 2012
Finance Director

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

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

**Arjun Dhillon** (44)
Joined Vodacom in 2017
Enterprise Business Unit Director

**Andrew Lupembe** (50)
Joined Vodacom in 2007
Network Director

**Olaf Mumburi** (48)
Joined Vodacom in 2008
Legal and Regulatory Director

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

**Harriet Atweza Lwakatare** (46)
Joined Vodacom in 2012
Customer Operations Director

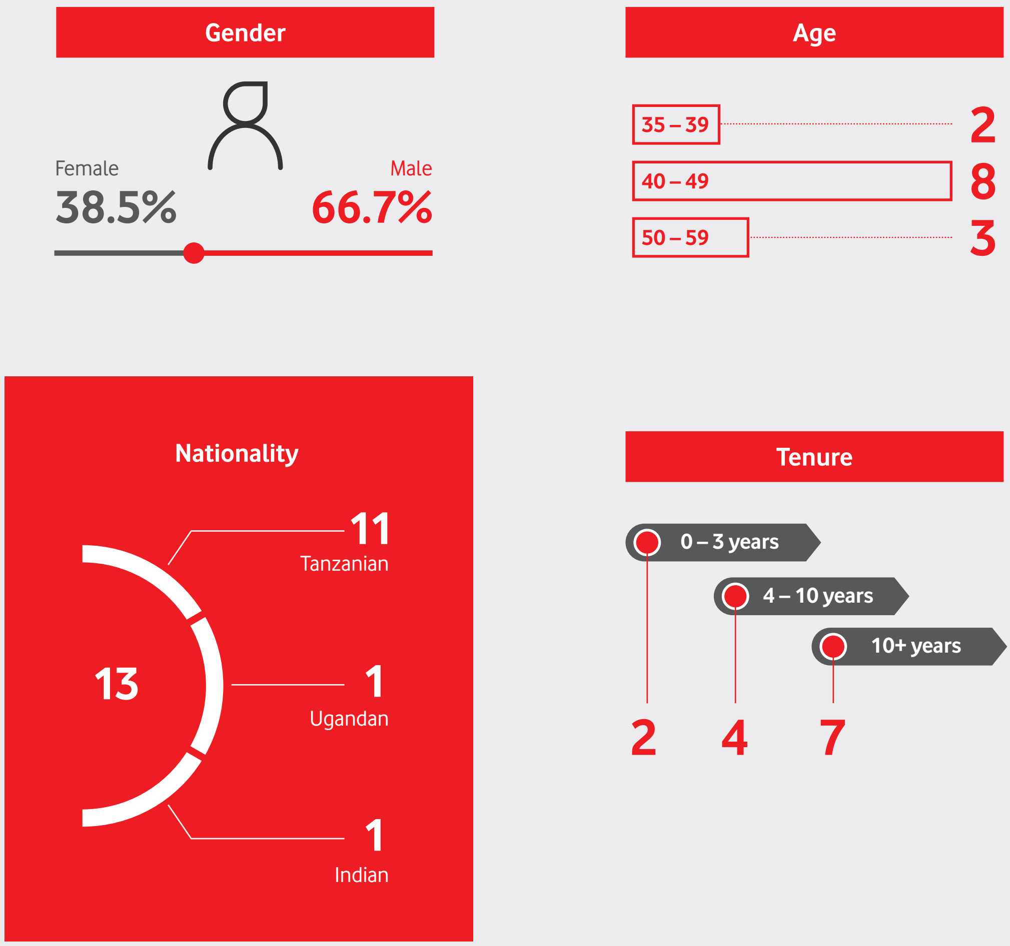
**Vivienne Penessis** (48)
Joined Vodacom in 2018
Human Resources Director

**Nguvu Kamando** (49)
Joined Vodacom in 2002
Digital Director

**Tax Agapinus** (59)
Joined Vodacom in 2020
Risk and Compliance Director

**Athumani Mlinga** (56)
Joined Vodacom in 2003
Billing and IT Director

# Demographics of our Executive Committee



# 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 2024:**

**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;and procedures are in place
- Approving the senior management structure, responsibilities and succession plans;
- 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 2023. The Board is comfortable that the Chairman is able to carry out responsibilities of this position effectively.

## 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.

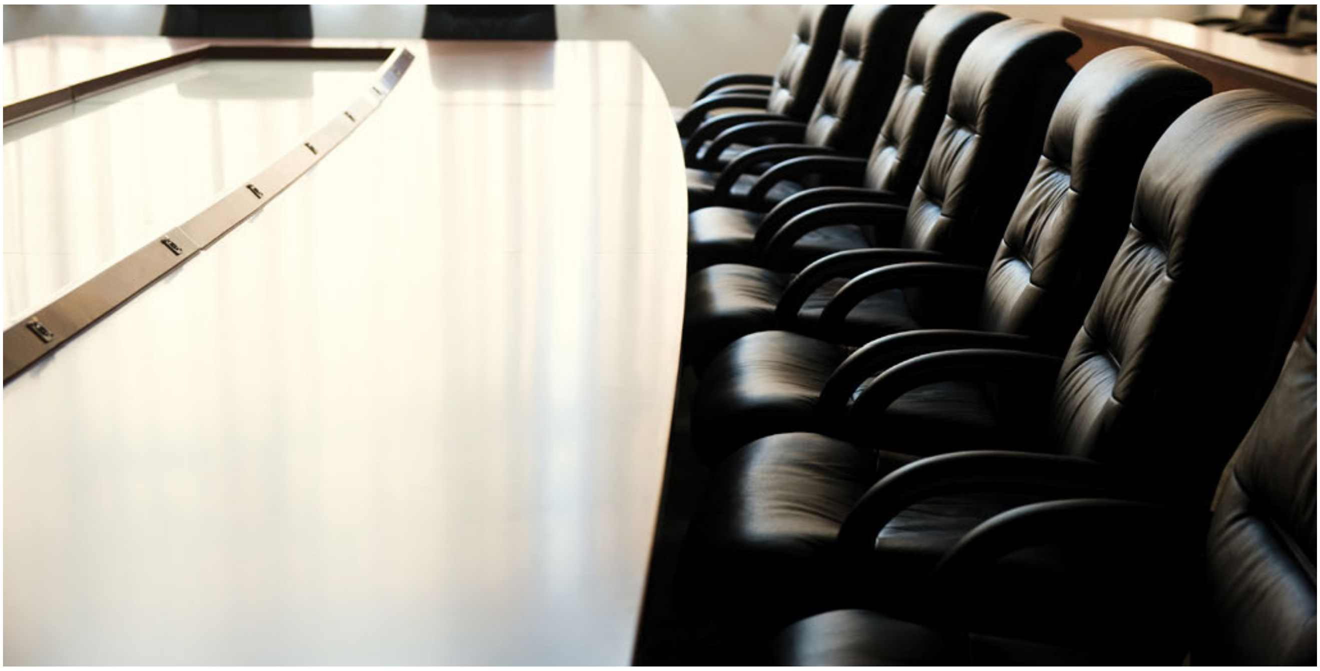
# Corporate governance activities

## Vodacom Tanzania PLC

### Board meetings

**The following table records the attendance of directors at the meetings for the year:**

| Name of director | Board | | ARCC | | RemCo | NomCo | Total attendance |
|---|---|---|---|---|---|---|---|
| | Quarterly | Special | Quarterly | Special | | | |
| Judge (Rtd) Thomas B Mihayo (Chairman) | 4/4 | 7/7 | | | | 2/2 | 13/13 |
| Ms Margaret Ikongo | 4/4 | 7/7 | 4/4 | 4/4 | | | 19/19 |
| Ms Thembeka Semane | 4/4 | 6/7 | 4/4 | 3/4 | | | 17/19 |
| Ms Kanini Mutooni | 4/4 | 5/7 | 4/4 | 3/4 | 3/3 | 2/2 | 21/24 |
| Ms Raisibe Morathi | 3/4 | 6/7 | | | | | 9/11 |
| Mr Nkateko Nyoka | 4/4 | 7/7 | | | | | 11/11 |
| Mr Diego Gutierrez | 3/4 | 7/7 | | | 2/3 | | 12/14 |
| Mr Matimba Mbungela | 4/4 | 6/7 | | | 3/3 | 2/2 | 15/16 |
| Mr Sudhersan Ramasamy | 4/4 | 7/7 | | | | | 11/11 |
| Mr Sitholizwe Mdlalose | 2/4 | 4/7 | | | | | 6/11 |
| Mr Philip Besiimire | 4/4 | 7/7 | | | | | 11/11 |
| Ms Hilda Bujiku | 4/4 | 7/7 | | | | | 11/11 |
| **Total** | **91.7%** | **90.5%** | **100.0%** | **83.3%** | **88.9%** | **100.0%** | **91.2%** |



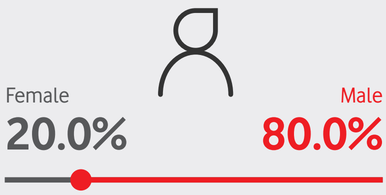
# M-Pesa Limited

## Board meetings

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

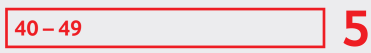
| Name of director | Board | | ARCC | | Total attendance |
|---|---|---|---|---|---|
| | Quarterly | Special | Quarterly | Special | |
| Mr Sitoyo Lopokoiyit (Chairman) | 3/4 | 1/1 | | | 4/5 |
| Mr Epimack Mbeteni | 2/4 | 0/1 | | | 2/5 |
| Mr Olaf Mumburi | 4/4 | 1/1 | 4/4 | 1/1 | 10/10 |
| Ms Hilda Bujiku | 4/4 | 1/1 | 4/4 | 1/1 | 10/10 |
| Mr Philip Besiimire | 3/4 | 0/1 | | | 3/5 |
| **Total** | **80.0%** | **60.0%** | **100%** | **100.0%** | **82.9%** |

**Gender**



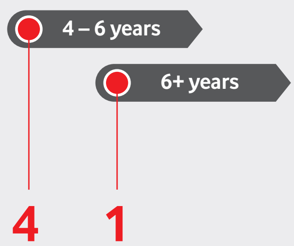

**Unitary Board structure**


**Age**




**Board meeting attendance**


**Tenure**



# Remuneration report

### Letter from the Chairperson of the Remuneration Committee:

It has been a privilege to be appointed as Chairperson of the Remuneration Committee this year. Since joining the Vodacom Board, I have been impressed by the Company's remuneration philosophy and its approach to delivering on this philosophy, as well as by the high levels of transparency maintained in its remuneration practices.

**Kanini Mutooni**
Chairperson of the Remuneration Committee

The underlying focus of the Vodacom's remuneration policy is to ensure that the short-term and long-term incentives encourage and reward effective execution of Vodacom's purpose, mission and strategy, with the aim of helping the Company to deliver a positive long-term impact. Importantly, we look beyond monetary compensation and ensure that staff members are actively engaged and receive benefits beyond just financial rewards. I have been impressed by how the Company selects these benefits – not as a tick-box exercise, but by customising these benefits to meet individual needs – reflecting a very human-centric and personalised approach. This approach is symptomatic of the positive team spirit across Vodacom, reflected in its continued leading position within the Vodafone group in its Team Spirit Index and engagement scores.

We have maintained a strong focus this year on promoting gender equality and fostering an appropriate work-life balance, recognising the role of both women and men in achieving this balance. To ensure inclusivity, in addition to its longstanding women-based initiatives, the Company has also organised sessions this year for men to share their perspectives and experiences in balancing work and personal life. Another of our priorities has been to provide onboarding training for Board members on environmental, social and governance (ESG) issues, an important part of helping Vodacom deliver on its purpose and social contract.

With a strengthening local economy and significant growth opportunities in the mobile and data space, this is an exciting time for the Company. We recognise, however, that this is also a time of increasing competition for technical and leadership skills, with banks and new start-ups hiring aggressively from our industry. Given this context, it is essential that we have robust incentives in place, supported by a positive workplace culture, to ensure that we continue to attract and retain the best talent, keeping the team focused on maintaining its leading market position. As outlined in this report, I believe that the Company provides remuneration that is fair and responsible, and that will continue to attract, retain and motivate executives of the highest calibre, tasked with acting in the Company's best long-term interests.

In compiling this report the Committee has considered the disclosure requirements of the Capital Markets and Securities Act, 1994. We are satisfied that the 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 encourage you to read this report and to share any feedback on the Company's remuneration philosophy and policy.

I wish to thank my colleagues on the Committee for their valuable contributions this year.

**Kanini Mutooni**
Chairperson of the Remuneration Committee
17 July 2024

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 124.

| Directors | Board | ARCC | Remco | Nomco | Total |
|---|---|---|---|---|---|
| TB Mihayo | 150 000 | | | | **150 000** |
| M Ikongo | 30 000 | 15 000 | | | **45 000** |
| K Mutooni | 30 000 | 8 000 | 12 000 | 3 000 | **53 000** |
| T Semane | 30 000 | 8 000 | | | **38 000** |
| D Gutierrez | 30 000 | | 4 000 | | **34 000** |
| M Mbungela | 30 000 | | 4 000 | 3 000 | **37 000** |
| N Nyoka | 30 000 | | | | **30 000** |
| S Mdlalose | 30 000 | | | | **30 000** |
| S Ramasamy | 30 000 | | | | **30 000** |
| R Morathi | 30 000 | | | | **30 000** |
| H Bujiku | | | | | – |
| P Besiimire | | | | | – |
| | | | | | **477 000** |

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


Report of the directors 59
Statement of directors' responsibilities 75
Declaration by the head of finance 76
Report of the independent auditor 77

**Consolidated and separate financial statements**

Consolidated and separate statements of profit or loss and other comprehensive income 80
Consolidated and separate statements of financial position 81
Consolidated and separate statements of changes in equity 82
Consolidated and separate statements of cash flows 83
Notes to the annual financial statements 84


# Report of the directors

## for the year ended 31 March 2024

### 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 2024. 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 19.6 million customers (2023: 16.7 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% (2023: 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 a comprehensive portfolio of access technologies and data solutions to help organisations of all sizes achieve the agility they need to compete successfully in a connected world.

### 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. As a leading African telco, Vodacom Tanzania is committed to harnessing its technology and resources 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.

### Our strategic priorities

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 its 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.

Our strategic priorities are designed to drive growth with customer experience at the centre of everything we do.

Our key strategic pillars are:

1. Vigorously grow mobile
2. Expand and escalate M-Pesa growth
3. Relentlessly pursue Fixed service
4. Innovate and lead on Enterprise
5. Extract Wholesale value
6. Leveraging our brand position
7. Digital Care and Experience
8. Technology leadership in network and IT
9. Retain and develop a high performing team
10. Improve the return on capital employed

# 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** was up 19.4% to TZS1 258.3 billion, supported by our commercial momentum which delivered good growth in customers and average revenue per user (ARPU). Our commercial initiatives focused on customer acquisition and retention, as well as increasing product uptake, resulting in 16.9% customer growth and 3.7% ARPU uplift.

**Mobile voice revenue** grew 2.7% to TZS285.8 billion primarily supported by commercial initiatives to grow customers, while voice ARPU declined 9.4%. The ARPU decline was due to a c.15% decline in average price per minute reflecting continued pressure on voice pricing in the market, which was partly offset by a 6.5% increase in minutes of use per customer.

**M-Pesa revenue** grew 27.8% to TZS456.3 billion, expanding its contribution to service revenue by 2.4pp to 36.3%. The growth was supported by a 24.1% increase in customers and ARPU growth of 3.0%, both reflecting increased adoption of M-Pesa services. Our focus on the new growth areas, which include lending, insurance, savings and merchant payments, continued to support M-Pesa revenue diversification. The new growth areas significantly contributed to the M-Pesa revenue growth.

**Mobile data revenue** was another key contributor to this year's results, up 26.9% to TZS347.3 billion, making up 27.6% of service revenue from 26.0% in the prior year. The data revenue performance was a result of successful commercial execution, with data customers up 15.1% to 10.1 million and ARPU growing by 10.3%. ARPU growth was primarily driven by the increase in data usage per customer underpinned by our investment in the network and smartphone penetration.

**Digital and VAS revenue**, which comprises airtime advance service and value-added services (VAS), increased 8.2% to TZS38.7 billion. This growth was underpinned by increased product penetration from our diverse portfolio of digital and VAS products, supported by our commercial initiatives.

**Mobile incoming revenue** grew 4.4% to TZS48.4 billion driven by a 14.6% increase in the number of incoming minutes. Revenue growth was partly offset by 5.4% reduction in mobile termination rates (MTR) from TZS1.86 to TZS1.76 per minute in January 2024.

**Fixed data revenue** grew impressively by 57.6% to TZS30.7 billion. This performance reflects our investment in fixed wireless infrastructure, with our fixed customer base comprising of homes and businesses growing by over 35%.

### Expenses

**Direct expenses** increased 19.6% to TZS418.0 billion. The increase was broadly in line with service revenue growth. Additionally, we absorbed TZS2.3 billion expense increase due to changes in the rate of fees payable to the government to support universal communication service access projects. The direct expenses growth was partly offset by TZS20.7 billion savings realised from our cost transformation initiatives.

**Operating expenses** grew 18.9% to TZS464.5 billion reflecting business growth, inflationary adjustment, service contracts escalation and TZS13.6 billion foreign exchange losses resulting from currency depreciation. Excluding foreign exchange losses, operating expenses grew 16.1%.

We sustained our cost-saving momentum in the year, delivering more than TZS70 billion worth of savings, which partially mitigated cost pressures arising from increased energy prices, contractual escalation on service contracts, and the impact of foreign exchange losses.

### Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA)

The Group EBITDA increased 19.7% to TZS394.2 billion, reflecting strong service revenue growth supported by savings realised from our cost-saving programme. Adjusting for the TZS13.6 billion foreign exchange loss impact, underlying EBITDA grew 23.0% with a 1.0pp margin improvement to 31.9%.

### Operating profit

We recorded pleasing operating profit growth of 64.8% to TZS134.3 billion for the year. The result was supported by strong EBITDA growth, although partially offset by a 4.8% increase in the depreciation and amortisation charge. The depreciation and amortisation increase was a result of our investment into the network and new spectrum acquired in the second half of the previous financial year.

### Capital expenditure

During the year, we invested TZS170.1 billion[1] in our infrastructure, equivalent to 13.3% of revenue. This spend was directed towards expanding our broadband coverage, capacity enhancements and modernisation of our IT infrastructure. Our network reach was expanded by 451 new 4G sites and an additional 250 kilometres of fibre. We also invested in IT modernisation to support the development of innovative and next-generation digital and financial products. We are pleased that our sustained investment supported business growth and a shift in data traffic from 3G to 4G, which is critical for driving data demand through enhanced customer experience. During the year, over 75% of our data traffic was carried via 4G technology compared to less than 66% a year ago.

### Taxation

The tax expense of TZS24.6 billion (FY23: a tax credit of TZS18.2 billion) was over 200% higher year-on-year, reflecting the tax increase from growth in M-Pesa profitability. The tax credit in the prior year was a result of deferred tax assets recognised in relation to an improved medium-term profitability outlook for our GSM business, which was partly offset by a tax expense from M-Pesa Limited.

### Cash and cash equivalents

Decreased 6.3% to TZS221.7 billion. The TZS616.5 billion cash generated from operations was partially offset by investment in the network, funding business growth, payment of dividends to shareholders and payment of the final instalment in relation to the spectrum acquired in an auction in 2023.

### Retained earnings

Increased 13.0% to TZS270.7 billion driven by an increase in profitability partly offset by the dividend payment of TZS22.3 billion.

### Lease liabilities

Decreased 20.4% to TZS392.7 billion mainly driven by payments made for the lease contracts, reduction of annual price escalation on some leases and conversion of some US $ denominated leases to TZS denominated.

# Our business environment

## Our operating context

As a Tanzanian company operating across multiple business sectors – including telecoms, digital, and financial services – we face a particularly dynamic operating context that presents some potentially profound challenges, as well as some exciting opportunities for innovation and growth.

We have identified four broad trends in our business environment that have a material impact on our activities. Our strategic commitments have been designed to ensure that the Company is well positioned to manage the risks and realise the opportunities associated with each of these trends.

## Stable domestic growth in an increasingly uncertain global environment

Despite significant global headwinds, Tanzania's economy has been relatively resilient with improving economic performance indicators. The recently issued macro-economic statistics reported a Gross Domestic Product (GDP)[2] growth of 5.1% for the calendar year 2023, up from 4.7% in the prior year. The inflation rate has also trended well below the target of 5% across the year, with an annual average of 3.8% for period ending December 2023, and a rate of 3.0% as of the end of March 2024[3] – among the lowest rates in Africa[4].

There has been sustained pressure on the country's foreign exchange reserves – an impact of the global macroeconomic fundamentals. The government is attempting various corrective measures including a shift in the central bank's monetary policy in managing money in supply to an interest-rate-based framework which started in January 2024.

This economic performance comes in the context of significant global uncertainty, with geopolitical tensions in the Middle East, Ukraine and South China Seas threatening global supply chains, trade, and investment. This is evidenced by the attacks in the Red Sea in early March 2024, which not only disrupted a globally important trade route, but also resulted in a break in one of our key undersea communication cables. There is also increasing evidence of the severity of the impact of climate change, which at a local level presents more immediate risks to the agriculture sector and infrastructure. Given this context, there is seen a heightened need to build further on the recent government reforms aimed at attracting private investment and encouraging inclusive private-sector-led growth. We are optimistic about the overall economic outlook, with projections by the World Bank, IMF and AFDB suggesting that GDP growth for the calendar year 2024 is expected to improve further at above 5.5% [5].

**Our response**

(a) Vodacom remains firmly committed to investing in the long-term growth and development of Tanzania. We strive to mitigate some of the underlying structural challenges in the country by promoting inclusive economic growth and development through our activities in two broad areas: empowerment through creating a digital society driving inclusion for all, and protecting the planet.

(b) In our enterprise business we are exploring innovative opportunities to deliver strong social value in critical areas such as agriculture, health and education. By focusing on our social contract and core purpose, the Company is making a meaningful contribution to the UN SDGs and helping to enhance the underlying social and environmental conditions critical to economic development and business success in the country.

(c) We have been encouraged by the improved quality of dialogue and interaction between government and business in the country, and welcome the government's pro-investment, private sector-led growth policies and a sustained increased level of public investment in the country. This provides valuable policy certainty, encouraging us to invest further in the country's future.

**Notes:**

1. Excluding acquisition of Smile Communications Tanzania Limited asset of TZS 78.3 billion.
2. National Bureau of Statistics: 'Highlights on the fourth quarter (October – December) GDP 2023 base year 2015'.
3. National Bureaus of Statistics 'Consumer-price-index-2024'.
4. World Bank (April 2024): 'Tackling inequality to revitalize growth and reduce poverty in Africa.'
5. AfDB: 'African Economic Outlook 2024 – Driving Africa's Transformation, the reform of the global financial architecture.' and IMF (April 2024): 'Regional Economic Outlook for Sub-Saharan Africa – A tepid and pricey recovery.'

## Our business environment continued

### A stable regulatory and policy environment

Given the scale of the contribution of the telecoms sector to a country's economic and social growth and development, mobile network operators tend to face high levels of regulatory scrutiny in almost all markets. In Tanzania, our operations have been significantly reflective of the laws, policies and regulations from our two principal regulators – the Tanzania Communications Regulatory Authority (TCRA), and the Bank of Tanzania (BoT). Following several years of a profoundly volatile and impactful regulatory environment – including the requirements associated with customer and SIM registration, and the introduction of levies on mobile money transfers and withdrawals – recently we have seen a more favourable regulatory regime and improved levels of engagement between business, government and regulators.

The most significant recent regulatory and policy developments are listed below:

#### Levies on mobile money transfers and withdrawals

On 30 June 2021, the President approved the Finance Act 2021, which included the amendments to the National Payment System Act (NPS Act, 2015) and Electronic and Postal Communications Act (EPOCA, 2010 RE: 2022), introducing a levy on mobile money transfer transactions. In respect of mobile money transfer and withdrawal transactions, a transaction value-dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Following engagements with stakeholders and due consideration by the Government, the following amendments have been implemented since the introduction of the levies.

#### Introduction of the levies:

(a) September 2021: an initial 30% levy reduction, to a maximum levy of TZS7 000.

(b) 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 2022 also re-defined the scope of the levy, to include withdrawals and transfers effected through banks, which were earlier excluded. The levy, which was previously only chargeable on mobile transactions, also became applicable to transfers between mobile accounts, bank accounts, and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATMs).

(c) 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, which was equivalent to 20% of the levy charged at inception; and

(d) 1 July 2023: The Finance Act 2023 amended the National Payment System Act, Cap. 306 and Cap. 437, effectively abolishing the Airtime Levy and the Mobile money transaction levy on electronic transfers. The levy on cash withdrawals was retained and continues to be charged accordingly.

**Our response**

(a) 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).

(b) We continuously monitor changes to regulations and licencing requirements and engage regularly with the TCRA, BoT and other regulatory authorities to ensure compliance with all relevant regulatory requirements.

(c) We have 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 have invested significantly in compliance awareness training across the company and in our distribution channel to ensure that our business units are sensitised, including through training programmes such as the 'Doing What is Right' Programme on legislative and regulatory requirements.

## A highly competitive market

Vodacom Tanzania operates in one of the most competitive telecommunications markets in Africa, with five 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 low effective voice and data prices, 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 Customer Value Management (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. The country has a young, growing and increasingly urbanised population, with an opportunity to improve on internet and smartphone penetration. Recent estimates suggest there are currently 36.8 million internet users in Tanzania, of the country's total population of around 61.7 million, resulting in internet penetration of 59.6%[6]. There are huge opportunities for Vodacom to play a role in promoting digital inclusion and bridging the digital divide by facilitating access to essential services, including by specifically driving digitalisation opportunities in finance, education, agriculture, e-commerce, and health.

For these opportunities to be fully realised, investment is required in both mobile and fixed data networks. We need also to address challenges relating to the accessibility of smart devices and digital services, the availability of digital skills and the levels of consumer awareness, especially in rural areas. Recognising the critical importance of digital inclusion and the need for long-term infrastructure investment, the government has made various valuable interventions to support the extension and availability of communication services including the projects under the Universal Communications Service Access Fund (UCSAF).

**Our response**

(a) With the aim of seizing the valuable commercial opportunities for digital growth in Tanzania, we have overtly positioned Vodacom as a leading digital company that empowers a connected society by helping to close the digital divide in Africa's key economic sectors.
(b) In delivering on this ambition, we are 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.
(c) 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.
(d) We participate actively in programmes to support network roll-out in the underserved areas in partnership with the government through the UCSAF.

**Note:**
6. TCRA quarterly report to March 2024, and Population estimate as sourced from the National Bureau of Statistics of Tanzania (NBS) on 11 June 2024.

## 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 that have a substantive impact on our ability to create value. For each stakeholder group, we outline their contribution to value creation, our means of engaging with them, and their identified priority interests relating to our business activities.

| Stakeholder value | Means of engagement | Priority interests |
|---|---|---|
| Customers:<br>Provide the basis for revenue growth by purchasing our products and services | • Call centres, retail outlets and online channels<br>• My Vodacom app, M-Pesa app, USSD code, self-help channels<br>• Weighted net promoter score ('NPS') feedback interviews and focus groups<br>• Social media interaction<br>• Educational videos on products via 'Vodatube'<br>• Vodacom Tanzania website | • Better value offerings<br>• Faster data networks and wider coverage<br>• Making it simpler and quicker to deal with us<br>• Converged solutions for business customers<br>• Privacy of information<br>• Feedback on service-related issues<br>• Safety of M-Pesa transactions<br>• Customised customer service<br>• Data-usage transparency<br>• Readily available services |
| Government and regulators:<br>Provide access to spectrum and operating licences, the basis for creating value | • Participation in public forums<br>• Engagement on draft regulations and bills<br>• Engagement through industry bodies<br>• Publication of policy engagement papers<br>• Partnering on key programmes such as inclusive education, inclusive growth in agriculture, and inclusive climate action | • Effective use of spectrum as a strategic resource<br>• Regulatory compliance on issues such as customer registration, mobile termination rates, service quality, price, security and privacy, and safety, health and environmental performance<br>• Participating and promoting opportunities for economic development<br>• Contribution to public finance<br>• Industry development<br>• Fair market practices |
| Investors and shareholders:<br>Provide the financial capital needed to sustain and grow | • Investor interactions, including conferences, meetings, and roadshows<br>• Annual and interim consolidated results<br>• Quarterly reports<br>• Annual reports<br>• Preliminary announcement call and AGM<br>• Investor relations page in our website | • Responsible practices to manage risks and opportunities and ensure financial growth<br>• Sound corporate governance practices<br>• Transparent executive remuneration<br>• Improved liquidity of shares<br>• Stable dividend policy |
| Employees:<br>Provide the skills and inputs needed to realise our vision | • Internal website<br>• Newsletters, internal magazine, and electronic communication<br>• Employee hotline/Speak Up line<br>• Engage App<br>• Leadership road shows<br>• Engagement surveys<br>• Online training<br>• Executives discussions – 'fireside chat'<br>• Health and welfare consultations as needed | • Opportunities for personal and career development<br>• Competitive remuneration<br>• Knowledge sharing across the Group<br>• Building the coaching capability of leaders<br>• Better understanding of reward structures<br>• Health and safety<br>• Being heard<br>• Safe working environment |
| Suppliers:<br>Affect our ability to provide products and services | • Supplier forums<br>• Ongoing site visits<br>• Procurement processes (including tendering)<br>• Audits | • Timely payment and fair terms<br>• Transparent and fair tender processes<br>• Relevant health and safety standards, and environmental, social and governance (ESG) issues<br>• A win-win business relation |
| Communities:<br>Provide a social licence to operate and strengthen the socioeconomic context | • Public participation in new base stations<br>• Vodacom Tanzania corporate social responsibility initiatives in partnership with communities<br>• Social media pages | • Access to our services both GSM, finance and social contract programmers in health and education<br>• Free-to-use social media, health, education, and job sites<br>• Responsible expansion of infrastructure<br>• Responsible business practices<br>• Business existence continuity |
| Business partners:<br>Custodians of our brand, and key to delivering the best customer experience | • Store, franchise and retail visits<br>• Management engagements<br>• One-on-one business meetings<br>• Training sessions on new products and services | • Fair treatment<br>• Top management involvement with customers<br>• Making it simpler and quicker to deal with us<br>• Being heard as partners |
| Media:<br>Have a potentially significant influence on other stakeholders' perceptions | • Face-to-face and telephonic engagement<br>• Interviews with key executives<br>• Media releases<br>• Roundtables<br>• Product launches | • Being informed of key activities and offerings<br>• Transparency on our performance<br>• 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 (2024)

- 607 employees (2023: 581)
- Strong Board with wide and deep experience, supported by robust governance systems and processes
- Experienced executive team
- Agile, performance-based, purpose-led culture
- Service providers delivering efficiently and effectively on agreed terms.
- Focus on reskilling employee

### Our activities to sustain value

- Competitive remuneration and personal development opportunities
- TZS1.5 billion 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

### Results of our activities (2024)

Maintained employee motivation, skills, and diversity through:

- TZS74.7 billion in wages and benefits
- 46.7% female representation in senior management
- Sustained evidence of staff satisfaction:
  - Top across Vodacom and Vodafone Group for our Team Spirit Index and engagement scores.
  - Top Employer award for eight consecutive years
  - 94% engagement index score in Spirit Beat survey
  - Reasonable staff turnover at 6.4%
  - Health and safety performance
  - No work-related fatalities for 12 consecutive years
  - Successful roll-out of enhanced digital solutions to monitor high-risk activities
  - Strong uptake of Employee Assistance Programme support for staff

**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, and of growing significance in the context of heightened competition for scarce talent. While this expense 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 AI, may result in pressure on some existing traditional job functions (depleting human and social capital), but also raises opportunities in new roles especially due to reskilling programmes that exist for our employees. 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 (2024)

- 19.6 million customers (16.9% increase)
- Constructive engagement with government and regulators, informed by mutual trust
- Sustained levels of investor confidence
- Positive relationships with global and local suppliers
- Trusted brand and reputation
- A committed focus on customers

### Our activities to sustain value

- 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
- Active participation in government projects e.g rural coverage, health and government digitalisation 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
- Strong governance and oversight processes
- Corporate social responsibility programmes

### Outcomes (2024)

**Maintaining positive customer relations**

- Leader in customer net promoter score (NPS) with 13-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 benefited 8 000 customers

**Generally positive government relations, supported for example by:**

- TZS1.5 trillion total cash contribution to public finances over the last three years
- Enabling financial inclusion to more than 10 million M-Pesa customers
- Building 313 rural sites in the past twelve years
- Numerous social investment initiatives years

**Trade-offs:** Striving to maintain good quality relations with all our stakeholders may require trade-offs in certain relationships as we balance competing stakeholders' interests. Our focus while balancing the competing forces is to meet regulatory requirements, and maintain customers that will generate positive returns over the longer term.

## How we sustain value continued

### Network and IT infrastructure: Manufactured capital

| Critical inputs (2024) | Our activities to sustain value | Outcomes (2024) |
|---|---|---|
| • 3 481 base stations (1.0% increase)<br>• 2 804 4G base stations (19.2% increase)<br>• 363 5G base stations (57.1% increase)<br>• 2 588 km of self-built fibre (up 10.7%)<br>• TZS170.1 billion investment in network (9.1% increase)<br>• US$30.5 million spent on acquiring access to Spectrum resources through acquisition of Smile Communications Tanzania Limited | • Maintaining our network and IT leadership through targeted investment<br>• Upgrading and modernising our network and IT systems<br>• Further enhancing our IT and related systems and processes to support machine learning analytics and cyber security<br>• Acquired access to Smile's 2*10 MHz of 800MHz and 2*10 MHz of 2 600MHz spectrum<br>• Continued roll-out and monetisation of recently launched 5G technology | Positive network results in most areas:<br>• TZS170.1 billion capex investment to address network and IT plans<br>• 132 new 5G sites<br>• 451 new 4G sites<br>• 137 new 3G sites<br>• Network resilience supported a 66% growth in 4G data traffic, with close to 75% carried in the 4G network<br>• 12 points lead gap on combined network performance NPS<br>• Maintained our recognised Cybersecurity leadership across the Vodafone Group |

**Trade-offs:** Building and maintaining our network and IT infrastructure requires significant financial capital, and appropriate levels of human and intellectual capital, as well as various natural capital inputs and outcomes. An extensive network is a key basis for bridging the digital divide and sharing the substantial social and economic 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 between the short-term and long-term costs and benefits – not sacrificing long-term gains for the short-term calls. For example, investment in spectrum drains our financial resources now, but benefits the company and pays off our shareholders in the long term.

### Financial capital

| Critical inputs (2024) | Our activities to sustain value | Outcomes (2024) |
|---|---|---|
| • TZS1 724 billion market capitalisation (FY23: 1 724 billion)<br>• TZ95.7 billion free cash flow (74.4%) | • Diversifying revenue streams<br>• Employing smart capex deployments<br>• Maintaining strong corporate governance structures and finance team<br>• Realising benefits of purchasing power on network equipment, devices and opex through Vodafone Procurement Company<br>• Leading in application of AI and CVM to increase revenues and optimise costs | • Service revenue up 19.4% to TZS1.3 trillion<br>• EBITDA up 19.7% to TZS394.2 billion<br>• 64.8% increase in operating profit to TZS134.3 billion<br>• Generated TZS53.4 billion profit after tax<br>• TZS123.8 billion operating free cash flow |

**Trade-offs:** There is an important trade-off between the short-term interests of certain investors 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 an important balancing act that informs our strategic decision-making.

### Natural resources: Natural capital

| Critical inputs (2024) | Our activities to sustain value | Outcomes (2024) |
|---|---|---|
| • Radio spectrum: 700, 800, 900, 1 800, 2 100 and 2 300 MHz bands for mobile, and 2 300, 2600 and 3 500 MHz for fixed 4G & 5G<br>• 89.7 GWh electricity (up 8.9%)<br>• 9 236 kilolitres of fuel (up 2.4%)<br>• 25.3 kilolitres of water (down 18.7%)<br>• 32 852 tons of refrigerants and fire suppressants (GHG contributor) (up 2.8%)<br>• Plastics, paper and related inputs | **Our activities to sustain value**<br>• Strong focus on energy efficiency and GHG mitigation across our network as part of our ambition towards Vodacom group's commitment of 'net zero' by 2035 across its operating companies<br>• Recycling handsets and network equipment.<br>• Identifying opportunities to use IoT to promote resource efficiency, for example through smart metering and vehicle tracking<br>• Dematerialising by using smaller SIM cards and encouraging electronic recharges | **Some outcomes in areas**<br>• Estimated 55 526 tonnes scope 1 and 2 GHG emissions (from electricity, diesel and refrigerants usage), an increase of 45%<br>• 121 tonnes of total GWP refrigerants and fire suppressants replenished, a decrease of 84%<br>• Prevented over 31 tons of plastic waste, and over 214 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 minimising the environmental impacts of our operations and activities, and to realising 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 arises 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.

At the Annual General Meeting held on Friday 22 September 2023, the shareholders of Vodacom Tanzania Public Limited Company ('the Company') approved a gross final dividend of TZS9.95 per share, in line with our dividend policy, in respect of the financial year-ended 31 March 2023. The final dividend represents 50% of net profit after tax, a total of TZS22.3 billion

The Board will recommend a final dividend, in relation to the financial year-ended 31 March 2024, 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 net profit 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 TZS115.8 billion as at 31 March 2024 (2023: net current liabilities of TZS92.7 billion).

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. The Group has access to a sufficient variety of sources of funding with existing lenders. As at the end of the reporting date, the Group had US$19.5 million (TZS49.9 billion) (2023: US$14.5 million (TZS33.9 billion)) undrawn foreign-denominated overdraft facility and TZS75.0 billion revolving credit facility to manage its liquidity.

## Capital structure and shareholding

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

| | 2024 % | 2023 % |
|---|---|---|
| Vodacom Group Limited | **75.00** | 75.00 |
| General public | **25.00** | 25.00 |
| | **100.00** | 100.00 |

As at 31 March 2024, the Group's authorised share capital was TZS200 000 million comprising 4 000 million ordinary shares with a par value of TZS50 while the issued share capital was TZS112 000 million comprising 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 2024 are listed below:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| **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 | **10 854 136** | **0.5** | 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 | **11 398 122** | **0.5** | 12 364 733 | 0.9 |
| **Total** | **2 089 650 138** | **93.3** | 2 098 672 283 | 93.7 |

The total number of shareholders by 31 March 2024 stood at 36 717 (2023: 36 530 shareholders).

## Capital expenditure and commitments

During the year, the Group invested TZS248.5 billion[7] (2023: TZS299.1 billion) in property and equipment, and intangible assets. The comparative year's additions include TZS143.1 billion spent on spectrum acquisition. This capital expenditure was funded by internally generated cash flows. As at year-end, TZS122.5 billion of the total investment made was payable to capex creditors (2023: TZS138.6 billion).

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.

**Note:**

7. The gross additions to property, equipment and intangible assets is made up of actual additions of TZS170.1 billion and TZS78..3 million relating to Smile acquisition.

## Business plans and future developments

Looking ahead, we will continue tapping on opportunities for business growth focusing on our strategic growth pillars, while also delivering on our purpose and social contract as we continue to connect people and things for a better tomorrow. We will continue to lead the industry in shaping customer experience and the way people connect and transact inclusively, supported by investment in our digital infrastructure.

Customers remain at the core of our decisions and operations. We will serve and provide them with the best experience on our network through access to simple, differentiated and well-secured products, with good customer support. We will focus further on personalised offers aligned with customer behaviours, leveraging our system of advantage.

We will continue investing in our network and IT systems with great emphasis on cyber security, to facilitate a secure expansion of our product portfolio that will attract, satisfy and retain customers. We look forward to exploring and executing opportunities for further growth in data, M-Pesa, fixed and wholesale while stabilising the core services.

Increasing rural coverage connectivity, supporting the affordability of smartphones and fixed wireless devices, and the continuous expansion of the M-Pesa eco-system remains high on our agenda. These are critical elements in delivering on our ambitions to support digital society and financial inclusion. Alongside this roll-out, we will continue creating financial and digital solutions – progressing the transformation of the traditional ways of life, providing the marginalised members of the community with access to socio-economic opportunities to improve the quality of life.

We remain focused and conscious of the need to support and deliver further business growth and value to our shareholders by generating cost savings through smart spending.

Considering our business growth drivers, strategic execution and the business environment, we are pleased to maintain our upgraded medium-term growth targets as follows:

1. 'High-single digit' service revenue growth, with scope to exceed in the near term; and
2. 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. The winding-up process was initiated thereafter.

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

### 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 finalised.

### 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 the 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 independently of the Company on 1 April 2020 with its own organisation 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 were 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 the trust accounts effectively; ensuring the safety of the beneficiaries of the funds in the trust accounts by setting up appropriate safeguard and remedy measures; ensuring the separation and not commingling the trust account funds with any other funds or using them for any other operations.

### Smile Communications Tanzania Limited

During the year, all material conditions precedent were met in an agreement with Smile Telecoms IP Limited and Smile Telecoms Holdings Limited (The Sellers) for the purchase by Vodacom Tanzania Plc of 100% of Smile Communications Tanzania Limited's ('Smile') issued share capital. The principal activities of the company are to provide telecommunication services. The company mainly deals with broadband services and distribution. The acquisition was necessitated to access the spectrum license for the company to better rollout the 4G coverage in the market. Prior to acquisition of the entity, the company ceased operations, terminated contract with partners and retrenched its employee's contracts.

Following the acquisition, the entity remained dormant.

## Borrowings and facilities

Details on borrowing and facilities are presented in Note 30 to the consolidated and separate financial statements.

## Political and charitable donations

The Group did not make any political donations during the year (2023: nil).

The group made charitable donations of TZS2 022 million (2023: TZS720 million).

## 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% (2023: 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 2023 | Date of appointment | Date of resignation | In office at the reporting date |
|---|---|---|---|---|
| **Directors** | | | | |
| Justice (Rtd) Thomas Mihayo | √ | – | – | √ |
| Margaret Ikongo | √ | – | – | √ |
| Thembeka Semane[1] | √ | – | – | √ |
| Kanini Mutooni[4] | √ | – | – | √ |
| Diego Gutierrez[5] | √ | – | – | √ |
| Matimba Mbungela[1] | √ | – | – | √ |
| Nkateko Nyoka[1] | √ | – | – | √ |
| Raisibe Morathi[1] | √ | – | – | √ |
| Sitholizwe Mdlalose[3] | √ | – | – | √ |
| Sudhersan Ramasamy[2] | √ | – | – | √ |
| **Executive** | | | | |
| Philip Besiimire[6] | √ | – | – | √ |
| Hilda Bujiku | √ | – | – | √ |
| **Company Secretary** | | | | |
| Caroline Mduma | √ | – | – | √ |

1. South African 2. Indian 3. British 4. Kenyan 5. Bolivian 6. 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.

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

| Name | Position | 13 Apr 2023 | 4 May 2023 | 15 June 2023 | 28 June 2023 | 13 July 2023 | 24 Aug 2023 | 22 Sep 2023 | 2 Nov 2023 | 9 Nov 2023 | 24 Jan 2024 | 12 Mar 2024 | Attendance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Justice (Rtd) Thomas Mihayo | Chairperson | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Ms. Kanini Mutooni | Director | √ | X | √ | X | √ | √ | √ | √ | √ | √ | √ | 82% |
| Ms. Margaret Ikongo | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Thembeka Semane | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | X | √ | 91% |
| Mr. Diego Gutierrez | Director | √ | √ | X | √ | √ | √ | √ | √ | √ | √ | √ | 91% |
| Mr. Matimba Mbungela | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | X | √ | 91% |
| Nkateko Nyoka | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Raisibe Morathi | Director | √ | √ | √ | √ | √ | X | √ | X | √ | √ | √ | 82% |
| Sitholizwe Mdlalose | Director | X | √ | X | √ | √ | X | X | X | √ | √ | √ | 55% |
| Sudhersan Ramasamy | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Philip Besiimire | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Hilda Bujiku | Director | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | √ | 100% |

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 realising 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 independent and non-executive directors, reports to the Board and met three times during the year.

| Name | Nationality | Qualification |
|---|---|---|
| Ms. Kanini Mutooni | Kenyan | (a) Global Policy Executive Education-Harvard Kennedy School of Government.<br>(b) Master's in Business Administration (MBA)- Cass Business School, City University, London.<br>(c) Securities Institute Diploma (UK)-Chartered Institute of Securities and Investment Professionals.<br>(d) Investment Management Certificate (UK) ACCA.<br>(e) Chartered Association of Certified Accountants (UK).<br>(f) Bachelor of Commerce (Hons) Catholic University, Kenya. |
| Mr. Diego Gutierrez | Bolivian | (a) Major in Business Administration and Marketing, Gabriela Mistral University, Santiago, Chile.<br>(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.<br>(b) Postgraduate Diploma in Human Resources, University of Cape Town, South Africa.<br>(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 2023 | 24 Aug 2023 | 12 Mar 2024 | Attendance |
|---|---|---|---|---|---|
| Ms. Kanini Mutooni | Chairperson | √ | √ | √ | 100% |
| Mr. Diego Gutierrez | Member | X | √ | √ | 67% |
| Mr. Matimba Mbungela | Member | √ | √ | √ | 100% |

## 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.

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

## Corporate governance continued

### Nomination Committee continued

| Name | Position | Nationality | Qualification |
|---|---|---|---|
| Justice (Rtd) Thomas B Mihayo | Chairman | Tanzanian | (a) Degree in Law (LL.B), University of Dar es Salaam, Tanzania.<br>(b) Arbitrator and Legal Consultant. |
| Kanini Mutooni | Member | Kenyan | (a) Global Policy Executive Education-Harvard Kennedy School of Government.<br>(b) Master's in Business Administration (MBA)- Cass Business School, City University, London.<br>(c) Securities Institute Diploma (UK)-Chartered Institute of Securities and Investment Professionals.<br>(d) Investment Management Certificate (UK) ACCA.<br>(e) Chartered Association of Certified Accountants (UK).<br>(f) Bachelor of Commerce (Hons) Catholic University, Kenya. |
| Mr. Matimba Mbungela | Member | South African | (a) Bachelor of Administration, University of Venda, South Africa.<br>(b) Postgraduate Diploma in Human Resources, University of Cape Town, South Africa.<br>(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 | 9 November 2023 | 12 March 2024 | Attendance |
|---|---|---|---|---|
| Justice (Rtd) Thomas B Mihayo | Chairman | √ | √ | 100% |
| Ms. Kanini Mutooni | Member | √ | √ | 100% |
| Mr. Matimba Mbungela | Member | √ | √ | 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 statutes 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.<br>(b) International Certificate in Risk Management, Institute of Risk Management, United Kingdom.<br>(c) International Diploma in Risk Management and Graduate Member of the Institute of Risk Management, United Kingdom.<br>(d) Associate Member of Chartered Insurance Institute, United Kingdom. |
| Ms. Thembeka Semane | South African | (a) Master's in Business Administration – (MBA) Monash University.<br>(b) Executive Development Programme – Duke Corporate Education.<br>(c) Postgraduate Diploma in Business Administration – (PDBA) University of Pretoria's Gordon Institute of Business Science (GIBS).<br>(d) Bachelor of Commerce in Financial Accounting – University of Transkei.<br>(e) Certified Associate; The Institute of Bankers South Africa.<br>(f) Customer Service Diploma – University of Natal. |
| Ms. Kanini Mutooni | Kenyan | (a) Global Policy Executive Education-Harvard Kennedy School of Government.<br>(b) Master's in Business Administration (MBA)- Cass Business School, City University, London.<br>(c) Securities Institute Diploma (UK)-Chartered Institute of Securities and Investment Professionals.<br>(d) Investment Management Certificate (UK) ACCA.<br>(e) Chartered Association of Certified Accountants (UK).<br>(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 | 4 May 2023 | 15 June 2023 | 13 Jul 2023 | 24 Aug 2023 | 2 Nov 2023 | 9 Nov 2023 | 24 Jan 2024 | 12 Mar 2024 | Attendance |
|---|---|---|---|---|---|---|---|---|---|---|
| Ms. Margaret Ikongo | Chairperson | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Ms. Thembeka Semane | Member | √ | √ | √ | √ | √ | √ | √ | √ | 100% |
| Ms. Kanini Mutooni | Member | X | √ | √ | √ | √ | √ | √ | √ | 88% |

# 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 act with integrity and transparency in all tax matters including a policy of full transparency to the tax authority and the payment of all taxes 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. Additional details including updates on tax matters are presented in Note 33 to the consolidated and separate financial statements.

## 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. Additional details including updates on litigation and other claims are presented in Note 33 to the consolidated and separate financial statements.

## Regulatory matters

### Mobile Termination Rates ("MTR")

In July 2023, the Tanzania Communications Regulatory Authority (TCRA) issued the Interconnection Rates Determination No.6/2023, which was applicable starting January 2023. The determination decreased the voice call termination or 'MTR' charges per minute for local calls by 7.0% from TZS2.0 which was applicable before January 1, 2023, to TZS1.86. During the period, we have recorded a TZS1.4 billion reduction in incoming revenue with minimal impact on profitability. The determination also revealed the rates applicable for the calendar years ending December 2027 as presented in the table below.

| Start date | 1 January 2023 | 1 January 2024 | 1 January 2025 | 1 January 2026 | 1 January 2027 |
|---|---|---|---|---|---|
| Rate per minute (TZS) | **1.86** | 1.76 | 1.68 | 1.6 | 1.52 |

### Levies on mobile money transfers and withdrawals and airtime

On 30 June 2021, the President approved the Finance Act 2021, which included the amendments to the National Payment System Act (NPS Act, 2015) and Electronic and Postal Communications Act (EPOCA, 2010 RE: 2022), introducing a levy on mobile money transfer transactions. In respect of mobile money transfer and withdrawal transactions, a transaction value-dependent levy of between TZS10 and TZS10 000 was implemented from 15 July 2021. Following engagements with stakeholders and due consideration by the Government, the following amendments have been implemented since the introduction of the levies: Additional details including updates on Levies on mobile money transfers and withdrawals and airtime are presented in Note 34 to the consolidated and separate financial statements.

### Acquisition of Smile Communications Tanzania Limited

On 27 March 2024, all material conditions precedent were met in an agreement with Smile Telecoms IP Limited and Smile Telecoms Holdings Limited (The Sellers) for the purchase by Vodacom Tanzania Plc of 100% of Smile Communications Tanzania Limited's ('Smile') issued share capital. The total purchase consideration amounted to US$30.5 million (TZS78.3 billion), which included $4.2 million (TZS10.7 billion) fee for spectrum reassignment. The transaction constitutes an asset acquisition, since substantially all of the fair value of the gross assets acquired is concentrated in the spectrum asset that was reassigned to Vodacom Tanzania Plc by way of return of capital from Smile Tanzania Communications Limited to Vodacom Tanzania Plc on 28 March 2024. The total purchase consideration was allocated to the cost of the spectrum asset.

Included in assets acquisition and the acquisition of a subsidiary line items in the consolidated and separate statement of cash flows respectively is an amount of TZS10.7 billion relating to the payment of spectrum reassignment fees to the Tanzania Communications Regulatory Authority. Included in Trade and other payables line item in the consolidated and separate statement of financial position is the net amount of TZS65.8 billion relating to purchase consideration payable to the Sellers. TZS36.2 billion was paid on 4 April 2024 and the balance will be payable upon receipt of the tax clearance certificate issued by the Tanzania Revenue Authority, for which the time remains uncertain as at the date of this report.

The seller has signed an irrevocable and unconditional indemnity agreement with the Group, which will enable the Group to recover the costs for any qualifying future liabilities over and above the purchase price stemming from a breach of any warranty or to cover any indemnity claims. The guarantee will be for a maximum amount of US$9.6 million (TZS24.6 billion) for the first 24 months and thereafter be in place further 12 months at a maximum amount of US$4.8 million (TZS12.3 billion).

## Other matters

### 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 2024, 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 2025 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 2024 were approved and authorised for issue by the Board on 4 June 2024.

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 2024

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 2024 were approved and authorised for issue by the Board of Directors on 4 June 2024.

**Justice (Rtd) Thomas B Mihayo**
Chairman

**Philip Besiimire**
Managing Director

# Declaration by the head of finance

## for the year ended 31 March 2024

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 by 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, **Godwin Mlay**, being the **Head of Record to Report** of Vodacom Tanzania Public Limited Company hereby acknowledge my responsibility of ensuring that consolidated and separate financial statements for the year ended 31 March 2024 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.

**Godwin Mlay**
NBAA Membership ACPA 1415
Head of Finance Operations

Date: 4 June 2024

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# 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 80 to 141, which comprise the consolidated and separate statements of financial position as at 31 March 2024, 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 material accounting policy information.

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 2024, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Ethics Standards Board for Accountants (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.<br><br>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.<br><br>We also considered that the disclosures on uncertain tax positions in Note 33 are both qualitatively and quantitatively significant to the Group's and the Company's tax positions. | Our audit procedures included, but were not limited to:<br>• Understanding the Group's processes for recording and assessing of tax provisions and contingent liabilities.<br>• Determining the completeness and reasonableness of the amounts recognised 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.<br>• Including in our team tax specialists to analyse the tax positions and to evaluate the assumptions used to determine tax provisions and contingencies.<br>• Assessing relevant historical and recent rulings and judgements passed by the tax authorities and courts in considering any precedent.<br>• Assessing the adequacy of the Group's disclosures in respect of uncertain tax positions. |

## Report on the audit of the consolidated and separate financial statements continued

### Other information

The directors are responsible for the other information. Other information consists of the information included in the Directors' Report (Pages 59 to 74), Statement of Directors' Responsibilities (Page 75) and the Declaration by the Head of Finance (Page 76), 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.

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.

When we read the contents of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

### 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.

### 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.

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 engagement partner on the audit resulting in this independent auditor's report is Dr. Neema Kiure.

**Dr Neema Kiure**
Partner (FCPA 1227)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania
Date: 14/06/2024

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

## for the year ended 31 March 2024

| TZS m | Notes | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|---|
| Revenue | 6 | **1 278 217** | 1 073 018 | **933 797** | 807 796 |
| Direct expenses | 7 | **(418 035)** | (349 470) | **(214 842)** | (190 164) |
| Staff expenses | 8 | **(74 666)** | (65 230) | **(53 960)** | (45 916) |
| Publicity expenses | | **(30 358)** | (27 255) | **(17 545)** | (10 666) |
| Other operating expenses | 9(a) | **(359 505)** | (298 306) | **(312 319)** | (261 477) |
| Depreciation and amortisation | 9(b) | **(260 317)** | (248 306) | **(254 238)** | (241 857) |
| Net credit losses on financial assets | 9(c) | **(1 060)** | (2 974) | **(1 061)** | (2 978) |
| **Operating profit** | | **134 276** | 81 477 | **79 832** | 54 738 |
| Finance income | 10 | **25 764** | 24 463 | **2 458** | 4 401 |
| Dividend income | 10 | **–** | – | **37 854** | 157 009 |
| Finance costs | 11 | **(73 107)** | (76 650) | **(51 958)** | (59 925) |
| Net loss on foreign currency transactions | 12 | **(8 949)** | (2 939) | **(8 693)** | (2 901) |
| **Profit before tax** | | **77 984** | 26 351 | **59 493** | 153 322 |
| Income tax (expense)/credit | 13(a) | **(24 557)** | 18 205 | **(4 422)** | 28 189 |
| **Profit for the year** | | **53 427** | 44 556 | **55 071** | 181 511 |
| Other comprehensive income | | **–** | – | **–** | – |
| **Total comprehensive income for the year, net of tax** | | **53 427** | 44 556 | **55 071** | 181 511 |
| **Attributable to:** | | | | | |
| Equity shareholders | | **53 387** | 44 556 | | |
| Non-controlling interests | | **40** | – | | |
| | | **53 427** | **44 556** | | |
| | | **TZS** | **TZS** | | |
| Basic and diluted earnings/(loss) per share | 14 | **23.83** | 19.89 | | |

# Consolidated and separate statements of financial position

## as at 31 March 2024

| | | Group | | Company | |
|---|---|---|---|---|---|
| **TZS m** | Notes | **2024** | **2023** | **2024** | **2023** |
| **Assets** | | | | | |
| **Non-current assets** | | **1 268 668** | 1 314 691 | **1 237 693** | 1 285 561 |
| Property and equipment | 15 | **866 651** | 965 176 | **864 321** | 961 391 |
| Intangible assets | 16 | **280 069** | 210 233 | **256 316** | 188 309 |
| Capacity prepayments | 17 | **29 159** | 40 339 | **29 159** | 40 339 |
| Goodwill | 18 | **1 639** | 1 639 | **–** | – |
| Income tax receivables | 13(d) | **36 120** | 33 098 | **33 098** | 33 098 |
| Trade and other receivables | 19 | **12 800** | 11 853 | **12 000** | 11 053 |
| Investment in subsidiary | | **–** | – | **500** | 500 |
| Deferred tax asset | 13(e) | **42 230** | 52 353 | **42 299** | 50 871 |
| **Current assets** | | **1 107 067** | 897 149 | **321 885** | 324 111 |
| Capacity prepayments | 17 | **12 756** | 16 916 | **12 756** | 16 916 |
| Inventory | 20 | **3 409** | 3 075 | **3 409** | 3 075 |
| Trade and other receivables | 19 | **114 380** | 115 771 | **122 982** | 113 391 |
| Income tax receivable | 13(d) | **24 532** | 15 439 | **21 084** | 10 653 |
| Mobile financial deposit | 21 | **730 293** | 509 358 | **–** | – |
| Cash and cash equivalents | 22 | **221 697** | 236 590 | **161 654** | 180 076 |
| **Total assets** | | **2 375 735** | 2 211 840 | **1 559 578** | 1 609 672 |

| | | Group | | Company | |
|---|---|---|---|---|---|
| **TZS m** | Notes | **2024** | **2023** | **2024** | **2023** |
| **Equity and liabilities** | | | | | |
| **Equity** | | | | | |
| 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 | | **270 660** | 239 590 | **214 824** | 182 031 |
| Equity attributable to the owners of the parent | | **852 793** | 821 723 | **796 957** | 764 164 |
| Non-controlling interest | | **41** | – | **–** | – |
| **Total equity** | | **852 834** | 821 723 | **796 957** | 764 164 |
| **Non-current liabilities** | | **297 883** | 400 225 | **297 883** | 400 225 |
| Lease liabilities | 25 | **281 831** | 394 137 | **281 831** | 394 137 |
| Other financial liabilities | 30 (c) | **9 292** | – | **9 292** | – |
| Government grants | 26 | **–** | 20 | **–** | 20 |
| Provisions | 28 | **6 760** | 6 068 | **6 760** | 3 619 |
| **Current liabilities** | | **1 225 018** | 989 892 | **464 738** | 445 283 |
| Lease liabilities | 25 | **110 931** | 99 203 | **110 931** | 99 203 |
| Other financial liabilities | 30 (c) | **2 930** | – | **2 930** | – |
| Licence payable | 29 | **–** | 72 168 | **–** | 72 168 |
| Trade and other payables | 27 | **374 540** | 301 026 | **344 801** | 267 432 |
| Divided payables | | **269** | – | **250** | – |
| Mobile financial payable | 21 | **730 293** | 509 358 | **–** | – |
| Government grants | 26 | **735** | 513 | **735** | 513 |
| Provisions | 28 | **5 320** | 7 624 | **5 091** | 5 967 |
| **Total liabilities** | | **1 522 901** | 1 390 117 | **762 621** | 845 508 |
| **Total equity and liabilities** | | **2 375 735** | 2 211 840 | **1 559 578** | 1 609 672 |

The consolidated and separate financial statements on pages 80 to 141 were approved and authorised for issue by the Board of Directors on 4 June 2024 and were signed on its behalf by:

**Justice (Rtd) Thomas B Mihayo**
Chairman

**Philip Besiimire**
Managing Director

# Consolidated and separate statements of changes in equity

## for the year ended 31 March 2024

### Group

| TZS m | Share capital (Note 23) | Share premium (Note 23) | Capital contribution (Note 24) | Retained earnings | Equity Attributable to owners of parent | Non Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| **At 1 April 2023** | **112 000** | **442 435** | **27 698** | **239 590** | **821 723** | **–** | **821 723** |
| Total comprehensive income for the year | – | – | – | **53 348** | **53 348** | **79** | **53 427** |
| **Transactions with owners:** | | | | | | | |
| Dividends declared | – | – | – | **(22 278)** | **(22 278)** | **(38)** | **(22 316)** |
| **At 31 March 2024** | **112 000** | **442 435** | **27 698** | **270 660** | **852 793** | **41** | **852 834** |
| **At 31 March 2022** | 112 000 | 442 435 | 27 698 | 195 191 | 777 324 | – | 777 324 |
| Total comprehensive income for the year | – | – | – | 44 556 | 44 556 | – | 44 556 |
| **Transactions with owners:** | | | | | | | |
| Dividend declared | – | – | – | (157) | (157) | – | |
| **At 31 March 2023** | 112 000 | 442 435 | 27 698 | 239 590 | 821 723 | – | 821 723 |

### Company

| TZS m | Share capital (Note 23) | Share premium (Note 23) | Capital contribution (Note 24) | Retained earnings | Total |
|---|---|---|---|---|---|
| **At 1 April 2023** | **112 000** | **442 435** | **27 698** | **182 031** | **764 164** |
| Total comprehensive income for the year | – | – | – | 55 071 | 55 071 |
| **Transactions with owners:** | | | | | |
| Dividends declared | – | – | – | (22 278) | (22 278) |
| **At 31 March 2024** | **112 000** | **442 435** | **27 698** | **214 824** | **796 957** |
| **At 31 March 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** |

# Consolidated and separate statements of cash flows

## for the year ended 31 March 2024

| TZS m | Notes | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash flows generated from operations | 39(a) | **643 087** | 391 390 | **357 481** | 293 115 |
| Income tax paid | 13(d) | **(26 549)** | (17 050) | **(6 280)** | (4 579) |
| Interest paid on tax liabilities | | **–** | (277) | **–** | – |
| **Net cash flows generated from operating activities** | | **616 538** | 374 063 | **351 201** | 288 536 |
| **Cash flows from investing activities** | | | | | |
| Additions to property and equipment, and intangible assets | 39(b) | **(179 916)** | (228 263) | **(173 463)** | (227 353) |
| Asset acquisition | 34 | **(12 501)** | – | **–** | – |
| Acquisition of a Subsidiary | 34 | **–** | – | **(12 501)** | – |
| Proceeds from disposal of property and equipment | | **419** | 500 | **419** | 499 |
| Government grant received | 26 | **14 456** | 4 143 | **14 456** | 4 143 |
| Finance income received | | **4 409** | 7 792 | **2 458** | 4 401 |
| Dividend income received | | **–** | – | **37 854** | 157 009 |
| Net movement in mobile financial deposits | 21 | **(220 935)** | (73 272) | **–** | – |
| Interest received from M-Pesa deposits | 10 | **21 355** | 16 671 | **–** | – |
| **Net cash flows utilised in investing activities** | | **(372 713)** | (272 429) | **(130 777)** | (61 301) |
| **Cash flows from financing activities** | | | | | |
| Dividend paid | 14 | **(22 265)** | (203) | **(22 246)** | (46) |
| Proceeds from revolving credit facility | 30 (b) | **47 266** | – | **47 266** | – |
| Principal repayment of revolving credit facility | 30 (b) | **(47 266)** | – | **(47 266)** | – |
| Interest payment of revolving credit facility | 30 (b) | **(1 312)** | – | **(1 312)** | – |
| Principal payment on other financial liabilities | 30 (c) | **(771)** | – | **(771)** | – |
| Interest payment on other financial liabilities | 30 (c) | **(280)** | – | **(280)** | – |
| Interest paid on bank overdraft | 30 (a) | **–** | (39) | | (39) |
| Settlement of derivative financial liabilities | | **(5 767)** | – | **(5 767)** | – |
| Principal payment on spectrum licence payables | 29 | **(75 465)** | – | **(75 465)** | – |
| Interest payment on spectrum licence payables | 29 | **(1 925)** | – | **(1 925)** | – |
| Payment of lease liabilities – principal | 25 | **(87 070)** | (48 140) | **(87 070)** | (48 140) |
| Payment of lease liabilities – interest | 25 | **(47 774)** | (57 098) | **(47 774)** | (57 098) |
| Interest paid to M-Pesa customers | | **(19 596)** | (15 556) | **–** | – |
| **Net cash flows utilised in financing activities** | | **(262 225)** | (121 036) | **(242 610)** | (105 323) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(18 400)** | (19 402) | **(22 186)** | 121 912 |
| Cash and cash equivalents at the beginning of the year | 22 | **236 590** | 256 961 | **180 076** | 59 094 |
| Effects of exchange rate changes on cash and cash equivalents held in foreign currencies | 12 | **3 507** | (969) | **3 764** | (930) |
| **Cash and cash equivalents at the end of the year** | 22 | **221 697** | 236 590 | **161 654** | 180 076 |

# Notes to the annual financial statements



## 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 150.

## 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 the IFRS Accounting Standards as issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee ('IFRIC') interpretations as issued by the IASB, and those sections of the Tanzania Companies Act, No.12 of 2002 applicable to financial reporting under IFRS accounting standards as issued by the International Accounting Standards Board, 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 Accounting Standards as issued by the International Accounting Standards Board 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 (TZSm), except when otherwise indicated. The material accounting policies are consistent in all material respects with those applied in the previous period except where new and amended IFRS accounting standards as issued by the International Accounting Standards Board 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. Material 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 2024. 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.

Components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS Accounting Standards as issued by the International Accounting Standards Board.

The difference between the proceeds and the carrying amount of the net assets and liabilities disposed of, adjusted for any related carrying amount of goodwill, is recognised as the profit or loss on disposal of subsidiaries.

### 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. Investments in subsidiaries are measured at cost less accumulated impairment in separate financial statements.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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 that are regularly reviewed by the Group Executive Committee and whether discrete financial information is available.

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

The segment assets and liabilities comprise 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.

## 3. Material accounting policies continued

### (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.

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 fulfilment 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 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.

## 3. Material accounting policies continued

### (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.

### (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 programme, 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, 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 or not to exercise termination 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 as per the Impairment of tangible and intangible assets accounting policy h) page 88.

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.

**Short-term leases**

The Group applies the short-term lease recognition exemption to its short-term leases of office accommodation (i.e., those leases that have a lease term of 3 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

## (k) Foreign currencies and translation of foreign currencies

The consolidated and separate financial statements are presented in TZS, which is the Company'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.

## 3. Material accounting policies continued

### (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.

### (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.

## (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 financing 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 instalments 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 collectable.

### Cash and cash equivalents.

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash balances on M-Pesa wallets, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand form an integral part of an entity's cash management and are therefore viewed as part of the Group and Company's cash and cash equivalents.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash balances on M-Pesa wallets.

### 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 trade receivables and contract assets that do not involve a significant financing component, and for trade receivables and contract assets that do include a significant financing component the Group applies the 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 consider customers to be in default when the receivable is more than 90 days past due or the customer has failed to honour a repayment arrangement. The default policy and terms are determined by guidance from our credit collection policies and actual customer payment behaviour. 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. Trade receivables and contract assets are written off when each business unit determines there to be no reasonable expectation of recovery and enforcement activity has ceased.

## 3. Material accounting policies continued

### (o) Financial instruments continued

#### 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 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.

**Derivative financial instruments**

Exposure to the financial risks of changes in foreign exchange rates and interest rates, are managed using derivative financial instruments. The Group's and Company's principal derivative financial instruments are foreign exchange forward contracts.

The use of derivative financial instruments is governed by policies approved by the Board, which provide written principles consistent with the Group's and Company's risk management strategy. Derivative financial instruments are not used for speculative purposes.

Derivative financial instruments are initially measured at fair value on contract date and are subsequently remeasured to fair value at each reporting date. Changes in fair value are recorded in profit or loss as they arise unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship. Changes in values of all derivatives of a financing nature are included within remeasurement and disposal of financial instruments in profit or loss.

### (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 using a pre-tax discount rate where the effect of the time value of money is material.

## (q) Government grants

The Group may be entitled to receive grants from national or regional government which are primarily for the purpose of constructing 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 new and a number of amendments to IFRS accounting standards as issued by the International Accounting Standards Board, have been issued, effective for periods commencing on or after 1 April 2023. 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 2023

The following new accounting pronouncements, none of which were considered by the Group and Company as significant on adoption, were adopted by the Group to comply with amendments to IFRS Accounting Standards as issued by the International Accounting Standards Board:

- IFRS 17 'Insurance Contracts;
- Amendments to IAS 1 'Disclosure of Accounting Policies';
- Amendment to IAS 8 'Definition of Accounting Estimates';
- Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'; and
- Amendment to IAS 12 'International Tax Reform – Pillar Two Model Rules'.

IFRS 17 and the amendments to IAS 1, IAS 8 and IAS 12 are not expected to have a material impact on the Group's and Company's financial reporting on adoption. The impact of the IAS 12 Pillar Two Model Rules is addressed below.

### Amendments to IAS 12'International Tax Reform – Pillar Two Model Rules'

On 23 May 2023, the IASB issued amendments to IAS 12 'Income Taxes' to provide a mandatory temporary exception to the accounting for deferred taxes arising in relation to International Tax Reform (the "Pillar Two" rules) and to require additional disclosures regarding the impact of the Pillar Two regulations. The amendments to IAS 12 have been adopted by the Group and Company for the purposes of reporting at 31 March 2024, with additional disclosure also required in the year commencing 1 April 2024.

The Group and Company has applied the mandatory temporary exception and therefore has not recognised or disclosed deferred tax assets or liabilities relating to Pillar Two regulations within the financial statements for the year ended 31 March 2024. The introduction of Pillar Two regulations is not expected to result in any material future impact on the Group and Company's current tax expense.

## 4. New accounting pronouncements continued

### New accounting pronouncements to be adopted on or after 1 April 2024

The standards and amendments listed below will be effective in future reporting periods. It is expected that the Group and the Company will adopt the pronouncements on their respective effective dates. The adoption of the new accounting standards and amendments effective for annual reporting periods 1 January 2024 is not expected to have a material impact on the Group and Company results and the Group and Company financial reporting will be presented in accordance with these standards from 1 April 2024. In terms of the new accounting standards and amendments effective for annual reporting periods effective on or after 1 January 2025 the Group and Company remains to assess the impact of these new standards and amendments and the Group and Company financial reporting will be presented in accordance with these new standards and amendments from 1 April 2025 as applicable.

#### Effective date for annual reporting periods beginning on or after 1 January 2024

- IAS 1'Classification of Liabilities as Current or Non-Current'; Amendments to IAS 1 'Non-current Liabilities with Covenants;
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'; and
- Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements.

#### Effective date for annual reporting periods beginning on or after 1 January 2025

- Amendments to IAS 21'Lack of Exchangeability'.

#### Effective date for annual reporting periods beginning on or after 1 January 2026

- Amendments to IFRS 9 and IFRS 7- Classification and measurement of financial instruments.

#### Effective date for annual reporting periods beginning on or after 1 January 2027

- IFRS 18 – Presentation and Disclosure in Financial Statements.
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

#### Pending effective date

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28. The effective date for this standard is still pending.

## 5. Critical accounting judgements and estimates

The Group prepares its financial statements in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board, 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 material 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. M-Pesa Limited directs the operational activities of the Registered Trustees of M-Pesa ("the Trust"). The Trust was formed in order to oversee the interest of trustees i.e. the users of M-Pesa Limited (a subsidiary of Vodacom Tanzania Plc). Since the Trust can't operate without M-Pesa Limited, and the Company (Vodacom Tanzania Plc) controls M-Pesa Limited, the Group has also determined that it directs the operational activities of the Trust. Refer to Note 31 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 Note 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.

## 5. Critical accounting judgements and estimates continued

### (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.

### (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 fibre 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 fibre 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 15, Note 17 and Note 25 for further disclosures on PPE, capacity prepayment and leases respectively.

## (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". Please refer to Note 34 for further details on Non-current assets held for sale.

## 5. Critical accounting judgements and estimates continued

### (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 Note 28 and Note 33 for further disclosures on provisions and contingent liabilities.

### (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 2024, the Group's intangible assets with finite useful lives amounted to TZS280 069 million (2023: TZS210 233 million).

#### 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:

| | 2024 Years | 2023 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 centres 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:

| | 2024 Years | 2023 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

Customer credit risk is managed by the Group's business units which each have policies, procedures and controls in place relating to customer credit risk management.

Outstanding trade receivables and contract assets are regularly reviewed to monitor any changes in credit risk with concentrations of credit risk considered to be limited given that the Group's customer base is large and unrelated.

The Group applies the simplified approach and records lifetime expected credit losses for trade receivables and contract assets. Expected credit losses are measured using historical cash collection data for periods of at least 24 months wherever possible and grouped into various customer segments based on product or customer type. The historical loss rates are adjusted to reflect material forward-looking information.

For trade receivables the expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age, and for contract assets a weighted loss rate is calculated to reflect the period over which the amounts become due for payment by the customer.

Forward-looking information consideration

Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Where relevant forward-looking information can be based on the future projections of macroeconomics and other available market information, for example changes in interest rates or unemployment rates, or other commercial factors which are expected to have a significant impact when determining future expected credit loss rates. We have used Consumer price index (CPI) and Gross Domestic Product as relevant forward-looking information.

Trade receivables and contract assets are written off when each business unit determines there to be no reasonable expectation of recovery and enforcement activity has ceased.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 36.

## (l) Separating grants into various components

The Group receives grants from the government to construct network infrastructure with a view to provide network telecommunication services in under-served areas of the country. The contract with the government also mandates the Group to ensure that the related network infrastructures are maintained for a period of 5 years. However the contract does not explicitly state the amounts that have to be used for construction of network infrastructure and the amounts that have to cover maintenance for the period of 5 years. The Group has applied judgement by determining that due to variability of costs to construct network infrastructure, it will not split beforehand the amounts for construction and that for maintenance. All the grants that are received will be used for construction and the remaining balance, if any, will be used to cover maintenance costs for the period of five years. Please refer to note 26 of the financial statements.

## 6. Revenue

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| **Major product/service lines** | | | | |
| Customer service revenue | **1 162 595** | 975 057 | **809 307** | 704 568 |
| Mobile interconnect | **48 380** | 46 340 | **48 380** | 46 340 |
| Fixed service revenue | **30 745** | 19 509 | **32 685** | 19 509 |
| Other service revenue | **16 615** | 12 856 | **23 543** | 18 123 |
| **Service revenue** | **1 258 335** | 1 053 762 | **913 915** | 788 540 |
| Equipment revenue | **14 901** | 16 030 | **14 901** | 16 030 |
| Other non-service revenue | **3 805** | 2 486 | **3 805** | 2 486 |
| **Revenue from contracts with customers** | **1 277 041** | 1 072 278 | **932 621** | 807 056 |
| Interest income recognised as revenue | **1 176** | 740 | **1 176** | 740 |
| | **1 278 217** | 1 073 018 | **933 797** | 807 796 |

Total future revenue from contracts with customers with performance obligations not satisfied at 31 March 2024 is TZS7 783 million of which TZS5 633 million is expected to be recognised within the next year, with the remaining TZS2 150 million to be recognised in the following 12 months (2023: 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).

Customer service revenue comprises 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:

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| Mobile voice revenue | **285 769** | 283 547 | **285 769** | 283 547 |
| M-Pesa revenue | **456 285** | 357 136 | **–** | 1 928 |
| Mobile data revenue | **347 303** | 273 702 | **347 369** | 273 762 |
| Digital & VAS revenue | **38 723** | 35 797 | **38 723** | 35 797 |
| Mobile incoming revenue | **48 380** | 46 340 | **48 380** | 46 340 |
| Messaging revenue | **31 078** | 29 038 | **134 008** | 113 697 |
| Fixed revenue | **30 745** | 19 509 | **32 685** | 19 509 |
| Other service revenue | **20 052** | 8 693 | **26 981** | 13 960 |
| **Service revenue** | **1 258 335** | 1 053 762 | **913 915** | 788 540 |
| Non-service revenue | **19 882** | 19 256 | **19 882** | 19 256 |
| | **1 278 217** | 1 073 018 | **933 797** | 807 796 |

## 7. Direct expenses

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| Interconnect costs | **(38 712)** | (37 793) | **(38 712)** | (37 793) |
| Business managed services costs | **(890)** | (369) | **(890)** | (369) |
| Mobile prepaid airtime commission costs | **(75 895)** | (62 331) | **(83 883)** | (68 979) |
| M-Pesa Commission costs | **(176 857)** | (141 880) | **–** | – |
| Regulatory fees | **(54 616)** | (46 357) | **(44 852)** | (39 076) |
| Mobile other costs | **(24 923)** | (24 179) | **(6 102)** | (8 882) |
| Acquisition costs | **(39 359)** | (25 806) | **(33 620)** | (24 310) |
| Retention costs | **(6 124)** | (9 533) | **(6 124)** | (9 533) |
| Stock obsolescence charge (Note 20) | **(659)** | (1 222) | **(659)** | (1 222) |
| | **(418 035)** | (349 470) | **(214 842)** | (190 164) |

## 8. Staff expenses

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| Wages and salaries, including other termination benefits | **(56 741)** | (51 322) | **(38 663)** | (33 972) |
| Share-based compensation (Note 8.1) | **(627)** | (150) | **(627)** | (150) |
| Pension costs – defined contribution plans | **(5 364)** | (3 104) | **(4 585)** | (2 433) |
| Skills and Development Levy | **(1 848)** | (1 877) | **(1 591)** | (1 612) |
| Bonus expense | **(10 086)** | (8 777) | **(8 494)** | (7 749) |
| | **(74 666)** | (65 230) | **(53 960)** | (45 916) |

### 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 was 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 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **(a) Other operating expenses and income** | | | | |
| Network operating expenses | **(83 450)** | (69 032) | **(76 152)** | (62 137) |
| Tower lease and maintenance costs[8] | **(141 017)** | (121 532) | **(141 017)** | (121 532) |
| Amortisation of Government grants (Note 26) | **127** | 345 | **127** | 345 |
| Office administration expenses | **(85 176)** | (65 307) | **(49 206)** | (37 626) |
| Other recoveries and expenses | **(10 811)** | (10 848) | **(7 859)** | (8 162) |
| Amortisation of capacity prepayments (Note 17) | **(19 985)** | (16 353) | **(19 985)** | (16 353) |
| Auditors' remuneration | **(895)** | (625) | **(686)** | (501) |
| Audit fees | **(633)** | (625) | **(424)** | (501) |
| Other charges | **(262)** | – | **(262)** | – |
| Gain on disposal of property and equipment and intangible assets | **413** | 386 | **413** | 386 |
| Capacity leases and right of way expenses | **(3 126)** | (12 403) | **(3 126)** | (12 403) |
| Foreign exchange losses | **(13 563)** | (2 217) | **(12 806)** | (2 774) |
| Donation to Charitable activities | **(2 022)** | (720) | **(2 022)** | (720) |
| | **(359 505)** | (298 306) | **(312 319)** | (261 477) |
| **(b) Depreciation and amortisation** | | | | |
| Depreciation (Note 15) | **(233 558)** | (225 869) | **(231 097)** | (222 916) |
| Amortisation (Note 16) | **(26 759)** | (22 437) | **(23 141)** | (18 941) |
| | **(260 317)** | (248 306) | **(254 238)** | (241 857) |
| **(c) Net credit gain/(loss) on financial assets** | | | | |
| Expected credit losses – Trade receivables (Note 19) | **(1 050)** | (2 874) | **(1 051)** | (2 878) |
| Expected credit losses – Contract assets (Note 19) | **(10)** | (100) | **(10)** | (100) |
| | **(1 060)** | (2 974) | **(1 061)** | (2 978) |

## 10. Finance and dividend income

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Interest income from bank balances | **4 409** | 7 792 | **2 458** | 4 401 |
| Interest income from M-Pesa cash balances | **21 355** | 16 671 | **–** | – |
| | **25 764** | 24 463 | **2 458** | 4 401 |
| Dividend income | **–** | – | **37 854** | 157 009 |
| | **–** | – | **37 854** | 157 009 |

The interest income is earned on amounts deposited with banks. Interest income is recognised using the effective interest rate method.

The Dividend Income is received from the subsidiary M-Pesa Limited. In the current financial year, dividend payments were declared during the meetings of the Board of Directors held in 14 June 2023 and 8 November 2023 (FY 2023, 13 June 2022).

**Notes:**

8. Included in network operating expenses were tower lease and maintenance costs which have been further disaggregated and disclosed separately in the current year. The disaggregation had no impact on earnings or earnings per share, nor on any subtotals or totals within the consolidated and separate financial statements.

## 11. Finance costs

Finance costs include interest on the lease liabilities recognised. The recognised finance costs, which are all recognised using the effective interest method, are detailed below:

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| Interest charge on lease liabilities (Note 25) | **(47 774)** | (57 098) | **(47 774)** | (57 098) |
| Interest on revolving credit facility and overdraft | **(1 312)** | (39) | **(1 312)** | (39) |
| Interest on other financial liabilities | **(334)** | – | **(334)** | – |
| Interest on licence debt | **(1 876)** | (2 222) | **(1 876)** | (2 222) |
| Interest on taxation liabilities | **–** | (277) | **–** | – |
| Interest expense on site restoration obligation (Note 28) | **(662)** | (566) | **(662)** | (566) |
| | **(51 958)** | (60 202) | **(51 958)** | (59 925) |
| Interest expense: M-Pesa customers | **(21 149)** | (16 448) | **–** | – |
| | **(73 107)** | (76 650) | **(51 958)** | (59 925) |

## 12. Net loss on foreign currency translation

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| Cash and cash equivalents | **3 508** | (968) | **3 764** | (930) |
| Lease liabilities | **(3 344)** | (1 971) | **(3 344)** | (1 971) |
| Derivative financial liabilities | **(5 767)** | – | **(5 767)** | – |
| Licence payables | **(3 346)** | – | **(3 346)** | – |
| | **(8 949)** | (2 939) | **(8 693)** | (2 901) |

The Group experienced volatility in exchange rate gains and losses due to the weakening of the shilling against major currencies the Group is exposed to.

## 13. Income tax

### (a) Income tax (expense)/credit

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Current income tax (expense)/credit: | **(14 434)** | (32 359) | **4 150** | (22 682) |
| – In respect of the current year | **(23 241)** | (13 714) | **(4 657)** | (4 045) |
| Withholding tax-current year | **(1 893)** | (7 937) | **(1 893)** | (7 937) |
| – In respect of prior years | **10 700** | (10 708) | **10 700** | (10 700) |
| Deferred tax credit on origination and reversal of temporary differences | **(10 123)** | 50 564 | **(8 572)** | 50 871 |
| – In respect of the current year | **(10 414)** | (2 244) | **(10 066)** | (1 937) |
| – In respect of the prior year | **291** | 52 808 | **1 494** | 52 808 |
| Total income tax (expense)/credit | **(24 557)** | 18 205 | **(4 422)** | 28 189 |

### (b) Components of deferred tax debited/(credited) to profit or loss

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Property and equipment capital allowances | **68 471** | (10 852) | **68 656** | (11 288) |
| Tax losses | **(16 767)** | (10 955) | **(16 767)** | (10 955) |
| Provisions and deferred income | **(41 581)** | (28 757) | **(43 317)** | (28 628) |
| | **10 123** | (50 564) | **8 572** | (50 871) |

### (c) Factors affecting the tax expense/(credit) for the year

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Expected income tax expense on profit before tax at the Tanzania statutory tax rate | **23 395** | 7 905 | **17 848** | 45 997 |
| Adjusted for: | | | | |
| Non-deductible expenditure[9] | **6 680** | 4 340 | **4 652** | 3 376 |
| Net non-taxable gaming income[10] | **(1 077)** | (333) | **(1 077)** | (333) |
| Deferred tax asset recognised from prior period-Holding Company | **–** | (52 808) | **–** | (52 808) |
| Non-taxable dividend income | **–** | – | **(11 357)** | (47 104) |
| (Release)/provision of prior year taxes | **(10 700)** | 10 700 | **(10 700)** | 10 700 |
| Under provision of prior year Deferred tax asset | **(291)** | – | **(1 494)** | – |
| Alternative minimum tax – Holding Company | **4 657** | 4 046 | **4 657** | 4 046 |
| Withholding tax from – Subsidiary Company | **1 893** | 7 937 | **1 893** | 7 937 |
| Under provision of prior year current tax – Subsidiary company | **–** | 8 | **–** | – |
| | **24 557** | (18 205) | **4 422** | (28 189) |

The Tanzania statutory tax rate is 30% (2023: 30%). The Group's effective tax rate is 31.49% (2023: (69.09%)). The Company's effective tax rate is 7.40% (2023: (18.40%)).

The Company's effective tax rate of 7.40% in the current year is significantly lower than the statutory rate of 30.0% largely due to non-taxable dividend income and the release of prior year taxes.

**Notes:**

9. Non deductible expenditure includes charitable donations, dispute losses, fines and penalties.
10. This includes gaming income (non taxable) and costs(non-deductible).

## (d) Income tax receivable

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Opening balance | **48 537** | 63 847 | **43 751** | 61 854 |
| Current income (tax expense)/credit | **(14 434)** | (32 359) | **4 150** | (22 682) |
| **Total tax paid** | **26 550** | 17 050 | **6 281** | 4 579 |
| Additional tax deposits paid | **3 022** | – | **–** | – |
| Current income tax paid | **23 528** | 17 050 | **6 281** | 4 579 |
| Withholding tax deducted at source | **3 070** | 2 105 | **750** | 372 |
| Tax paid | **20 458** | 14 945 | **5 531** | 4 207 |
| **Closing balance** | **60 652** | 48 537 | **54 181** | 43 750 |
| Maturity analysis | | | | |
| Non-current: | **36 120** | 33 098 | **33 098** | 33 098 |
| Pending tax matters | **36 120** | 33 098 | **33 098** | 33 098 |
| Current: | 24 532 | 15 439 | **21 084** | 10 653 |
| Current tax receivable | **24 532** | 15 439 | **21 084** | 10 653 |
| | **60 652** | 48 537 | **54 182** | 43 751 |

These are mainly deposits made to the tax authority in relation to disputed tax assessments and withholding tax credits. 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 increase is mainly due to release of prior period income tax accrual and tax deposits.

## (e) Components of the recognised net deferred tax asset

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Capital allowances | **58 177** | (10 294) | **57 368** | (11 288) |
| Tax losses | **(27 722)** | (10 955) | **(27 722)** | (10 955) |
| General provisions and deferred income | **(72 685)** | (31 104) | **(71 945)** | (28 628) |
| Net deferred tax asset | **(42 230)** | (52 353) | **(42 299)** | (50 871) |

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised.

## (f) Reconciliation of the recognised net deferred tax asset balance

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| At the beginning of the year | **(52 353)** | (1 788) | **(50 871)** | – |
| Charge/(credit) to profit or loss | **10 123** | (50 565) | **8 572** | (50 871) |
| At the end of the year | **(42 230)** | (52 353) | **(42 299)** | (50 871) |

## 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 | |
|---|---|---|
| | **2024** | **2023** |
| Basic and diluted earnings/(loss) per share (TZS) | **23.83** | 19.89 |
| Earnings attributable to owners of the parent (TZS m) | **53 387** | 44 556 |
| Weighted average number of equity shares outstanding (Millions) | **2 240** | 2 240 |
| Dividend declared during the year (TZS m) | **22 278** | – |

## 15. Property and equipment

| Group | Leasehold land and buildings TZS m | Network infrastructure and equipment TZS m | Other assets TZS m | Total TZS m |
|---|---|---|---|---|
| **Net book value as at 1 April 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 | – | 179 099 | 2 759 | 181 858 |
| Amounts applied against funded assets (Note 26) | – | (4 626) | – | (4 626) |
| 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) |
| Additions | 750 | 185 363 | 5 594 | 191 707 |
| Amounts applied against funded assets (Note 26) | – | (14 127) | – | (14 127) |
| Disposals – cost | (53) | (196 983) | (581) | (197 617) |
| Accumulated depreciation on disposed assets | 53 | 196 976 | 581 | 197 610 |
| Depreciation charge for the year | (521) | (231 311) | (1 726) | (233 558) |
| Lease modification (Note 25) | – | (42 571) | – | (42 571) |
| Increase in provision for site restoration obligation | – | 31 | – | 31 |
| **Net book value as at 31 March 2024** | **24 409** | **833 649** | **8 593** | **866 651** |
| Cost | **38 549** | **2 305 796** | **13 694** | **2 358 039** |
| Accumulated depreciation | **(14 140)** | **(1 472 147)** | **(5 101)** | **(1 491 388)** |

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 TZS18 242 million (2023: TZS24 418 million). The cost of these assets was not depreciated during the year (2023: Nil).

Included in Other assets is furniture, fittings and other assets of similar nature.

| Company | Leasehold land and buildings TZS m | Network infrastructure and equipment TZS m | Other assets TZS m | Total TZS m |
|---|---|---|---|---|
| **Net book value as at 1 April 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 | – | 179 099 | 2 759 | 181 858 |
| Amounts applied against funded assets (Note 26) | – | (4 626) | – | (4 626) |
| 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) |
| Additions | 750 | 185 361 | 5 594 | 191 705 |
| Amounts applied against funded assets (Note 26) | – | (14 127) | – | (14 127) |
| Disposals – cost | (53) | (196 983) | (581) | (197 617) |
| Accumulated depreciation on disposed assets | 53 | 196 976 | 581 | 197 610 |
| Disposal – transfer to subsidiary (M-Pesa Limited) – Costs | – | (1 021) | – | (1 021) |
| Disposal – transfer to subsidiary (M-Pesa Limited) – Accumulated Depreciation | – | 17 | – | 17 |
| Lease modification (Note 25) | – | (42 571) | – | (42 571) |
| Depreciation charge for the year | (521) | (228 850) | (1 726) | (231 097) |
| Increase in provision for site restoration obligation | – | 31 | – | 31 |
| **Net book value as at 31 March 2024** | **24 409** | **831 318** | **8 594** | **864 321** |
| Cost | **38 549** | **2 265 852** | **13 710** | **2 318 111** |
| Accumulated depreciation | **(14 140)** | **(1 434 534)** | **(5 116)** | **(1 453 790)** |

Included in the net book value balance of network infrastructure and equipment is the cost of assets under construction of TZS18 242 million (2023: TZS24 418 million). The cost of these assets was not depreciated during the year (2023: 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 being a decrease in depreciation charge for the current year of TZS2 148 million (2023: TZS5 078 million) from prolonged useful life. 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 (2023: None).

Included in the Other assets are leased furniture, fittings and other assets of similar nature.

## Land occupancy rights and buildings (carrying value)

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| Plot No. 49-53, Block M, Mbezi Juu, Dar es Salaam, Tanzania, Certificate of Title No. 49468 (acquired in May 2007) | **6 934** | 7 460 | **6 934** | 7 460 |
| Plot No. 43, Kwale Road, Dar es Salaam, Tanzania, Certificate of Title No. 186031/10 (acquired in May 2001) | **2 074** | 2 161 | **2 074** | 2 161 |
| Plots No. 1 & 2, Block B, NCC Link Area, Dodoma Municipality (acquired in July 2005) | **971** | 1 045 | **971** | 1 045 |
| Plot No. 1999, Block M, Forest Area, Mbeya Municipality (acquired in April 2000) | **579** | 658 | **579** | 658 |
| Nyegezi Hill, Mwanza (acquired in October 2009) | **562** | 627 | **562** | 627 |
| Moshono Hill, Arusha (acquired in July 2009) | **580** | 646 | **580** | 646 |
| | **11 700** | 12 597 | **11 700** | 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.

## 15. Property and equipment continued

### 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 and buildings TZS m | Network infrastructure and equipment TZS m | Other assets TZS m | Total TZS m |
|---|---|---|---|---|
| **As at 1 April 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 |
| Additions | – | 20 228 | 5 492 | 25 720 |
| Lease modification (Note 25) | – | (42 571) | – | (42 571) |
| Depreciation | (53) | (82 562) | (1 533) | (84 148) |
| **As at 31 March 2024** | **9 250** | **255 797** | **5 945** | **270 992** |

Included in the Other assets are leased furniture, fittings and other assets of similar nature.

| Company | Leasehold land and buildings TZS m | Network infrastructure and equipment TZS m | Other assets TZS m | Total TZS m |
|---|---|---|---|---|
| **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 |
| Additions | – | 20 228 | 5 492 | 25 720 |
| Lease modification (Note 25) | – | (42 571) | – | (42 571) |
| Depreciation | (53) | (82 562) | (1 533) | (84 148) |
| **As at 31 March 2024** | **9 250** | **255 797** | **5 945** | **270 992** |

## 16. Intangible assets

| Group | Licences TZS m | Computer software TZS m | Total TZS m |
|---|---|---|---|
| **Net book value as at 31 March 2022** | 36 547 | 40 134 | 76 681 |
| Cost | 53 141 | 106 823 | 159 964 |
| Accumulated amortisation | (16 594) | (66 689) | (83 283) |
| Additions | 143 140 | 11 841 | 154 981 |
| Amortisation | (7 602) | (14 835) | (22 437) |
| Disposals – costs | – | (21 343) | (21 343) |
| Accumulated amortisation on disposed assets | – | 21 343 | 21 343 |
| Transfer from property and equipment costs | – | 1 008 | 1 008 |
| **Net book value as at 31 March 2023** | 172 085 | 38 148 | 210 233 |
| Cost | 196 281 | 98 329 | 294 610 |
| Accumulated amortisation | (24 196) | (60 181) | (84 377) |
| Additions | – | 18 273 | 18 273 |
| Asset acquisition | 78 322 | – | 78 322 |
| Amortisation | (13 204) | (13 555) | (26 759) |
| Accumulated amortisation on disposed assets | – | 3 475 | 3 475 |
| Disposals – costs | – | (3 475) | (3 475) |
| **Net book value as at 31 March 2024** | **237 203** | **42 866** | **280 069** |
| Cost | **274 603** | **113 127** | **387 730** |
| Accumulated amortisation | **(37 400)** | **(70 261)** | **(107 661)** |

| Company | Licences TZS m | Computer software TZS m | Total TZS m |
|---|---|---|---|
| **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 amortisation on disposed assets | – | 21 343 | 21 343 |
| Disposal – transfer to subsidiary (M-Pesa Limited) – Costs | – | (905) | (905) |
| Disposal – 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) |
| Additions | – | 18 273 | 18 273 |
| Additions – Transfer from Subsidiary (Smile Tanzania) | 78 322 | – | 78 322 |
| Amortisation | (11 801) | (11 340) | (23 141) |
| Disposals – costs | – | (3 475) | (3 475) |
| Accumulated amortisation on disposed assets | – | 3 475 | 3 475 |
| Disposal – transfer to subsidiary (M-Pesa Limited) – Costs | – | (5 477) | (5 477) |
| Disposal – transfer to subsidiary (M-Pesa Limited) – Accumulated amortisation | – | 30 | 30 |
| **Net book value as at 31 March 2024** | **224 162** | **32 154** | **256 316** |
| Cost | **250 853** | **86 900** | **337 753** |
| Accumulated amortisation | **(26 691)** | **(54 746)** | **(81 437)** |

## 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 under prepayment terms. 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 Group has no control over an identified asset and therefore the arrangement represents a service arrangement for which the Group prepays for the service.

The movement in capacity prepayments are shown below:

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| **At 1 April** | **57 255** | 60 446 | **57 255** | 60 446 |
| Additions | **4 645** | 13 162 | **4 645** | 13 162 |
| Amortisation for the year [Note 9(a)] | **(19 985)** | (16 353) | **(19 985)** | (16 353) |
| **At 31 March** | **41 915** | 57 255 | **41 915** | 57 255 |
| Non-current | **29 159** | 40 339 | **29 159** | 40 339 |
| Current | **12 756** | 16 916 | **12 756** | 16 916 |
| | **41 915** | 57 255 | **41 915** | 57 255 |

## 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** | **2024** | **2023** |
| **At 1 April** | **1 639** | 1 639 |
| **At 31 March** | **1 639** | 1 639 |

The movement in the impairment of goodwill was as follows:

| | Group | |
|---|---|---|
| **TZS m** | **2024** | **2023** |
| **At 1 April** | **349** | 349 |
| **At 31 March** | **349** | 349 |

The goodwill impairment testing done at year-end indicated no impairment charge (2023: 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 Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As of 31 March 2024, the market capitalisation of the Group was above the book value of its equity, showing that there is no impairment of goodwill for the Group. The Cash generating unit is VTPLC where the re-assigned spectrum is generating cash. In determining the recoverable amount, key component was market share price and the number of shares that the Company has in issue. Market price/share price was determined using Dar es Salaam stock exchange share price, a regulated and updated stock market with forces of demand and supply, therefore this fair value measurement will represent a level 1 within the fair value hierarchy. As at 31 March 2024, the market price/share price which was standing at 770 TZS per share (2023: 770 TZS per share). This generates a fair value of TZS1 724 800 million (2023 TZS1 724 800 million) when multiplied by the number of shares in issue (2 240 000 300). This fair value exceeds the carrying value of the VTPLC CGU. Management believes that no reasonable possible change in any of the aforementioned key assumptions would cause the carrying amount of the cash-generating unit to exceed or equal its recoverable amount.

## 19. Trade and other receivables

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **(a) Non-current** | | | | |
| Contract assets – long-term | **2 212** | 2 038 | **2 212** | 2 038 |
| Expected credit losses (contract assets) | **(62)** | (111) | **(62)** | (111) |
| **Contract assets (net)** | **2 150** | 1 927 | **2 150** | 1 927 |
| Capitalised contract commissions | **342** | 123 | **342** | 123 |
| Deposits in relation to indirect taxes | **10 308** | 9 803 | **9 508** | 9 003 |
| | **12 800** | 11 853 | **12 000** | 11 053 |
| **(b) Current** | | | | |
| Trade receivables | **97 736** | 95 795 | **91 996** | 89 917 |
| Expected credit losses | **(38 312)** | (38 979) | **(38 237)** | (38 903) |
| **Trade receivables (net)** | **59 424** | 56 816 | **53 759** | 51 014 |
| Prepayments | **35 523** | 26 799 | **28 470** | 22 198 |
| Capitalised contract commissions | **732** | 365 | **732** | 365 |
| Intergroup receivables (Note 35) | **3 808** | 4 333 | **33 113** | 27 363 |
| Contract assets | **5 572** | 3 762 | **5 572** | 3 762 |
| Expected credit losses (Contract Assets) | **(159)** | (100) | **(159)** | (100) |
| **Contract assets(net)** | **5 413** | 3 662 | **5 413** | 3 662 |
| Other receivables | **9 480** | 23 796 | **1 495** | 8 789 |
| | **114 380** | 115 771 | **122 982** | 113 391 |

For trade receivables(including intergroup receivables), payments are generally due within 30 to 90 days from service delivery (satisfaction of performance obligation).

Other receivables mainly relate to prefunding for customs clearance, deposit for International money transfer clearing account and other advances.

Trade receivables mainly consist of amounts owed to us by customers. 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. The increase from prior year is mainly due to increased uptake of fixed wireless access (FWA) for data customers.

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 (2023: TZS2 090 million).

Capitalised commission costs are costs related to contract acquisition costs and are amortised over the contract life of 24 months.

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.

Below is the ECL movement for trade receivables:

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **At 1 April** | **(38 979)** | (38 276) | **(38 903)** | (38 197) |
| Bad debts written off | **1 717** | 2 171 | **1 717** | 2 172 |
| Charge to profit or loss [Note 9(c)] | **(1 050)** | (2 874) | **(1 051)** | (2 878) |
| **At 31 March** | **(38 312)** | (38 979) | **(38 237)** | (38 903) |

Trade and other receivables are stated at cost which normally approximates fair value due to short-term maturity. Generally, no interest is charged on trade receivables.

Below is the ECL movement for contract assets:

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| At 1 April | **(211)** | (111) | **(211)** | (111) |
| Charge to profit or loss [Note 9(c)] | **(10)** | (100) | **(10)** | (100) |
| **At 31 March** | **(221)** | (211) | **(221)** | (211) |

Below is the Capitalised contract commissions movements:

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| At 1 April | **488** | 390 | **488** | 390 |
| Amortisation | **(558)** | (394) | **(558)** | (394) |
| Additions | **1 144** | 492 | **1 144** | 492 |
| **At 31 March** | **1 074** | 488 | **1 074** | 488 |

## 20. Inventory

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| Goods held for resale | **3 409** | 3 075 | **3 409** | 3 075 |
| | **3 409** | 3 075 | **3 409** | 3 075 |

The inventory is stated net of the following provision for valuation allowance:

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| At 1 April | **(2 878)** | (1 656) | **(2 878)** | (1 656) |
| Increase in provision (Note 7) | **(659)** | (1 222) | **(659)** | (1 222) |
| **At 31 March** | **(3 537)** | (2 878) | **(3 537)** | (2 878) |

The cost of inventories recognised as an expense(direct expenses) during the year-ended 31 March 2024 was TZS33 570 million (2023: TZS28 572 million).

## 21. Mobile financial deposits and payables

| | Group | |
|---|---|---|
| **TZS m** | **2024** | **2023** |
| Mobile financial deposits | **730 293** | 509 358 |
| Mobile financial payables | **(730 293)** | (509 358) |

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 and agents 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.

The significant increase is due to the growth of M-Pesa business leading to an increase in customer deposits.

## 22. Cash and cash equivalents

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Cash at bank and on hand | **222 225** | 237 027 | **162 121** | 180 466 |
| M-Pesa balances | **121** | 87 | **121** | 87 |
| Expected credit losses (cash and cash equivalents) | **(649)** | (524) | **(588)** | (477) |
| **Cash and cash equivalents** | **221 697** | 236 590 | **161 654** | 180 076 |

The fair value of cash and cash equivalents approximates the carrying amount due to the short-term maturity.

Below is the ECL movements for cash and cash equivalents:

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| At 1 April | **(524)** | (218) | **(477)** | (115) |
| Charge to profit and loss | **(125)** | (306) | **(111)** | (362) |
| **At 31 March** | **(649)** | (524) | **(588)** | (477) |

## 23. Share capital and premium

The Group is controlled by its parent Vodacom Group Limited, which, as at 31 March 2024, owned 75% of the Company's issued shares with the remaining 25% of the issued shares held by the public. In March 2023, the ownership composition was the same.

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **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) | **(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** | **2024** | **2023** | **2024** | **2023** |
| **At 1 April** | **27 698** | 27 698 | **27 698** | 27 698 |
| **At 31 March** | **27 698** | 27 698 | **27 698** | 27 698 |

Capital contribution represents the fair value adjustment on interest-free loans advanced by shareholders that ultimately represents the discounting element on deemed interest accrued prior to the conversion of the loans to interest-bearing loans in March 2008.

Following the IPO process in the year-ended 31 March 2018, Vodacom Group Limited wrote an option on the Group's shares as part of an underwriting arrangement with the Public Investment Corporation (SOC) Ltd, which was treated as a capital contribution from the Group's parent, Vodacom Group Limited.

## 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.
- 3 482 lease contracts for telecommunication towers with various vendors (2023: 3 449). These leases generally have terms of 5 to 12 years.
- 32 lease contracts for properties (2023: 32) and 73 lease contracts for motor vehicles (2023: 32) 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** | **2024** | **2023** | **2024** | **2023** |
| **At 1 April** | **493 340** | 506 516 | **493 340** | 506 516 |
| Additions for the year | **25 719** | 32 993 | **25 719** | 32 993 |
| Interest expense (Note 11) | **47 774** | 57 098 | **47 774** | 57 098 |
| Translation differences (Note 12) | **3 344** | 1 971 | **3 344** | 1 971 |
| Modification of lease liabilities* | **(42 571)** | – | **(42 571)** | – |
| Payments – principal | **(87 070)** | (48 140) | **(87 070)** | (48 140) |
| Payments – interest | **(47 774)** | (57 098) | **(47 774)** | (57 098) |
| **At 31 March** | **392 762** | 493 340 | **392 762** | 493 340 |
| The carrying amount is due as follows: | | | | |
| Non-current | **281 831** | 394 137 | **281 831** | 394 137 |
| Current | **110 931** | 99 203 | **110 931** | 99 203 |
| | **392 762** | 493 340 | **392 762** | 493 340 |

* The Group converted some USD denominated leases to TZS denominated, resulting to an increase in incremental borrowing rates, and hence a reduced lease liability and right-of-use assets.

The following are the amounts recognised in profit or loss in respect to lease liabilities under IFRS 16:

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| Depreciation of right-of-use assets (Note 15) | **84 148** | 85 379 | **84 148** | 85 379 |
| Interest expense on lease liabilities | **47 774** | 57 098 | **47 774** | 57 098 |
| Expense relating to short-term leases | **416** | 519 | **345** | 519 |
| | **132 338** | 142 996 | **132 267** | 142 996 |

Expenses relating to short-term leases are staff benefit costs included under payroll cost.

## 25. Lease liabilities continued

The Group had the following cash outflows relating to lease liabilities:

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| Payments relating to the recognised lease liabilities | **134 844** | 105 238 | **134 844** | 105 238 |
| Payments for short-term leases | **416** | 519 | **345** | 519 |
| | **135 260** | 105 757 | **135 189** | 105 757 |

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 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 provide 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 completion of construction and the commencement of the service provisioning.

The following are the unamortised amounts:

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| **At 1 April** | **533** | 1 361 | **533** | 1 361 |
| Received during the year | **14 456** | 4 143 | **14 456** | 4 143 |
| Amortised during the year (Note 9a) | **(127)** | (345) | **(127)** | (345) |
| Amounts matched with cost of funded assets(Note 15) | **(14 127)** | (4 626) | **(14 127)** | (4 626) |
| **At 31 March** | **735** | 533 | **735** | 533 |
| Non-current | **–** | 20 | **–** | 20 |
| Current | **735** | 513 | **735** | 513 |
| | **735** | 533 | **735** | 533 |

The Group accounts for the grants received as cash flows from investing activities since the cash flows are compensating and reimbursing the Group for constructing and investing in the telecommunication sites.

## 27. Trade and other payables

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **Current** | | | | |
| Trade payables | **26 079** | 25 683 | **26 032** | 25 692 |
| Capital expenditure creditors | **121 749** | 66 040 | **121 749** | 66 040 |
| Sales Tax payables | **12 940** | 5 973 | **12 940** | 5 973 |
| Accruals | **140 882** | 139 372 | **133 549** | 129 388 |
| Deferred revenue | **27 564** | 23 502 | **27 564** | 23 502 |
| Other payables | **31 961** | 27 637 | **13 654** | 9 033 |
| Payables to related parties (Note 35) | **13 365** | 12 819 | **9 313** | 7 804 |
| | **374 540** | 301 026 | **344 801** | 267 432 |

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 indicated below. Other provisions are disclosed below:

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| Opening balance | **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 |
| Marketing taxes and Indirect tax assessments and disputes | **6 608** | 10 152 | **5 165** | 10 152 |
| **Additions/charge to profit or loss** | | | | |
| Site restoration obligation-addition | **31** | 304 | **31** | 304 |
| Site restoration obligation-charge to profit or loss | **660** | 566 | **660** | 566 |
| Legal/regulatory | **193** | 2 512 | **178** | 2 298 |
| Marketing taxes and Indirect tax assessments and disputes | **–** | 1 443 | **–** | – |
| | **884** | 4 825 | **869** | 3 168 |
| **Released to profit or loss** | | | | |
| Legal/regulatory | **(280)** | (3 089) | **(280)** | (3 089) |
| Marketing taxes and Indirect tax assessments and disputes | **(2 216)** | (4 987)_ | **(773)** | (4 987) |
| | **(2 496)** | (8 076) | **(1 053)** | (8 076) |
| **Utilised against payments during the year** | | | | |
| Legal/regulatory | **–** | (15) | **–** | (15) |
| | **–** | (15) | **–** | (15) |
| At 31 March | **12 080** | 13 692 | **11 851** | 12 035 |
| Site restoration obligation | **6 760** | 6 069 | **6 760** | 6 069 |
| Legal/regulatory | **928** | 1 015 | **699** | 801 |
| Marketing taxes and Indirect tax assessments and disputes | **4 392** | 6 608 | **4 392** | 5 165 |
| **Closing balance** | **12 080** | 13 692 | **11 851** | 12 035 |

## 28. Provisions continued

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **Comprising:** | | | | |
| **Non-current** | | | | |
| Site restoration obligation | **6 760** | 6 069 | **6 760** | 6 069 |
| **Current** | | | | |
| Legal obligation | **928** | 1 015 | **699** | 801 |
| Marketing taxes and Indirect tax assessments and disputes | **4 392** | 6 608 | **4 392** | 5 165 |
| | **5 320** | 7 623 | **5 091** | 5 966 |
| **Total provisions** | **12 080** | 13 692 | **11 851** | 12 035 |

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 an 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 was payable in instalments; 50% on spectrum assignment, 25% in April 2023, and 25% in October 2023. The deferred payment was discounted to its present value as it contained 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 the 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.

Set out below are the carrying amounts of licence payables and the movements during the year:

| TZS m | Group 2024 | Group 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|
| **At 1 April** | **72 168** | – | **72 168** | – |
| Additions for the year | **–** | 69 946 | **–** | 69 946 |
| Payments – Principal | **(75 465)** | – | **(75 465)** | – |
| Payments – Interest | **(1 925)** | – | **(1 925)** | – |
| Interest expense | **1 876** | 2 222 | **1 876** | 2 222 |
| Translation differences | **3 346** | – | **3 346** | – |
| **At 31 March** | **–** | 72 168 | **–** | 72 168 |

## 30. Borrowings and facilities

### (a) Bank overdrafts

The Group has an unsecured bank overdraft facility with Citibank Tanzania Limited of US$ 19.5 million (2023: US$14.5 million) which attracts interest at SOFR+4.25%.

During the year the Group did not utilise the overdraft facility (2023: US$ 8.5 million bearing an interest expense of US$15 400 equivalent to TZS39 million). 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 (2023: Nil).

### (b) Facility

During the year the Group signed an unsecured revolving credit facility agreement worth TZS75 billion with Stanbic bank to facilitate currency purchase for the acquisition of Smile Communications Tanzania Limited's. The facility is for a maximum period of one year, and bears an interest rate of 180 days treasury bills+ 6.15% per annum. Below is the movement for the facility as of March 2024.

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| **At 1 April** | – | – | – | – |
| Additions for the year | 47 266 | – | 47 266 | – |
| Payments – Principal | (47 266) | – | (47 266) | – |
| Payments – Interest | (1 312) | – | (1 312) | – |
| Interest expense | 1 312 | – | 1 312 | – |
| **At 31 March** | – | – | – | – |

### (c) Other financial liabilities

The Group, and Company together with the fibre consortium members, have a shared fibre infrastructure that runs along the national road reserves. This asset is charged a Right of way fees payable to the government. During the year the Government and fibre consortium members reached a settlement agreement for the historic unpaid right of way costs and a penalty. The Group and Company's share of the liability was US$5.2 million. The Group and Company correctly accrued the cost over the years.

This amount was agreed to be settled over 5 years, with interest being charged monthly using the agreed secured overnight financing rate (SOFR). The settlement agreement represents the financing of the amounts payable, inclusive of a significant financing component and therefore the historic accruals were reclassified from accruals within the trade and other payables note to other financial liabilities.

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| **At 1 April** | – | – | – | – |
| Reclassification from accruals | 12 993 | – | 12 993 | – |
| Payments – Principal | (771) | – | (771) | – |
| Payments – Interest | (280) | – | (280) | – |
| Interest expense | 280 | – | 280 | – |
| **At 31 March** | 12 222 | – | 12 222 | – |
| **Comprising:** | | | | |
| **Current** | 2 930 | – | 2 930 | – |
| **Non-current** | 9 292 | – | 9 292 | – |

## 31. Interest in other entities (subsidiaries and other entities) – Company

The Company has interests in the following entities:

### M-Pesa Limited

The Company registered office and place of business is 15th floor Vodacom Tower, Plot 23, Ursino Estate, Bagamoyo Road, Dar es Salaam Tanzania. 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 | 2024 | 2023 |
|---|---|---|
| **Statement of financial position** | | |
| Total assets | **92 149** | 92 148 |
| Net assets | **41 599** | 39 422 |
| **Statement of profit or loss and other comprehensive income** | | |
| Total income | **468 291** | 364 502 |
| Total expenses | **(428 223)** | (343 043) |

### The Registered Trustees of M-Pesa Trust Funds

The Trust's registered office and place of business is 15th floor Vodacom Tower, Plot 23, Ursino Estate, Bagamoyo Road, Dar es Salaam Tanzania. 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 | 2024 | 2023 |
|---|---|---|
| **Statement of financial position** | | |
| Total assets | **740 654** | 518 678 |
| Net assets | **–** | – |
| **Statement of profit or loss and other comprehensive income** | | |
| Total income | **21 355** | 16 671 |
| Total expenses | **(21 355)** | (16 671) |

### Vodacom Trust Limited

The Company registered office and place of business is 15th floor Vodacom Tower, Plot 23, Ursino Estate, Bagamoyo Road, Dar es Salaam Tanzania. 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.

### Shared Networks Tanzania Limited ('SNT')

The Company registered office and place of business is 15th floor Vodacom Tower, Plot 23, Ursino Estate, Bagamoyo Road, Dar es Salaam Tanzania. 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 finalised.

Below is an extract from the SNT financial statements:

| TZS m | 2024 | 2023 |
|---|---|---|
| **Statement of financial position** | | |
| Total assets | **5** | 2 462 |
| Net liabilities | **(26 763)** | (24 306) |
| | **2024** | **2023** |
| **Statement of profit or loss and other comprehensive income** | | |
| Revenue | **–** | – |
| Total expenses | **(2 457)** | – |

### Smile Communications Tanzania Limited

The Company registered office and place of business is 15th floor Vodacom Tower, Plot 23, Ursino Estate, Bagamoyo Road, Dar es Salaam Tanzania. During the year the Company acquired 100% of Smile Communications Tanzania Limited share capital.

The principal activities of the company are to provide telecommunication services. The company mainly deals with broadband services and distribution. The acquisition was necessitated to access the spectrum license for the company to better rollout the 4G coverage in the market. Prior to acquisition of the entity, the company ceased operations, terminated contract with partners and retrenched its employee's contracts. Following the acquisition, the entity remained dormant.

## 32. Capital expenditure and Commitments

During the period the Group invested TZS248 455 million (Company TZS242 002 million) (March 2023: TZS299 121 million (Company TZS298 315 million)) in property and equipment and intangible assets. The current year's additions include TZS78 322 million incurred for the Smile asset acquisition (Note 34). The capital expenditure was funded using internally generated funds. As at year-end, TZS122 465 million of the total investment made was payable to capex creditors (2023: TZS138 595 million).

The Group's capital commitments is as presented below:

| | Group | | Company | |
|---|---|---|---|---|
| **TZS m** | **2024** | **2023** | **2024** | **2023** |
| Capital expenditure contracted for but not yet incurred (including property and equipment and intangible assets) | **34 682** | 30 046 | **34 682** | 30 046 |
| Other (including sports and marketing commitments) | **61 009** | 58 883 | **61 009** | 58 883 |
| | **95 691** | **88 929** | **95 691** | **88 929** |

## 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 act with integrity and transparency in all tax matters including a policy of full transparency to the tax authority and the payment of all taxes 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 managed to resolve and settle the long outstanding tax dispute in relation to Transfer Pricing for Vodacom Tanzania Plc for the years of income 2018 to 2020. This was achieved through amicable settlement and it was mainly determined in favor of the Group.

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

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 Organisation for Economic Cooperation and Development ("OECD") guidelines. The TRA conducted the Transfer Pricing audit for the year of income 2021 for M-Pesa Limited, the audit has resulted in certain disputed items. The company has objected and is optimistic that the outcome will be positive.

### 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.

## 34. Other matters

### Levies on mobile money transfers and withdrawals and airtime

On 30 June 2021, the President approved the Finance Act 2021, which included the amendments to the National Payment System Act (NPS Act, 2015) and Electronic and Postal Communications Act (EPOCA, 2010 RE: 2022), introducing a levy on mobile money transfer transactions. In respect of mobile money transfer and withdrawal transactions, a transaction value-dependent levy of between TZS10 and TZS10 000 was implemented on 15 July 2021. Following engagements with stakeholders and due consideration by the Government, the following amendments have been implemented since the introduction of the levies

(a) **September 2021:** an initial 30% levy reduction, to a maximum levy of TZS7 000.

(b) **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 2022 also re-defined the scope of the levy, to include withdrawals and transfers effected through banks, which were earlier excluded. The levy, which was previously only chargeable on mobile transactions, also became applicable to transfers between mobile accounts, bank accounts, and across mobile and bank accounts. For withdrawals, the levy was extended to capture withdrawals from automated teller machines (ATMs).

(c) **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, which was equivalent to 20% of the levy charged at inception; and

(d) **1 July 2023**: The Finance Act 2023 amended the National Payment System Act, Cap. 306 and Cap. 437, effectively abolishing the Airtime Levy and the Mobile money transaction levy on electronic transfers. The levy on cash withdrawals was retained and continues to be charged accordingly.

## Mobile Termination Rates ("MTR")

In July 2023, the Tanzania Communications Regulatory Authority (TCRA) issued the Interconnection Rates Determination No.6/2023, which was applicable starting January 2023. The determination decreased the voice call termination or 'MTR' charges per minute for local calls by 7.0% from TZS2.0 which was applicable before 1 January 2023, to TZS1.86. During the period, we have recorded a TZS1.4 billion reduction in incoming revenue with minimal impact on profitability. The determination also revealed the rates applicable for the calendar years ending December 2027 as presented in the table below:

| Start date | 1 January 2023 | 1 January 2024 | 1 January 2025 | 1 January 2026 | 1 January 2027 |
|---|---|---|---|---|---|
| Rate per minute (TZS) | **1.86** | 1.76 | 1.68 | 1.6 | 1.52 |

## Acquisition of Smile Communications Tanzania Limited

On 27 March 2024, all material conditions precedent were met in an agreement with Smile Telecoms IP Limited and Smile Telecoms Holdings Limited (The Sellers) for the purchase by Vodacom Tanzania Plc of 100% of Smile Communications Tanzania Limited's ('Smile') issued share capital. The total purchase consideration amounted to US$30.5 million (TZS78.3 billion), which included $4.2 million (TZS10.7 billion) fee for spectrum reassignment. The transaction constitutes an asset acquisition, since substantially all of the fair value of the gross assets acquired is concentrated in the spectrum asset that was reassigned to Vodacom Tanzania Plc by way of return of capital from Smile Tanzania Communications Limited to Vodacom Tanzania Plc on 28 March 2024. The total purchase consideration was allocated to the cost of the spectrum asset

Included in assets acquisition and the acquisition of a subsidiary line items in the consolidated and separate statement of cash flows respectively is an amount of TZS10.7 billion relating to the payment of spectrum reassignment fees to the Tanzania Communications Regulatory Authority. Included in Trade and other payables line item in the consolidated and separate statement of financial position is the net amount of TZS65.8 billion[11] relating to purchase consideration payable to the Sellers. TZS36.2 billion was paid on 4 April 2024 and the balance will be payable upon receipt of the tax clearance certificate issued by the Tanzania Revenue Authority, for which the time remains uncertain as at the date of this report.

The seller has signed an irrevocable and unconditional indemnity agreement with the Group, which will enable the Group to recover the costs for any qualifying future liabilities over and above the purchase price stemming from a breach of any warranty or to cover any indemnity claims. The guarantee will be for a maximum amount of US$9.6 million (TZS24.6 billion) for the first 24 months and thereafter be in place further 12 months at a maximum amount of US$4.8 million (TZS12.3 billion).

## Non-current assets ceased to be classified as being held for sale

Following the signing of an agreement between the government and the consortium members to transfer Consortium fibre infrastructure to the government in September 2023, the group classified the underlying fibre infrastructure as Non-Current Asset held for sale in line with IFRS 5. Subsequent to 30 September 2023, due to changes in circumstances outside of the control of the Group, the Group determined that the timing of the transfer of the underlying assets became uncertain and albeit that the Group remains committed to the transaction, the Group determined that the underlying non-current assets ceased to be held for sale in line with the requirements of IFRS 5 and were reclassified to property and equipment. The underlying non-current carrying amount before the assets were classified as held for sale, adjusted for the depreciation of TZS0.5 billion that would have been cognised had the asset not been classified as held for sale. The recoverable amount was assessed to be higher than the carrying amount.

**Note:**

11. The TZS65.8 billion excludes TZS1.8 billion costs paid on behalf of the seller and now recoverable from the purchase consideration.

## 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** | **2024** | **2023** | **2024** | **2023** |
| **Balances with related parties** | | | | |
| **Trade and other receivables** | | | | |
| Vodafone Group Plc (Ultimate parent) | **2 668** | 2 148 | **2 668** | 2 148 |
| Vodacom Group Limited (Immediate parent) | **1 140** | 2 185 | **1 140** | 2 185 |
| M-Pesa Limited | **–** | – | **25 916** | 21 623 |
| Registered Trustees of M-Pesa | **–** | – | **3 389** | 1 407 |
| | **3 808** | 4 333 | **33 113** | 27 363 |
| **Trade payables** | | | | |
| Vodafone Group Plc (Ultimate parent) | **(4 964)** | (5 316) | **(4 964)** | (5 316) |
| Vodacom Group Limited (Immediate parent) | **(4 312)** | (2 561) | **(4 060)** | (2 329) |
| M-Pesa Limited | **–** | – | **(289)** | (159) |
| M-Pesa Africa | **(4 089)** | (4 942) | **–** | – |
| | **(13 365)** | (12 819) | **(9 313)** | (7 804) |

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** | **2024** | **2023** | **2024** | **2023** |
| **Fellow subsidiaries of Vodafone Group Plc** | | | | |
| Revenue | **10 177** | 6 832 | **10 177** | 6 832 |
| Direct costs | **(1 247)** | (1 216) | **(1 247)** | (1 216) |
| Other operating expenses | **(4 107)** | (2 775) | **(4 107)** | (2 775) |
| | **4 823** | 2 841 | **4 823** | 2 841 |
| **Vodacom Group Limited subsidiaries – Mozambique, DRC, Mauritius and Lesotho** | | | | |
| Revenue | **145** | 15 | **145** | 15 |
| Direct costs | **(164)** | (107) | **(164)** | (107) |
| Other operating expenses | **(1 710)** | (512) | **(1 710)** | (512) |
| | **(1 729)** | (604) | **(1 729)** | (604) |
| **Vodacom Group Limited – South Africa** | | | | |
| Revenue | **3 630** | 4 969 | **3 630** | 4 969 |
| Direct costs | **(1 836)** | (2 150) | **(1 836)** | (2 150) |
| Other operating expenses | **(13 311)** | (13 224) | **(10 360)** | (10 322) |
| | **(11 517)** | (10 405) | **(8 566)** | (7 503) |
| **Key management compensation** | | | | |
| Short-term employee benefits | **(6 157)** | (6 552) | **(5 552)** | (6 552) |
| Share-based compensation (Note 8.1) | **(627)** | (150) | **(627)** | (150) |
| Long-term employee benefits | **(483)** | (1 788) | **(436)** | (1 788) |
| | **(7 267)** | (8 490) | **(6 615)** | (8 490) |
| **Non-executive directors** | | | | |
| Non-executive directors' fees | **(1 265)** | (1 212) | **(1 163)** | (1 103) |
| | **(1 265)** | (1 212) | **(1 163)** | (1 103) |
| **Executive directors** | | | | |
| Short-term employee benefits | **(1 798)** | (2 733) | **(1 798)** | (2 733) |
| Long-term employee benefits | **(164)** | (252) | **(164)** | (252) |
| | **(1 962)** | (2 985) | **(1 962)** | (2 985) |

# 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:

| | Group | | Company | |
|---|---|---|---|---|
| TZS m | 2024 | 2023 | 2024 | 2023 |
| **Financial assets** | | | | |
| Trade receivables | **59 424** | 56 816 | **53 759** | 51 014 |
| Other receivables | **7 571** | 9 601 | **1 090** | 8 342 |
| Cash and bank balances (Note 22) | **222 225** | 237 027 | **162 121** | 180 466 |
| M-Pesa balances (Note 22) | **121** | 87 | **121** | 87 |
| Mobile financial deposits | **730 293** | 509 358 | **–** | – |
| Intergroup receivables | **3 808** | 4 333 | **33 113** | 27 363 |
| **Total** | **1 023 442** | 817 222 | **250 204** | 267 272 |
| **Financial liabilities** | | | | |
| Trade payables | **(26 079)** | (25 683) | **(26 032)** | (25 692) |
| Accruals | **(140 882)** | (139 372) | **(133 549)** | (129 388) |
| Other financial liabilities | **(12 222)** | – | **(12 222)** | – |
| Intergroup payables (Note 35) | **(13 365)** | (12 819) | **(9 313)** | (7 804) |
| Capital expenditures creditors | **(121 749)** | (66 040) | **(121 749)** | (66 040) |
| Licences payables | **–** | (72 168) | **–** | (72 168) |
| Other payables | **(20 482)** | (13 393) | **(6 443)** | (2 391) |
| Mobile financial payables | **(730 293)** | (509 358) | **–** | – |
| **Total** | **(1 065 072)** | (838 833) | **(309 308)** | (303 483) |

As at 31 March 2024 and 31 March 2023 the Group and Company did not have any financial instrument balances that were measured at fair value on a recurring or non-recurring basis subsequent to initial recognition.

# 36. Risk management policies and objectives continued

## 36.2 Interest rate profile

At the reporting date, the interest rate profile of the Group's and Company's financial assets and liabilities was as follows:

### Group

| 2024<br>TZS m | Fixed interest rate | Variable interest rate | Non-interest bearing | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables | – | – | 59 424 | 59 424 |
| Other receivables | – | – | 7 571 | 7 571 |
| Cash and bank balances | 58 829 | – | 163 396 | 222 225 |
| M-Pesa balances | 121 | – | – | 121 |
| Mobile financial deposits | 730 293 | – | – | 730 293 |
| Intergroup receivables | – | – | 3 808 | 3 808 |
| **Total** | 789 243 | – | 234 199 | 1 023 442 |
| **Financial liabilities** | | | | |
| Trade payables | – | – | (26 079) | (26 079) |
| Other financial liabilities | – | (12 222) | – | (12 222) |
| Other payables | – | – | (20 482) | (20 482) |
| Accruals | – | – | (140 882) | (140 882) |
| Capital expenditure creditors | – | – | (121 749) | (121 749) |
| Intergroup payables | – | – | (13 365) | (13 365) |
| Mobile financial payables | (730 293) | – | – | (730 293) |
| **Total** | (730 293) | (12 222) | (322 557) | (1 065 072) |

| 2023<br>TZS m | Fixed interest rate | Variable interest rate | Non-interest bearing | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables | – | – | 56 816 | 56 816 |
| Other receivables | – | – | 9 601 | 9 601 |
| Cash and bank balances | 191 707 | – | 45 320 | 237 027 |
| M-Pesa balances | 87 | – | – | 87 |
| Mobile financial deposits | 509 358 | – | – | 509 358 |
| Intergroup receivables | – | – | 4 333 | 4 333 |
| **Total** | 701 152 | – | 116 070 | 817 222 |
| **Financial liabilities** | | | | |
| Trade payables | – | – | (25 683) | (25 683) |
| Other payables | – | – | (13 393) | (13 393) |
| Accruals | – | – | (139 372) | (139 372) |
| Licence payables | – | – | (72 168) | (72 168) |
| Capital expenditure creditors | – | – | (66 040) | (66 040) |
| Intergroup payables | – | – | (12 819) | (12 819) |
| Mobile financial payables | (509 358) | – | – | (509 358) |
| **Total** | (509 358) | – | (329 475) | (838 833) |

Mobile financial payables include interest due to agents and customers.

## Company

| 2024<br>TZS m | Fixed interest rate | Variable interest rate | Non-interest bearing | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables | – | – | 53 759 | 53 759 |
| Other receivables | – | – | 1 090 | 1 090 |
| Cash and bank balances | 39 404 | – | 122 717 | 162 121 |
| M-Pesa balances | 121 | – | – | 121 |
| Intergroup receivables | – | – | 33 113 | 33 113 |
| **Total** | 39 525 | – | 210 679 | 250 204 |
| **Financial liabilities** | | | | |
| Trade payables | – | – | (26 032) | (26 032) |
| Other financial liabilities | – | (12 222) | – | (12 222) |
| Other payables | – | – | (6 443) | (6 443) |
| Intergroup payables | – | – | (9 313) | (9 313) |
| Accruals | – | – | (133 549) | (133 549) |
| Capital expenditure creditors | – | – | (121 749) | (121 749) |
| **Total** | – | (12 222) | (297 086) | (309 308) |

| 2023<br>TZS m | Fixed interest rate | Variable interest rate | Non-interest bearing | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables | – | – | 51 014 | 51 014 |
| Other receivables | – | – | 8 342 | 8 342 |
| Cash and bank balances | 162 206 | – | 18 260 | 180 466 |
| M-Pesa balances | 87 | – | – | 87 |
| Intergroup receivables | – | – | 27 363 | 27 363 |
| **Total** | 162 293 | – | 104 979 | 267 272 |
| **Financial liabilities** | | | | |
| Trade payables | – | – | (25 692) | (25 692) |
| Other payables | – | – | (2 391) | (2 391) |
| Licence payables | (72 168) | – | – | (72 168) |
| Accruals | – | – | (129 388) | (129 388) |
| Capital expenditure creditors | – | – | (66 040) | (66 040) |
| Intergroup payables | – | – | (7 804) | (7 804) |
| **Total** | (72 168) | – | (231 315) | (303 483) |

# 36. Risk management policies and objectives continued

## 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 Company and its subsidiaries'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').

The Group's operations manages its exposure to fluctuations in foreign currency exchange rates by entering into foreign exchange forward contracts for foreign-denominated transactions. The contracts are entered into to buy and/or sell specified amounts of various foreign currencies in the future at predetermined exchange rates, primarily for the purchase of capital equipment and inventory. The Group's policy is generally to borrow funds denominated in functional currency, however, in those instances where funds are borrowed in foreign-denominated currencies and a forward market exists, exposure to fluctuations in foreign currency exchange rates is managed by entering into foreign exchange forward contracts.

**Group**

| | 31 March 2024 | | |
|---|---|---|---|
| **TZS m** | **US$** | **€** | **R** |
| **Financial assets** | | | |
| Trade and other receivables | **1 953** | **497** | **–** |
| Cash and cash equivalents | **100 389** | **20 637** | **1 837** |
| | **102 342** | **21 134** | **1 837** |
| **Financial liabilities** | | | |
| Trade and other payables | **(72 556)** | **(37 522)** | **(3 723)** |
| **Net Gap** | **29 786** | **(16 388)** | **(1 886)** |

| | 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 | (5 367) | (37 107) | (1 134) |
| Licences payables classified as debt | (72 168) | – | – |
| **Net Gap** | (55 642) | (35 931) | (796) |

**Company**

| | 31 March 2024 | | |
|---|---|---|---|
| **TZS m** | **US$** | **€** | **R** |
| **Financial assets** | | | |
| Trade and other receivables | **1 953** | **497** | **–** |
| Cash and cash equivalents | **100 389** | **20 637** | **1 837** |
| | **102 342** | **21 134** | **1 837** |
| **Financial liabilities** | | | |
| **Trade and other payables** | **(72 556)** | **(37 522)** | **(3 723)** |
| **Net Gap** | **29 786** | **(16 388)** | **(1 886)** |

| | 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 | (5 367) | (37 107) | (1 134) |
| Licences payables classified as debt | (72 168) | – | – |
| **Net Gap** | (55 642) | (35 931) | (796) |

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. This analysis assumes the strengthening of Tanzania Shillings (TZS), the weakening has an equal but opposite effect on profit or loss and equity.

## Group

| TZS m | US$ | € | R |
|---|---|---|---|
| **2024** | | | |
| % change (strengthening) | **3** | **2** | **1** |
| (Loss)/profit after tax and equity – (TZS m) | **(549)** | **193** | **7** |
| **2023** | | | |
| % change (strengthening) | 5 | 4 | 1 |
| profit after tax and equity – (TZS m) | 1 831 | 913 | 3 |

## Company

| TZS m | US$ | € | R |
|---|---|---|---|
| **2024** | | | |
| % change (strengthening) | **3** | **2** | **1** |
| (Loss)/profit after tax and equity – (TZS m) | **(549)** | **193** | **7** |
| **2023** | | | |
| % change (strengthening) | 5 | 4 | 1 |
| profit after tax and equity – (TZS m) | 1 831 | 913 | 3 |

## Interest rate risk

The Group's interest rate profile consists of cash and bank balances, 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 | 2024 | 2023 | 2024 | 2023 |
| Mobile financial deposits | **730 293** | 509 358 | **–** | – |
| Cash and bank balances | **222 225** | 237 027 | **162 121** | 180 466 |
| | **952 518** | 746 385 | **162 121** | 180 466 |
| Mobile financial payables | **(730 293)** | (509 358) | **–** | – |
| Licences payables | **–** | (72 168) | **–** | (72 168) |
| Other financial liabilities | **(12 222)** | – | **(12 222)** | – |
| | **(742 515)** | (581 526) | **(12 222)** | (72 168) |

## 36. Risk management policies and objectives continued

### 36.3 Financial risk management continued

#### Interest rate sensitivity analysis

As per the interest rate profile, the Group is exposed to interest rate risk because it holds a financial liability with variable interest rates. The analysis below discloses the Group's sensitivity to the specified basis point change in SOFR interest rate, which represents management's assessment of a reasonable possible change in interest rates based on estimated interest rate differentials. This analysis includes the outstanding other financial liability balance adjusted for the interest rate change at the reporting date with the specified expected basis point change. This analysis assumes a decrease in the Secured overnight financing rate (SOFR), with an increase in the SOFR rate expected to have an equal but opposite effect on profit or loss and equity.

The Group's policy is to maintain an appropriate mix between fixed and floating rate instruments. The Group specifically manages its exposure to interest rate risk relating to interest-bearing borrowings through a target ratio of fixed and variable rate borrowings. The Group is targeting to balance the debt structure between fixed and floating interest rates to protect against upward movements in rates but allowing for participation in downward movements. To achieve this ratio, the Group may borrow at fixed rates or enter into approved derivative financial instruments.

| | Group and Company | |
|---|---|---|
| | **2024** | **2023** |
| **Secured Overnight Financing Rate** | | |
| Basis point increase | **50.00** | – |
| Loss after tax and equity (TZS m) | **43** | – |

#### 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 does not have significant customer concentration. 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 (2023: 30 days). The Group did not renegotiated the terms of any of its financial assets that resulted in these financial assets not being past due or impaired.

For all other financial assets other than trade receivables, cash and cash equivalent, and contract assets, the carrying amounts represents the best indication of their exposure to credit risk.

Except for advance credit customers, trade and other receivables over 90 days are assumed to be credit impaired and in default as well. For advance credit customers, default and credit impaired is assumed to be non-payment for more than 30 days.

The Group has not provided expected credit losses for mobile financial deposit balances that the Registered Trustees of M-Pesa (the Trust) holds with various financial institutions. The Trust's role 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, hence funds ownership does not rest with the Trust. The funds are banked with credible financial institutions and M-Pesa Limited (Subsidiary of Vodacom Tanzania Plc) bears the underlined credit risk.

The following is the ageing analysis of the gross trade receivables that are past due including the 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 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **100.00%** | **–** | **–** | **No** |
| 31-60 days | **100.00%** | **–** | **–** | **No** |
| 61-90 days | **100.00%** | **–** | **–** | **No** |
| 91-120 days | **100.00%** | **–** | **–** | **Yes** |
| 121-180 days | **100.00%** | **33** | **33** | **Yes** |
| > 180 days | **100.00%** | **30 571** | **30 571** | **Yes** |
| **Total** | | **30 604** | **30 604** | |

The following table provides information about the exposure to credit risk and ECLs for super dealers as at 31 March 2023:

| Ageing | 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 prepaid airtime distributors as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **0.92%** | **1 605** | **15** | **No** |
| 31-60 days | **8.59%** | **103** | **9** | **No** |
| 61-90 days | **25.33%** | **–** | **–** | **No** |
| 91-120 days | **52.79%** | **–** | **–** | **Yes** |
| 121-180 days | **78.97%** | **10** | **8** | **Yes** |
| > 180 days | **100.00%** | **951** | **951** | **Yes** |
| **Total** | | **2 669** | **983** | |

The following table provides information about the exposure to credit risk and ECLs for prepaid airtime distributors as at 31 March 2023:

| Ageing | 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 | |

## 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 postpaid customers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **2.08%** | **12 088** | **251** | **No** |
| 31-60 days | **12.22%** | **1 956** | **239** | **No** |
| 61-90 days | **26.32%** | **787** | **207** | **No** |
| 91-120 days | **52.57%** | **388** | **204** | **Yes** |
| 121-180 days | **73.60%** | **228** | **168** | **Yes** |
| > 180 days | **97.44%** | **212** | **207** | **Yes** |
| **Total** | | **15 659** | **1 276** | |

The following table provides information about the exposure to credit risk and ECLs for postpaid customers as at 31 March 2023:

| Ageing | 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 | |

There has been an increase in the gross carrying amount for postpaid customers by TZS2 841 million from prior year, however the ECL has not increased significantly due to the decrease in loss rates which has been majorly a result of improvement in customer payment behaviours.

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **0.16%** | **386** | **1** | **No** |
| 31-60 days | **1.93%** | **–** | **–** | **No** |
| 61-90 days | **4.71%** | **–** | **–** | **No** |
| 91-120 days | **12.67%** | **–** | **–** | **Yes** |
| 121-180 days | **45.68%** | **–** | **–** | **Yes** |
| > 180 days | **100.00%** | **–** | **–** | **Yes** |
| **Total** | | **386** | **1** | |

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2023:

| Ageing | 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 advance credit customers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **11.07%** | **2 841** | **314** | **No** |
| 31-60 days | **100.00%** | **340** | **340** | **Yes** |
| 61-90 days | **100.00%** | **225** | **225** | **Yes** |
| 91-120 days | **100.00%** | **333** | **333** | **Yes** |
| > 120 days | **100.00%** | **2 906** | **2 906** | **Yes** |
| **Total** | | **6 645** | **4 118** | |

The following table provides information about the exposure to credit risk and ECLs for advance credit customers as at 31 March 2023:

| Ageing | 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 | Yes |
| 61-90 days | 100.00% | 460 | 460 | Yes |
| 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 other debtors as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **3.13%** | **219** | **7** | **No** |
| 31-60 days | **7.45%** | **1** | **–** | **No** |
| 61-90 days | **16.00%** | **–** | **–** | **No** |
| 91-120 days | **38.95%** | **–** | **–** | **Yes** |
| 121-180 days | **80.62%** | **149** | **120** | **Yes** |
| > 180 days | **94.11%** | **1 282** | **1 203** | **Yes** |
| **Total** | | **1 651** | **1 330** | |

The following table provides information about the exposure to credit risk and ECLs for other debtors as at 31 March 2023:

| Ageing | 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 | |

## 36. Risk management policies and objectives continued

### 36.3 Financial risk management continued

**Credit risk** continued

Company

The following table provides information about the exposure to credit risk and ECLs for super dealers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **100.00%** | **–** | **–** | **No** |
| 31-60 days | **100.00%** | **–** | **–** | **No** |
| 61-90 days | **100.00%** | **–** | **–** | **No** |
| 91-120 days | **100.00%** | **–** | **–** | **Yes** |
| 121-180 days | **100.00%** | **33** | **33** | **Yes** |
| > 180 days | **100.00%** | **30 571** | **30 571** | **Yes** |
| **Total** | | **30 604** | **30 604** | |

The following table provides information about the exposure to credit risk and ECLs for super dealers as at 31 March 2023:

| Ageing | 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 prepaid airtime distributors as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **1.00%** | **1 605** | **15** | **No** |
| 31-60 days | **9.00%** | **103** | **9** | **No** |
| 61-90 days | **25.00%** | **–** | **–** | **No** |
| 91-120 days | **53.00%** | **–** | **–** | **Yes** |
| 121-180 days | **79.00%** | **10** | **8** | **Yes** |
| > 180 days | **100.00%** | **951** | **951** | **Yes** |
| **Total** | | **2 669** | **983** | |

The following table provides information about the exposure to credit risk and ECLs for prepaid airtime distributors as at 31 March 2023:

| Ageing | 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 postpaid customers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **2.00%** | **12 088** | **251** | **No** |
| 31-60 days | **12.00%** | **1 956** | **239** | **No** |
| 61-90 days | **26.00%** | **787** | **207** | **No** |
| 91-120 days | **53.00%** | **388** | **204** | **Yes** |
| 121-180 days | **74.00%** | **228** | **168** | **Yes** |
| > 180 days | **97.00%** | **212** | **207** | **Yes** |
| **Total** | | **15 659** | **1 276** | |

The following table provides information about the exposure to credit risk and ECLs for postpaid customers as at 31 March 2023:

| Ageing | 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 | |

There has been an increase in the gross carrying amount for postpaid customers by TZS2 841 million from prior year, however the ECL has not increased significantly due to the decrease in loss rates which has been majorly a result of improvement in customer payment behaviours.

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | **0.46%** | **386** | **1** | **No** |
| 31-60 days | **1.93%** | **–** | **–** | **No** |
| 61-90 days | **4.71%** | **–** | **–** | **No** |
| 91-120 days | **12.67%** | **–** | **–** | **Yes** |
| 121-180 days | **45.68%** | **–** | **–** | **Yes** |
| > 180 days | **100.00%** | **–** | **–** | **Yes** |
| **Total** | | **386** | **1** | |

The following table provides information about the exposure to credit risk and ECLs for interconnect customers as at 31 March 2023:

| Ageing | 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 | |

## 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 advance credit customers as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | 11.00% | 2 841 | 314 | No |
| 31-60 days | 100.00% | 340 | 340 | Yes |
| 61-90 days | 100.00% | 225 | 225 | Yes |
| 91-120 days | 100.00% | 333 | 333 | Yes |
| > 120 days | 100.00% | 2 906 | 2 906 | Yes |
| **Total** | | 6 645 | 4 118 | |

The following table provides information about the exposure to credit risk and ECLs for advance credit customers as at 31 March 2024:

| Ageing | 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 | Yes |
| 61-90 days | 100.00% | 460 | 460 | Yes |
| 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 other debtors as at 31 March 2024:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | 3.00% | 219 | 7 | No |
| 31-60 days | 7.00% | 1 | – | No |
| 61-90 days | 16.00% | – | – | No |
| 91-120 days | 39.00% | – | – | Yes |
| 121-180 days | 81.00% | 149 | 120 | Yes |
| > 180 days | 94.00% | 1 204 | 1 128 | Yes |
| **Total** | | 1 573 | 1 255 | |

The following table provides information about the exposure to credit risk and ECLs for other debtors as at 31 March 2023:

| Ageing | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m | Credit impaired |
|---|---|---|---|---|
| 1-30 days | 11.35% | 298 | 33 | 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 | 2 303 | |

The following table provides information about the exposure to credit risk and ECLs for contract assets as at 31 March 2024 for both Group and Company:

| Due, but not past due | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m |
|---|---|---|---|
| Current | **2.84%** | **5 633** | **160** |
| Non-current | **2.84%** | **2 150** | **61** |
| **Total** | | **7 783** | **221** |

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:

| Due, but not past due | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m |
|---|---|---|---|
| Current | 3.63% | 3 873 | 141 |
| Non-current | 3.63% | 1 927 | 70 |
| **Total** | | 5 800 | 211 |

There has been an increase in the carrying amount for contract assets by TZS1 983 million from prior year, however the ECL has not increased significantly due to the decrease in loss rates which has been majorly a result of improvement in customer payment behaviours.

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 31 March 2024 for Group:

| Split | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m |
|---|---|---|---|
| Current | **0.29%** | **221 697** | **649** |
| **Total** | | **221 697** | **649** |

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 31 March 2023 for Group:

| Split | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m |
|---|---|---|---|
| Current | 0.22% | 236 590 | 524 |
| **Total** | | 236 590 | 524 |

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 31 March 2024 for Company:

| Split | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m |
|---|---|---|---|
| Current | **0.36%** | **161 654** | **588** |
| **Total** | | **161 654** | **588** |

The following table provides information about the exposure to credit risk and ECLs for cash and cash equivalents as at 31 March 2023 for Company:

| Split | Weighted average loss rate | Gross carrying amount TZS m | Loss allowance TZS m |
|---|---|---|---|
| Current | 0.26% | 180 076 | 477 |
| **Total** | | 180 076 | 477 |

There has been a decrease in the gross carrying amount for cash and cash equivalent from prior year, however the ECL has increased due to changes in the mix of bank where funds are placed. The change in mix from high rated to medium rated financial institutions leads to an increase in ECL.

## 36. Risk management policies and objectives continued

### 36.3 Financial risk management continued

#### Liquidity management

The Group ensures that adequate funds are available to meet its expected and unexpected financial commitments through undrawn borrowing facilities. The Group has access to a sufficient variety of sources of funding with existing lenders. As at the end of the reporting date, the Group had US$19.5 million (TZS49 968 million) (2023: US$14.5 million (TZS33 930 million)) undrawn foreign-denominated overdraft facility and TZS75 billion revolving credit facility 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 | 0 -1 year TZS m | 2 years TZS m | 3 years TZS m | 4 years TZS m | 5 years TZS m | 5+ years TZS m | Total TZS m |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Lease liabilities | **(141 266)** | **(141 827)** | **(61 242)** | **(51 614)** | **(38 273)** | **(113 830)** | **(548 052)** |
| Other financial liabilities | **(3 225)** | **(3 084)** | **(2 943)** | **(2 802)** | **(1 348)** | **–** | **(13 402)** |
| Accruals | **(140 882)** | **–** | **–** | **–** | **–** | **–** | **(140 882)** |
| Intergroup payables | **(13 365)** | **–** | **–** | **–** | **–** | **–** | **(13 365)** |
| Capital expenditure creditors | **(121 749)** | **–** | **–** | **–** | **–** | **–** | **(121 749)** |
| Mobile financial payables | **(730 293)** | **–** | **–** | **–** | **–** | **–** | **(730 293)** |
| Other payables | **(20 482)** | **–** | **–** | **–** | **–** | **–** | **(20 482)** |
| Trade payables | **(26 079)** | **–** | **–** | **–** | **–** | **–** | **(26 079)** |
| | **(1 197 341)** | **(144 911)** | **(64 185)** | **(54 416)** | **(39 621)** | **(113 830)** | **(1 614 304)** |
| **Financial assets** | | | | | | | |
| Trade receivables | **59 424** | **–** | **–** | **–** | **–** | **–** | **59 424** |
| Other receivables | **7 571** | **–** | **–** | **–** | **–** | **–** | **7 571** |
| Cash and bank balances | **222 225** | **–** | **–** | **–** | **–** | **–** | **222 225** |
| M-Pesa balances | **121** | **–** | **–** | **–** | **–** | **–** | **121** |
| Mobile financial deposits | **730 293** | **–** | **–** | **–** | **–** | **–** | **730 293** |
| Intergroup receivables | **3 808** | **–** | **–** | **–** | **–** | **–** | **3 808** |
| | **1 023 442** | **–** | **–** | **–** | **–** | **–** | **1 023 442** |

| Group | 0 -1 year TZS m | 2 years TZS m | 3 years TZS m | 4 years TZS m | 5 years TZS m | 5+ years TZS m | Total TZS m |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Lease liabilities | (133 708) | (132 301) | (134 348) | (69 759) | (49 831) | (139 295) | (659 242) |
| Accruals | (139 372) | – | – | – | – | – | (139 372) |
| Intergroup payables | (12 819) | – | – | – | – | – | (12 819) |
| Licence payables | (73 710) | – | – | – | – | – | (73 710) |
| Capital expenditure creditors | (66 040) | – | – | – | – | – | (66 040) |
| Mobile financial payables | (509 358) | – | – | – | – | – | (509 358) |
| Other payables | (13 393) | – | – | – | – | – | (13 393) |
| Trade payables | (25 683) | – | – | – | – | – | (25 683) |
| | (974 083) | (132 301) | (134 348) | (69 759) | (49 831) | (139 295) | (1 499 617) |
| **Financial assets** | | | | | | | |
| Trade receivables | 56 816 | – | – | – | – | – | 56 816 |
| Other receivables | 9 601 | – | – | – | – | – | 9 601 |
| Cash and bank balances | 237 027 | – | – | – | – | – | 237 027 |
| M-Pesa balances | 87 | – | – | – | – | – | 87 |
| Mobile financial deposits | 509 358 | – | – | – | – | – | 509 358 |
| Intergroup receivables | 4 333 | – | – | – | – | – | 4 333 |
| | 817 222 | – | – | – | – | – | 817 222 |

| Company | 0 -1 year TZS m | 2 years TZS m | 3 years TZS m | 4 years TZS m | 5 years TZS m | 5+ years TZS m | Total TZS m |
|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Lease liabilities | **(141 266)** | **(141 827)** | **(61 242)** | **(51 614)** | **(38 273)** | **(113 830)** | **(548 052)** |
| Other financial liabilities | **(3 225)** | **(3 084)** | **(2 943)** | **(2 802)** | **(1 348)** | **–** | **(13 402)** |
| Accruals | **(133 549)** | **–** | **–** | **–** | **–** | **–** | **(133 549)** |
| Intergroup payables | **(9 313)** | **–** | **–** | **–** | **–** | **–** | **(9 313)** |
| Capital expenditure creditors | **(121 749)** | **–** | **–** | **–** | **–** | **–** | **(121 749)** |
| Other payables | **(6 443)** | **–** | **–** | **–** | **–** | **–** | **(6 443)** |
| Trade payables | **(26 032)** | **–** | **–** | **–** | **–** | **–** | **(26 032)** |
| | **(441 577)** | **(144 911)** | **(64 185)** | **(54 416)** | **(39 621)** | **(113 830)** | **(858 540)** |
| **Financial assets** | | | | | | | |
| Trade receivables | **53 759** | **–** | **–** | **–** | **–** | **–** | **53 759** |
| Other receivables | **1 090** | **–** | **–** | **–** | **–** | **–** | **1 090** |
| Cash and bank balances | **162 121** | **–** | **–** | **–** | **–** | **–** | **162 121** |
| M-Pesa balances | **121** | **–** | **–** | **–** | **–** | **–** | **121** |
| Intergroup receivables | **33 113** | **–** | **–** | **–** | **–** | **–** | **33 113** |
| | **250 204** | **–** | **–** | **–** | **–** | **–** | **250 204** |

| Company | 0 -1 year TZS m | 2 years TZS m | 3 years TZS m | 4 years TZS m | 5 years TZS m | 5+ years TZS m | Total TZS m |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| **Financial liabilities** | | | | | | | |
| Lease liabilities | (133 708) | (132 301) | (134 348) | (69 759) | (49 831) | (139 295) | (659 242) |
| Accruals | (129 388) | – | – | – | – | – | (129 388) |
| Intergroup payables | (7 804) | – | – | – | – | – | (7 804) |
| Capital expenditure creditors | (66 040) | – | – | – | – | – | (66 040) |
| Licence payables | (73 710) | – | – | – | – | – | (73 710) |
| Other payables | (2 391) | – | – | – | – | – | (2 391) |
| Trade payables | (25 692) | – | – | – | – | – | (25 692) |
| | (438 733) | (132 301) | (134 348) | (69 759) | (49 831) | (139 295) | (964 267) |
| **Financial assets** | | | | | | | |
| Trade receivables | 51 014 | – | – | – | – | – | 51 014 |
| Other receivables | 8 342 | – | – | – | – | – | 8 342 |
| Cash and bank balances | 180 466 | – | – | – | – | – | 180 466 |
| M-Pesa balances | 87 | – | – | – | – | – | 87 |
| Intergroup receivables | 27 363 | – | – | – | – | – | 27 363 |
| | 267 272 | – | – | – | – | – | 267 272 |

## 37. Capital management

The Group manages its 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 | |
|---|---|---|---|---|
| | 2024 TZS m | 2023 TZS m | 2024 TZS m | 2023 TZS m |
| Licences payables classified as debt (Note 29) | **–** | (72 168) | **–** | (72 168) |
| Other financial liabilities (Note 30(c) | **(12 222)** | – | **(12 222)** | – |
| Lease liabilities (Note 25) | **(392 762)** | (493 340) | **(392 762)** | (493 340) |
| Cash and bank balances – (Note 22) | **221 697** | 236 590 | **161 654** | 180 076 |
| **Net debt** | **(183 287)** | (328 918) | **(243 330)** | (385 432) |
| Equity | **(852 834)** | (821 723) | **(796 957)** | (764 164) |
| **Net debt to equity ratio** | **21%** | **40%** | **31%** | **50%** |

## 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 2024, owns 75% (2023: 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 flow notes

### (a) Cash generated from operations

| | | Group | | Company | |
|---|---|---|---|---|---|
| TZS m | Notes | 2024 | 2023 | 2024 | 2023 |
| Profit before tax | | | | | |
| Adjusted for: | | **77 984** | 26 351 | **59 493** | 153 322 |
| Finance income | 10 | **(25 764)** | (24 463) | **(2 458)** | (4 401) |
| Dividend income | | **–** | – | **(37 854)** | (157 009) |
| Finance cost | 11 | **73 107** | 76 650 | **51 958** | 59 925 |
| Net loss on foreign currency translation | 12 | **8 949** | 2 939 | **8 693** | 2 901 |
| | | **134 276** | 81 477 | **79 832** | 54 738 |
| Adjusted for: | | | | | |
| Gain on disposals of property plant and equipment | 9(a) | **(413)** | (386) | **(413)** | (386) |
| Depreciation and amortisation | 9(b) | **260 317** | 248 306 | **254 238** | 241 857 |
| Net credit losses on financial assets | 9(c) | **1 060** | 2 974 | **1 061** | 2 978 |
| Amortisation of capacity prepayments | 9(a) | **19 985** | 16 353 | **19 985** | 16 353 |
| Increase in provision for inventory | 20 | **659** | 1 222 | **659** | 1 222 |
| Amortisation of government grant | 26 | **(127)** | (345) | **(127)** | (345) |
| Decrease in legal, marketing and tax assessment disputes provision | | **(2 272)** | (3 832) | **(844)** | (5 489) |
| **Cash flows from operations before working capital changes** | | **413 485** | 345 769 | **354 391** | 310 928 |
| Payment for capacity contracts | 17 | **(4 645)** | (13 162) | **(4 645)** | (13 162) |
| Increase in inventory – gross | | **(993)** | (1 700) | **(993)** | (1 700) |
| Increase in trade and other receivables | | **(9 668)** | (10 783) | **(20 652)** | (7 936) |
| Increase in trade and other payables[12] | | **244 908** | 71 266 | **29 380** | 4 985 |
| **Cash generated from operations** | | **643 087** | 391 390 | **357 481** | 293 115 |

**Note:**
12. The movement within government grant capital expenditure creditors that was previously incorrectly disclosed as a non-cash adjustment as at 31 March 2023 (TZS4 626 million) financial reporting year are now correctly been included as part of the trade, mobile financial and other payables working capital movements. The reclassification has no impact on earnings or earnings per share, nor on any subtotals or totals in the statement of cash flows.

## (b) Additions to property and equipment, and intangible assets

| | | Group | | Company | |
|---|---|---|---|---|---|
| **TZS m** | Notes | **2024** | **2023** | **2024** | **2023** |
| Additions to property and equipment | 15 | **191 707** | 181 863 | **191 705** | 181 857 |
| Less: right-of-use assets additions | 15 | **(25 720)** | (32 993) | **(25 720)** | (32 993) |
| Additions to intangible assets | 16 | **96 595** | 154 981 | **96 595** | 154 077 |
| **Property and equipment (Capex investment)** | | **262 582** | 303 851 | **262 580** | 302 941 |
| **Changes in capital expenditure creditors** | | **(56 038)** | (1 016) | **(56 038)** | (1 016) |
| **Changes in licenses payables** | | **–** | (69 946) | **–** | (69 946) |
| **Acquisition of asset** | | **(12 501)** | – | **–** | – |
| **Acquisition of a subsidiary** | | **–** | – | **(12 501)** | – |
| **Transfer to subsidiary (M-Pesa LTD)** | | **–** | – | **(6 451)** | – |
| **Grant related capital additions** | | **(14 127)** | (4 626) | **(14 127)** | (4 626) |
| **Property and equipment cash additions** | | **179 916** | 228 263 | **173 463** | 227 353 |

## 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 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 TZS115 824 million as at 31 March 2024 (2023: net current liabilities of TZS92 743 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. The Group has access to a sufficient variety of sources of funding with existing lenders. As at the end of the reporting date, the Group had US$19.5 million (TZS49 968 million) (2023: US$14.5 million (TZS33 930 million)) undrawn foreign-denominated overdraft facility and TZS75 billion revolving credit facility to manage its liquidity.

## 42. Fair value

During the year, the group entered into Forward exchange contracts (FEC) in a bid to mitigate the volatility in the foreign exchange market. As at 31 March 2024, the group had no any open FECs. The amount of fair value adjustments recorded under net loss on foreign currency transactions is TZS5.8 billion (Note 12). The fair value of the FECs are determined with reference to quoted market prices for similar instruments, being the mid-forward rates and spot rates and fall within level two of the fair value hierarchy under IFRS 13. The Group does not have any other financial instruments that required to be measured at fair value subsequent to initial recognition. The carrying amounts of the Group's financial instruments reasonably approximate their fair values due to the short-term nature of the instruments.

## 43. 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.


vodacom

# 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 eight annual general meeting of the Company for the year ended 31 March 2024 will be held virtually on Wednesday 11 September 2024 at 10:00 am to conduct the following business:**

## 1. Confirmation of minutes

To confirm minutes of the seventh annual general meeting held on 22 September 2023.

### Ordinary resolution number 1

"RESOLVED THAT the minutes of the seventh annual general meeting held on 22 September 2023 be and are hereby confirmed."

Copies of the minutes are obtainable from the Company's website **www.vodacom.co.tz/annual-general-meeting**

## 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 2024.

### 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 2024, be and are hereby received and adopted."

Copies of the full audited consolidated annual financial statements for the year ended 31 March 2024 are obtainable from the Company's website **www.vodacom.co.tz/financials**

## 3. Election and re-election of a director

To elect by way of separate resolutions:

3.1 Mr Dejan Kastelic as a non-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 Dejan Kastelic is eligible for election as a director. His profile appears on page 145.

3.2 Mr Haytham Ammar as a non-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 Haytham Ammar is eligible for election as a director. His profile appears on page 145.

3.3 Mr Matimba Mbungela, Mr Diego Gutierrez and Ms Raisibe Morathi 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, Messrs Mbungela, Gutierrez and Ms Morathi are eligible for re-election as directors. Their profiles appear on page 145.

### Ordinary resolution number 3

"RESOLVED THAT Mr Dejan Kastelic be and is hereby elected as a non-executive director of the Company."

### Ordinary resolution number 4

"RESOLVED THAT Mr Haytham Ammar be and is hereby elected as a non-executive director of the Company."

### Ordinary resolution number 5

"RESOLVED THAT Mr Matimba Mbungela be and is hereby re-elected as a non-executive director of the Company."

### Ordinary resolution number 6

"RESOLVED THAT Mr Diego Gutierrez be and is hereby re-elected as a non-executive director of the Company."

### Ordinary resolution number 7

"RESOLVED THAT Ms Raisibe Morathi be and is hereby re-elected as a 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 8

"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 to serve as members of the Audit, Risk and Compliance Committee and considered to be financial experts for this purpose. Their profiles appear on page 145 and 146.

### Ordinary resolution number 9

"RESOLVED THAT Ms Margaret Ikongo be and is hereby re-elected to serve as a member of Audit, Risk & Compliance Committee."

### Ordinary resolution number 10

"RESOLVED THAT Ms Thembeka Semane be and is hereby re-elected to serve as a member of Audit, Risk & Compliance Committee."

### Ordinary resolution number 11

"RESOLVED THAT Ms 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 TZS11.93 per ordinary share for the financial year ended 31 March 2024 as recommended by the directors. The dividend will be paid on or before 16 October 2024 to the shareholders recorded in the register as at the close of trading on 15 August 2024.

### Ordinary resolution number 12

"RESOLVED THAT the dividend of TZS11.93 per ordinary share for the year ended 31 March 2024 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 13

"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.

# Profile of directors

## Dejan Kastelic (43)

### Non-executive director

*Bachelor of Science in Electrical Engineering from University of Maribor, studied at Harvard University, Boston in the United States and INSEAD*

Dejan was appointed as Chief Technology Officer of Vodacom Group Limited and a member of the Vodacom Group Limited Executive Committee with effect from August 2020. He joined Vodacom from PT Indosat Ooredoo TBK, where he served as the Chief Technology and Information Officer, part of Ooredoo Group from Qatar. He was also the Director of Indosat Singapore Pte. Ltd. and is the Deputy Chairman of the Supervisory Board of Posta Slovenije d.o.o. Dejan began his professional career with the first alternative provider of telecommunication services Amis Ltd. in Slovenia, and was later promoted to the Chief Technology Officer in 2004 as the company progressed to MBO acquisition. In 2009, he continued his path with IBM Central and Eastern Europe in Global Technology Services as the Resource Deployment Manager for the region. He joined the Telekom Austria Group in 2012 and initially took over the Executive Director and Chief Technology and Information Officer position for Vip mobile Serbia. He was later assigned as the Cluster Executive Director and CTIO overseeing Vip mobile Serbia and Si.Mobil Slovenia. In 2015, he was assigned to Mobiltel Bulgaria in the same capacity until he was appointed to his previous role at Indosat. Dejan is also a non-executive director on the Boards of Vodacom Mozambique and Vodacom Lesotho.

## Haytham Ammar (42)

### Non-executive director

*Bachelor of Accounting & Business Administration, Certified Management Accountant (CMA)*

Haytham was appointed as the Chief Financial Officer of Vodacom Group: International Business Markets with effect from 1 June 2024. He joined Vodacom from M-Pesa Africa, where he was Chief Financial Officer. He previously served as Vodafone Ghana's Finance Director, where he made significant contributions to the company's business recovery by driving growth, profitability, and financial stability while maximising value from limited resources. He is also credited with enhancing the control environment in revenue assurance, supply chain, receivables management, and reporting. Haytham's career with Vodafone began in 2007 when he joined Vodafone Egypt, where he grew within Financial Planning, Reporting, and Decision Support functions, supporting the Egypt team in the successful planning and execution of key strategic initiatives such as 4G rollout, digital acceleration, and cost efficiency.

## Raisibe Morathi (55)

### Non-executive director

*Chartered Accountant (SA), M.Phil, H. Dip Tax (Wits) and Advanced Management Programme (INSEAD)*

Raisibe was appointed as the Chief Financial Officer and Executive Director of Vodacom Group Limited with effect from 1 November 2020. She joined Vodacom from the Nedbank Group where she had been the Group Chief Financial Officer since September 2009. She has a cumulative 27 years' experience in Financial Services in various large corporates in South Africa, including Nedbank Group, Sanlam Group and the Industrial Development Corporation. Raisibe is also a non-executive director on the boards of Vodacom South Africa and Safaricom PLC.

## Diego Gutierrez (48)

### Non-executive director

*Major in Business Administration and Marketing; Master of Business Administration (MBA)*

Diego was appointed as Chief Officer of Vodacom Group: International Business Markets with effect from 1 August 2017. Diego possesses more than 20 years of international cross-functional experience in the telecommunications industry with special focus on emerging markets in Latin America, Africa, and the Caribbean. He comes with proven success in business turnarounds, enhancing operational efficiency, leading organisations through critical transitions, and translating corporate strategies into tangible operating results. Diego is also a non-executive director on the Boards of Vodacom Congo DRC, Vodacom Lesotho, Vodacom Mozambique, M-Pesa Africa and M-Pesa SA (Proprietary) Limited.

## Matimba Mbungela (52)

### Non-executive director

*B Admin (University of Venda), Post Graduate Diploma in HR (UCT), MBA (UKZN), and also a graduate of the Vodafone Global HR Excellence Program*

Matimba was appointed as the Chief of Human Resources of Vodacom Group Limited with effect from 1 April 2014. Prior to this role, he was Managing Executive: HR for Vodacom South Africa until April 2014. Matimba has worked within the Vodacom/Vodafone Group since 2003 during which he worked in various roles within HR. He subsequently spent 3 years on secondment to Vodafone as Regional Head of Organisational Effectiveness & Change, and Regional Head of Talent within the Africa, Middle East & Asia Pacific "AMAP" region. Prior to his assignment to the Vodafone AMAP Region, Matimba was responsible for Talent Management at Vodacom for six years where he successfully delivered the integration of our talent strategy into the Vodafone global strategy. His previous experience includes key HR roles in blue chip companies such as BMW South Africa and Unilever. Matimba represents the Vodacom Employee Trust ('Siyanda') on the YeboYethu Board, he is also a Non-Executive Director for Vodacom Tanzania PLC, Vodacom Mozambique and Vodacom Lesotho. Matimba is also a member of Unisa GSBL Advisory Board.

## Margaret Ikongo (66)

### Independent non-executive director

### Chairperson of the Audit, Risk and Compliance Committee and a financial expert on this committee

*Master of 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.

# Notice of annual general meeting continued

### Thembeka Semane (48)

Independent non-executive director

Member of Audit, Risk and Compliance Committee and a financial expert on this committee

*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.

### Kanini Mutooni (48)

Independent non-executive director

Member of Audit, Risk and Compliance Committee and a financial expert on this committee

*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 Wednesday 4 September 2024.

## 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.

For more information, please visit the Company's website **www.vodacom.co.tz/annual-general-meeting**

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 10:00 am Friday 6 September 2024. 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 15th Floor, Vodacom Tower, Ursino Estate, Plot 23, Bagamoyo Road, Dar es Salaam, Tanzania not later than 10:00am Friday 6 September 2024. 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
19 August 2024

# 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 **Wednesday 11 September 2024** 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**<br>Confirmation of minutes of the annual general meeting held on 22 September 2023 | | | |
| 2. | **Ordinary resolution number 2**<br>Adoption of consolidated annual financial statements for the year ended 31 March 2024 | | | |
| 3. | **Ordinary resolution number 3**<br>Election of Dejan Kastelic as non-executive director | | | |
| 4. | **Ordinary resolution number 4**<br>Election of Haytham Ammar as non-executive director | | | |
| 5. | **Ordinary resolution number 5**<br>Re-election of Matimba Mbungela as non-executive director | | | |
| 6. | **Ordinary resolution number 6**<br>Re-election of Diego Gutierrez as non-executive director | | | |
| 7. | **Ordinary resolution number 7**<br>Re-election of Raisibe Morathi as non-executive director | | | |
| 8. | **Ordinary resolution number 8**<br>Appointment of Ernst & Young Inc. as auditors of the Company for the year ending March 2025 | | | |
| 9. | **Ordinary resolution number 9**<br>Re-election of Margaret Ikongo as a member of Audit Risk & Compliance Committee | | | |
| 10. | **Ordinary resolution number 10**<br>Re-election of Thembeka Semane as a member of Audit Risk & Compliance Committee | | | |
| 11. | **Ordinary resolution number 11**<br>Re-election of Kanini Mutooni as a member of Audit, Risk & Compliance Committee | | | |
| 12. | **Ordinary resolution number 12**<br>Approval to pay a dividend of TZS11.93 per share for the financial year ended 31 March 2024 | | | |
| 13. | **Ordinary resolution number 13**<br>Approval of the non-executive directors' remuneration of US$477 000 | | | |

Signed this | day of September 2024

Signature | Signature

**Completed forms of proxy must be lodged with the Vodacom Tanzania PLC Company Secretary office by no later than 10:00 am Friday 6 September 2024.**

# Notes to 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 15th Floor, Vodacom Tower, Ursino Estate, Plot 23, Bagamoyo Road, Dar es Salaam, Tanzania by no later than 10:00am Friday 6 September 2024.
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

15th 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, South Africa) | 164 503 540 | 7.3% |
| Institutional Investors (East Africa) | 252 443 767 | 11.3% |
| Institutional Investors (Rest of the World) | 48 456 052 | 2.2% |
| Others | 94 596 741 | 4.2% |
| | **2 240 000 300** | **100.0%** |

| Institutional investors other than Vodacom Group | % institutional holding |
|---|---|
| Tanzania | 48.3% |
| PIC | 35.3% |
| Uganda | 6.0% |
| Other International investors | 10.4% |
| | **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

### Auditors

**Ernst & Young Inc.**
EY House, Plot 162/1
Mzinga Way, 14111 Oysterbay
P.O. Box 2475
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

### 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

### External communications

Zuweina Farah

### Investor Relations

Albert Maneno
Neema Munuo
Email: **investorrelations@vodacom.co.tz**
Website: **www.vodacom.co.tz/about-us**

# 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.<br><br>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. |

# Definition of terms continued

| | |
|---|---|
| **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 2024. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should refer to relevant sections of this integrated report. 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 'Finance Director's 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 2024, 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.