



Managing Director's review

Dear shareholders,

It is my pleasure to present Vodacom Tanzania's trading update for the third quarter of our financial year.

We are a purpose-led company with the aim of connecting people for a better future.



To deliver on our purpose, we focus on empowering people and protecting the planet, while maintaining trust in everything we do. We execute our strategy to deliver on our purpose, and to achieve the core business objectives centred around customer, growth and simplicity. We are highly focused on providing our customers with a superior experience while improving the living standards in the community we serve. This approach drives value across a wide range of stakeholders, including our shareholders.

During the quarter, we made good progress in **empowering people** through various initiatives.

For example, we invested TZS28.6 billion in capital expenditure to expand access to connectivity and financial services, thereby improving customer experience and **bringing more people into the digital world**.

This investment was directed towards expanding our network coverage, increasing capacity, and modernising our IT infrastructure. We rolled out 109 new 4G sites and upgraded existing ones to enhance transmission capacity and network resilience. We also continued delivering the rural coverage sites in partnership with Government through UCSAF, rolling out 14 new sites in underserved areas. In this way we help to bridge the digital divide and extending our customer reach.

Our services also contributed towards **financial, social and economic empowerment of people** through enhanced access to affordable smartphones and the adoption of financial services via M-Pesa.

We grew **smartphone users** by 27.8% to 7.9 million, supported by innovative device financing and open market initiatives through our strong network of business partners. Smartphone usage is critical in providing our customers with access to opportunities in the digital economy and supporting economic empowerment.

M-Pesa continues **to drive financial inclusion and improve lives** by facilitating payments to businesses and government, facilitating short-term financing and providing a secure platform for communal savings. During the quarter, our **digital payment** services demonstrated significant growth. Payments to businesses via the 'LIPA kwa Simu' service grew by over 50% to over a trillion shillings per month, while payments for government services rose by 29%.

In the period, short-term **financing** amounting to over half a trillion shillings were disbursed through our partner banks to over two and a half million customers, representing over 50% growth in value. More than half of the value disbursed was issued to businesses,

providing easy access to short-term financing for small and medium-sized enterprises (SMEs). M-Koba, our product for **secured group savings**, continued to grow, more than doubling growth in deposits, and active members year-on-year. Given that more than 50% of M-Koba customers are women, M-Koba plays a critical role in contributing towards economic empowerment for women.

I am pleased with the **positive impact our products make on customers and the community**. We recently partnered with Sanlam Investments East Africa – Tanzania, a notable East African investment company to launch M-Wekeza, a unique collective funding scheme accessible through our M-Pesa platform. This service allows customers to invest in stocks and securities through fund managers, earning up to 13% annual interest. M-Wekeza is differentiated by the affordability of the minimum investment amount required starting at a thousand shillings, convenience of transacting via mobile phone, allowance for immediate liquidation of investments, and higher potential returns compared to an average return on savings account. This service drives financial inclusion into new investment avenues, and promotes a culture of saving. The early uptake of this innovative service has been encouraging.

In terms of the business performance, I am pleased with a strong period of trading through the third quarter. The performance was supported by strong commercial execution, despite some network disruptions, which as a customer focused company we took immediate measures to address. Our customer base grew 15.0% to reach 22.0 million, data customers grew 16.9% to 11.6 million, and M-Pesa customers grew 17.1% to 11.4 million.

Our financial performance was equally encouraging. We generated operating profit of TZS75.8 billion, representing growth of 89.2%, and net profit after tax of TZS53.4 billion, equating to over 200% growth. I am pleased with the execution of our commercial strategy, which navigated us through some headwinds while still delivering 20.5% growth in service revenue. The service revenue result was supported by double-digit growth in our key growth pillars of M-Pesa which grew 28.8%, and data with growth of 23.6%. Revenue performance was underpinned by customer growth and higher ARPU, as we continued to diversify our revenue streams.

The cost saving of TZS15.2 billion from our initiatives, together with the foreign exchange gain from appreciation of the shilling against major foreign currencies during the period, were also pivotal in supporting profitability growth.

Looking ahead, I am optimistic about the potential for a stable political and regulatory environment to support our ambition of connecting Tanzanians for a better future through both our core connectivity business and financial services via M-Pesa.

Our customers are critical to our success. As we continue to deliver simplified and integrated services, maintaining the security and privacy of their affairs on our network remains a priority. We are investing in artificial intelligence tools, Customer Value Management, machine learning capabilities, and enhancing our technology infrastructure to provide improved services with enhanced security and privacy for our customers. This supports the foundation of our purpose, which is to maintain trust.

We will continue enhancing our product portfolio and use partnerships to offer our customers a wider range of services. Deepening financial inclusion through our advanced M-Pesa products including savings, loans, insurance, and merchant payments remains higher on our priorities. This will play a critical role in supporting improved living standards of our customers and communities, while also generating revenue.

In delivering on our digital inclusion ambitions, access to affordable smartphones and a reliable data network remain critical enablers. We will continue supporting the availability and affordability of smartphones, including through device financing, to support more Tanzanians to connect to the digital world. Our initiatives and business practices that contribute towards environmental protection and business sustainability remain key management focus areas.

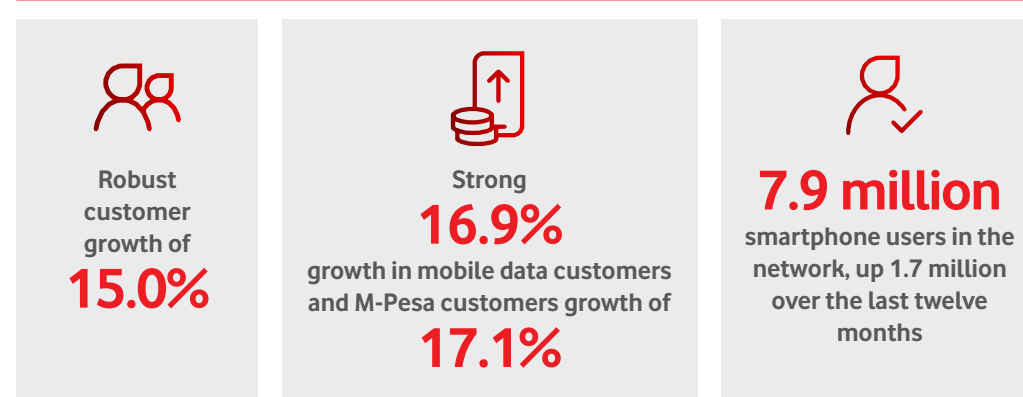
Last but not least, continued skills development for our work force remains among our top priorities to support delivery of quality services to our customers, while also supporting our employees' career ambitions.

Philip Besiimire

Summary of financials

TZS m	Quarter 3 Dec 2024	Quarter 3 Dec 2023	YoY % change
Service revenue	398 551	330 791	20.5
Non-service revenue	5 654	4 896	15.5
Revenue	404 205	335 687	20.4
Direct expenses	(131 064)	(109 581)	(19.6)
Operating expenses	(123 808)	(119 917)	(3.2)
Depreciation and amortisation	(72 473)	(64 966)	(11.6)
Net credit losses on financial assets	(1 038)	(1 158)	10.3
Operating profit	75 822	40 065	89.2
Net financing cost	(11 903)	(13 414)	12.4
Net gain/(loss) on foreign currency transactions	129	(2 630)	99.0
Profit before tax	64 048	24 021	166.6
Income tax expense	(10 695)	(6 288)	(70.1)
Net profit after tax	53 353	17 733	>200

Salient features



Key indicators' review

	31 Dec 2024	30 Sept 2024	31 Dec 2023	YoY % change	Quarterly % change
Customers ¹ (thousand)	21 999	20 951	19 126	15.0	5.0
Data customers ² (thousand)	11 630	11 193	9 951	16.9	3.9
M-Pesa customers ³ (thousand)	11 378	11 098	9 715	17.1	2.5
MOU per month ⁴	285	291	292	(2.4)	(2.1)
Total ARPU ⁵ (shillings per month)	5 978	5 825	5 611	6.5	2.6

Our commercial initiatives supported by sustained investment in network and IT platforms resulted in 15.0% growth in customer to 22.0 million. Customer growth was reinforced by commercial execution in the trade and appealing retention propositions from our advanced machine learning platform, enabling multi-product offers, which we refer to as our System of Advantage. The commercial execution excellence resulted in maintaining our market leadership.

The number of data users increased by 16.9% to 11.6 million, highlighting ever growing demand for data services. This growth was driven by our ongoing investment in data network infrastructure and effective commercial strategies in acquiring and retaining customers, while also growing their usage, including driving increased adoption of smartphones. Investing in network infrastructure and providing access to affordable smartphones are essential for the development of advanced digital products. During the quarter, we rolled out 109 new 4G sites, bringing the total to 3 172 sites. These investments supported a 27.3% increase in data traffic, with 4G traffic growing 42% annually, constituting 84% of total data traffic.

M-Pesa has continued to play a pivotal role in advancing financial inclusion, with 17.1% increase in customers. During the quarter, more than forty percent of our M-Pesa customers used our advanced services, including lending, savings, and insurance. Additionally, over 4 million customers used our merchant platform to make payments of almost TZS4 trillion, to our growing network of merchants. To further augment our efforts in promoting financial inclusion and empowerment, we have recently launched Tanzania's first mobile collective investment platform, M-Wekeza. This platform facilitates M-Pesa users to invest in securities and stocks outside the stock market counters and earn a decent quarterly interest on their invested funds.

Historical key indicators

	31 Dec 2024	30 Sept 2024	30 June 2024	31 March 2024	31 Dec 2023
Customers ¹ (thousand)	21 999	20 951	20 280	19 563	19 126
Data customers ² (thousand)	11 630	11 193	10 617	10 065	9 951
M-Pesa customers ³ (thousand)	11 378	11 098	10 274	10 169	9 715
MOU per month ⁴	285	291	273	266	292
Total ARPU ⁵ (shillings per month)	5 978	5 825	5 495	5 376	5 611

Note: The quarterly information has not been audited or reviewed by the Group's external auditors.

Unless otherwise specified, all percentage growths in this report are year-on-year growths comparing quarter to December 2024 against quarter to December 2023.

- Customers are based on the total number of mobile customers using any billable service during the last three months based on Vodacom group's definition of a customer. 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 whilst roaming.
- 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 this 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.
- M-Pesa customers are the number of unique customers who have generated billable transactions during the month. In the past 3 months, 15.8 million unique customers generated revenue related to M-Pesa.
- Minutes of use ('MoU') per month is calculated by dividing the average monthly minutes (both incoming and outgoing traffic) during the period by the average monthly active customers during the period. Outgoing MoU was 234 (2023: 238).
- ARPU is calculated by dividing the average monthly service revenue during the period by the average monthly active customers.

Condensed statement of profit or loss and other comprehensive income

for the quarter ended 31 December 2024

TZS m	Group		Company	
	Quarter 3 Dec 2024	Quarter 3 Dec 2023	Quarter 3 Dec 2024	Quarter 3 Dec 2023
Revenue	404 205	335 687	284 591	243 564
Direct expenses	(131 064)	(109 581)	(64 061)	(54 885)
Operating expenses	(134 795)	(115 696)	(109 698)	(94 433)
Staff expenses	(20 916)	(18 994)	(14 954)	(13 200)
Publicity expenses	(9 033)	(8 335)	(4 703)	(4 295)
Tower lease and maintenance costs	(38 627)	(36 130)	(38 627)	(36 130)
Other operating expenses	(66 219)	(52 237)	(51 414)	(40 808)
Net gain/(loss) on foreign currency transactions	10 988	(4 221)	9 889	(3 441)
Depreciation and amortisation	(72 473)	(64 966)	(70 776)	(63 318)
Net credit losses on financial assets	(1 039)	(1 158)	(1 031)	(1 089)
Operating profit	75 822	40 065	48 914	26 398
Finance income	12 499	6 360	25 980	409
Finance costs	(24 402)	(19 774)	(13 135)	(14 319)
Net gain/(loss) on foreign currency transaction	129	(2 630)	3 008	(2 531)
Profit before tax	64 408	24 021	64 767	9 957
Income tax expense	(10 695)	(6 288)	(2 691)	(1 220)
Net profit	53 353	17 733	62 076	8 737
Attributable to:				
Equity shareholders	53 336	–	–	–
Non-controlling interests	17	–	–	–

Condensed statement of financial position

as at 31 December 2024

TZS m	Group		Company	
	Quarter 3 Dec 2024	Quarter 3 Dec 2023	Quarter 3 Dec 2024	Quarter 3 Dec 2023
Assets				
Non-current assets	1 295 358	1 232 898	1 266 654	1 202 970
Goodwill	1 639	1 639	–	–
Property and equipment	619 072	598 252	614 849	596 645
Right-of-use assets	258 710	287 864	258 710	287 864
Intangible assets	265 112	201 411	245 816	180 069
Capacity prepayments	60 182	31 769	60 182	31 769
Trade and other receivables	9 704	13 325	8 904	12 524
Income tax receivables	37 320	36 120	34 298	33 098
Deferred tax assets	42 523	62 518	42 299	60 501
Other Investments	1 096	–	1 096	–
Investment in subsidiary	–	–	500	500
Current assets	1 275 343	1 037 709	298 351	252 044
Capacity prepayments	16 839	12 783	16 839	12 783
Inventories	5 950	5 517	5 950	5 517
Trade and other receivables	182 232	146 897	183 266	140 354
Government grant receivables	2 458	–	2 458	–
Income tax receivables	25 772	12 502	22 243	10 452
Mobile financial deposits	888 567	706 772	–	–
Cash and cash equivalents	153 525	153 238	67 595	82 938
Non-current assets held for sale	–	8 871	–	8 871
Total assets	2 570 701	2 279 478	1 565 005	1 463 885
Equity and liabilities				
Share capital	112 000	112 000	112 000	112 000
Share premium	442 435	442 435	442 435	442 435
Capital contribution	27 698	27 698	27 698	27 698
Retained earnings	339 393	264 648	282 294	197 464
Equity attributable to the owners of the parent	921 526	846 781	864 427	779 597
Non-controlling interest	69	–	–	–
Total equity	921 595	846 781	864 427	779 597
Non current liabilities	257 473	320 102	257 473	320 102
Lease liabilities	244 791	303 362	244 791	303 362
Other financial liabilities	5 610	9 747	5 610	9 747
Provision	7 072	6 963	7 072	6 963
Government grants	–	30	–	30
Current liabilities	1 391 633	1 112 595	443 105	364 186
Lease liabilities	101 899	99 120	101 899	99 120
Other financial liabilities	2 040	2 599	2 040	2 599
Trade and other payables	390 064	287 636	333 849	246 228
Mobile financial payables	888 567	706 772	–	–
Income tax payables	3 587	–	81	–
Government grants	9	10 165	9	10 165
Provisions	5 186	6 303	4 971	6 074
Dividend payables	281	–	256	–
Total liabilities	1 649 106	1 432 697	700 578	684 288
Total equity and liabilities	2 570 701	2 279 478	1 565 005	1 463 885

Condensed statement of changes in equity

for the quarter ended 31 December 2024

TZS m	Share capital	Share premium	Capital contribution	Retained earnings	Equity attributable to owners of Parent	Non controlling Interest	Total
Group							
At 1 October 2024	112 000	442 435	27 698	286 082	868 215	52	868 267
Total comprehensive income for the period	–	–	–	53 336	53 336	17	53 353
Transaction with owners:							
Dividend declared	–	–	–	(25)	(25)	–	(25)
At 31 December 2024	112 000	442 435	27 698	339 393	921 526	69	921 595
At 1 October 2023	112 000	442 435	27 698	246 915	–	–	829 048
Total comprehensive income for the period	–	–	–	17 733	–	–	17 733
At 31 December 2023	112 000	442 435	27 698	264 648	–	–	846 781
Company							
At 1 October 2024	112 000	442 435	27 698	220 218	–	–	802 351
Total comprehensive income for the period	–	–	–	62 076	–	–	62 076
At 31 December 2024	112 000	442 435	27 698	282 294	–	–	864 427
At 1 October 2023	112 000	442 435	27 698	188 727	–	–	770 860
Total comprehensive income for the period	–	–	–	8 737	–	–	8 737
At 31 December 2023	112 000	442 435	27 698	197 464	–	–	779 597

Condensed statement of cash flow

for the quarter ended 31 December 2024

TZS m	Group		Company	
	Quarter 3 Dec 2024	Quarter 3 Dec 2023	Quarter 3 Dec 2024	Quarter 3 Dec 2023
Cash flow from operating activities	200 153	173 518	117 477	128 836
Cash generated from operations	(7 804)	(5 659)	(3 130)	(1 924)
Income taxes paid	–	–	–	–
Net cash generated from operating activities	192 349	167 859	114 347	126 912
Cash flow from investing activities	(135 921)	(99 779)	(52 281)	(59 736)
Additions to property and equipment and intangible assets	(79 678)	(57 212)	(77 165)	(57 212)
Asset acquisition	(1 096)	–	(1 096)	–
Payment towards the acquisition of subsidiary	–	(2 933)	–	(2 933)
Finance income received	1 225	720	603	409
Cash held in restricted deposits	(67 646)	(45 994)	–	–
Interest received from M-Pesa deposits	11 274	5 640	–	–
Net cash used in investing activities	(135 921)	(99 779)	(52 281)	(59 736)
Cash flow from financing activities	(74 947)	(63 345)	(73 066)	(58 065)
Dividends paid	(26 747)	(22 205)	(26 711)	(22 205)
Payment of lease liabilities – principal	(33 566)	(18 381)	(33 566)	(18 381)
Payment of lease liabilities – interest	(12 600)	(13 986)	(12 600)	(13 986)
Settlement of derivative financial liabilities	(154)	(2 730)	(154)	(2 730)
Repayment of other borrowings – principal	–	(433)	–	(433)
Repayment of other borrowings – interest	–	(330)	–	(330)
Interest repayment on other financial liabilities	(35)	–	(35)	–
Interest paid to M-Pesa customers	(1 845)	(5 280)	–	–
Net cash used in financing activities	(74 947)	(63 345)	(73 066)	(58 065)
Net (decrease)/increase in cash and cash equivalents	(18 519)	4 735	(11 000)	9 111
Cash and cash equivalents at the beginning of the quarter	179 598	148 330	83 271	73 554
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	(7 554)	173	(4 676)	273
Cash and cash equivalents at the end of the quarter	153 525	153 238	67 595	82 938

In preparation of the quarterly financial statements, consistent accounting policies have been used as those applicable to the previously audited financial statements.



Philip Besiimire
Managing Director



Hilda Bujiku
Finance Director

Issued pursuant to Section 53 of the Dar es Salaam Stock Exchange Rules 2022.

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Forward-looking statements

This update which sets out the quarterly results for Vodacom Tanzania Public Limited Company for the three months ended 31 December 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 of 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 businesses by governments in the countries 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'. 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 will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.

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