

Managing
Director’s
review

Philip Besiimire

Dear shareholders,
I am pleased to share Vodacom Tanzania’s trading update for the first quarter of our financial year as we continue to make meaningful inroads towards our purpose of connecting for a better future. This purpose is supported by our focus on three pillars – empowering people, protecting the planet and maintaining trust in everything we do.

As we mark **25 years of service** and transformative contribution to digital and financial inclusion in Tanzania, we are setting the stage for the next phase of impact and growth by investing in a network modernization programme. In addition to our existing investment plans, we have earmarked an incremental TZS260 billion (US\$100 million) over the next two years to invest into our Radio Access Network (RAN). The RAN swap is expected to leapfrog our network experience with state-of-the-art technology, accelerating digital inclusion across both urban centres and the underserved rural communities. Our customers will experience better network quality for voice, data, fixed wireless access and M-Pesa services. This two year project will cover our network nationwide. Significantly, this transformative investment is expected to future-proof our network, supporting our medium-term growth ambitions.

During the first quarter of this financial year, we carried out numerous initiatives to empower people. M-Pesa continued to play a significant role in advancing our efforts to promote **financial inclusion and bridge the digital financial divide**, leveraging our strong network of strategic business partners.

Our group savings product, **M-Koba**, drives financial inclusion especially among women who form the majority of the M-Koba base. In the quarter, M-Koba customers and transactions value increased by more than 60%. The growing acceptance of M-Koba is due to the unique security and transparency features it offers to participating members, which spans more than 500 000 communal saving groups.

We continue to facilitate our innovative lending propositions to individual customers and businesses. These **digital loan** facilities including our overdraft solution Songesha and short-term loans, are offered in collaboration with our strategic partners. They empower people and businesses by addressing short-term financial needs for individual customers and working capital requirements for small and medium-sized enterprises. In the quarter, we facilitated digital loans to nearly 3.5 million customers and 60 000 small businesses, reflecting 15% and 20% growth respectively, with loans granted exceeding TZS800 billion, an increase of nearly 40%.

In mid-November 2024, we launched M-Wekeza, a **wealth management** product that combines the features of a savings account and a personal investment platform. This innovative service allows our customers to invest in financial assets through Sanlam Investments East Africa-Tanzania, starting with as little as TZS1 000 and offering more attractive interest rates than the traditional savings products. The uptake of M-Wekeza in the quarter was pleasing, with investments recording steady growth month on month, and total gross deposits exceeding TZS40 billion. M-Wekeza empowers M-Pesa customers to compound their wealth, with simplicity and the convenience of transacting through their mobile phones.

Our **digital payment platform**, Lipa Kwa M-Pesa, significantly contributed to the economy by supporting trade and simplifying payments. Lipa Kwa M-Pesa has more than 4 million monthly users and processed payments averaging 1.5 trillion shillings per month. The effectiveness of this

service is demonstrated by its substantial growth. Merchants and customers utilizing the platform have increased by over 40%, respectively, while the total value of processed payments has risen by 60%.

We also made significant progress in **empowering people by bridging the digital divide** through enhanced access to our high quality connectivity services. In the quarter, we invested TZS63.3 billion to roll out 54 new 4G sites, increase capacity for 138 existing sites and upgrade our IT platforms. These investments were crucial in providing quality connectivity services for our customers, enabling seamless communication and financial transactions through M-Pesa.

During this quarter, we **effectively executed our commercial strategy**, bolstered by the resilience of our network. Our customer¹ base grew by 16.1%, reaching 23.5 million. This growth was largely driven by substantial increases in our key areas of M-Pesa and data, which saw customer growth rates of 18.9% and 21.8% respectively. Additionally, the number of our smartphone users increased by more than 35%, supported by our continuous efforts in promoting smartphone adoption through trade partnerships and device financing initiatives.

From **financial performance perspective**, we delivered a strong double-digit growth in service revenue underpinned by continued growth in customers and an improved average revenue per customer. Our M-Pesa and data services continued to be the key growth drivers, both growing by more than 30% year on year. This growth was driven by the increased uptake of our innovative products in M-Pesa and increased data usage, supported by the substantial investment in network. Our focus on **improving profitability** continued to yield results. Underlying net profit after tax grew 137.7% to TZS 37.6 billion, supported by service revenue growth and cost containment. The execution of RAN swap led to a transient increase in operating expenses and accelerated depreciation for the swapped equipment, hence significantly impacted our reported net profit after tax of TZS8.5 billion.

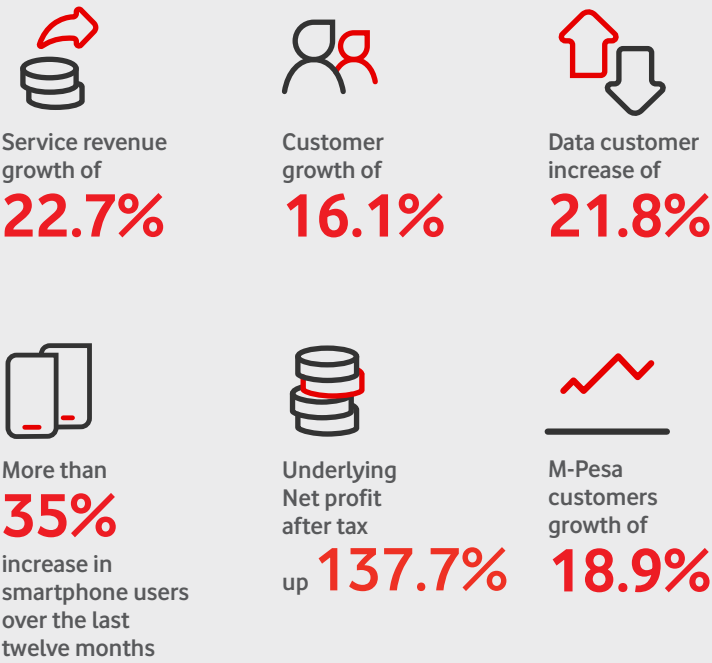
Looking ahead, I am confident that our strategy will continue to deliver strong revenue growth and build a resilient business that is fit for future.

We will maintain stringent financial discipline to manage our bottom-line performance, given the near-term investment costs associated with the RAN swap. We believe that the RAN swap will improve customer experience and potentially accelerate our medium-term growth prospects.

Investment in the network, IT platforms, and smartphone adoption remain key focus areas as we work towards our purpose of connecting for a better future. These investments are equally important for supporting customer experience, expanding our customer base and driving revenue growth. Our focus on customer security and privacy on our network cannot be overemphasised and protection against cyber-attacks and personal data will always be central to our operations.

Thank You
Philip Besiimire

Salient features for the quarter



Summary of financials

TZS m	Quarter 1 June 2025	Quarter 1 June 2024	Reported YoY %	Underlying* YoY %
Service revenue	419 899	342 188	22.7	
Revenue	435 857	347 812	25.3	
EBITDA	144 020	103 808	38.7	49.3
Operating profit	38 579	35 146	9.8	128.1
Net profit after tax	8 507	15 824	(46.2)	137.7
Operating free cash flow	(13 848)	(19 375)	28.5	
Capital expenditure	63 322	53 681	18.0	
EBITDA margin (%)	33.0	29.8	+3.2ppts	+5.6pp
Operating profit margin (%)	8.9	10.1	(1.2)ppts	+8.3pp
Net profit margin (%)	2.0	4.5	(2.5)ppts	+4.1pp

* Excluding the impact of RAN swap.

Regulatory updates

On 3 February 2025, the TCRA released a draft Information Memorandum outlining its plan to license new spectrum in the 3 600MHz to 3 800MHz frequency band through an auction. Reserve prices were set at TZS30 billion (USD12 million) per 1x50MHz block. The auction took place on 10 July 2025, and we successfully acquired one block of 50MHz in the 3600MHz (TDD) spectrum band for a total cost of TZS49.8 billion. This substantial investment will accelerate our future network expansion plans and help us unlock potential growth in innovative products.

On 14 May 2025, the Dar es Salaam Stock Exchange (DSE) announced changes to its trading rules, effective 1 June 2025, intended to improve market liquidity. The key amendment lowered the minimum number of shares required to set a closing price from 0.005% of a company's issued shares (formerly 112,000 shares for Vodacom Tanzania) to 100 shares, with a daily price change cap of 5%.

1 In this report, unless otherwise specified, customers are reported in accordance with Vodacom Group definition of a customer.

Condensed statement of profit or loss
and other comprehensive income
for the quarter ended 30 June 2025

TZS m	GROUP		COMPANY	
	Quarter 1 June 2025	Quarter 1 June 2024	Quarter 1 June 2025	Quarter 1 June 2024
Revenue	435 857	347 812	287 427	251 445
Direct expenses	(131 358)	(112 335)	(66 314)	(56 953)
Operating expenses	(158 572)	(131 046)	(128 035)	(107 929)
Staff expenses	(22 559)	(19 855)	(16 409)	(14 288)
Publicity expenses	(11 765)	(8 696)	(6 831)	(4 146)
Tower lease and maintenance costs	(35 989)	(38 014)	(35 989)	(38 014)
Other operating expenses	(84 267)	(59 809)	(65 009)	(47 244)
Net loss on foreign currency transactions	(3 992)	(4 672)	(3 797)	(4 237)
Depreciation and amortisation	(105 486)	(68 662)	(103 995)	(66 916)
Net credit losses on financial assets	(1 862)	(623)	(1 859)	(618)
Operating profit/(loss)	38 579	35 146	(12 776)	19 029
Finance income	15 703	8 575	2 657	882
Dividend income	–	–	43 414	–
Finance costs	(36 745)	(20 687)	(24 900)	(13 269)
Net gain/(loss) on foreign currency transaction	385	(773)	769	(824)
Profit before tax	17 922	22 261	9 164	5 818
Income tax (expense)/credit	(9 415)	(6 437)	6 768	(1 257)
Net profit	8 507	15 824	15 932	4 561
Attributable to:				
Equity shareholders	8 471	–	–	–
Non-controlling interests	36	–	–	–

Condensed statement of financial position
as at 30 June 2025

TZS m	GROUP		COMPANY	
	Quarter 1 June 2025	Quarter 1 June 2024	Quarter 1 June 2025	Quarter 1 June 2024
Assets				
Non-current assets	1 604 031	1 251 789	1 576 718	1 222 522
Goodwill	1 639	1 639	–	–
Property and equipment	539 775	605 766	534 796	607 362
Right of use assets	590 734	250 408	590 734	250 408
Intangible assets	294 866	275 573	274 471	249 687
Capacity prepayments	90 068	27 168	90 068	27 168
Trade and other receivables	9 882	12 800	9 082	12 000
Income tax receivables	34 298	36 120	34 298	33 098
Deferred tax assets	41 673	42 315	41 673	42 299
Other Investments	1 096	–	1 096	–
Investment in subsidiary	–	–	500	500
Current assets	1 483 458	1 127 377	361 929	258 305
Capacity prepayments	15 192	11 374	15 192	11 374
Inventories	6 593	2 905	6 593	2 905
Trade and other receivables	142 468	134 390	185 895	134 235
Government grant receivables	11 870	–	11 870	–
Income tax receivables	29 650	24 561	26 122	20 550
Mobile financial deposits	1 009 628	793 021	–	–
Cash and cash equivalents	268 057	161 126	116 257	89 241
Total assets	3 087 489	2 379 166	1 938 647	1 480 827
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	342 842	286 525	262 282	219 385
Equity attributable to the owners of the parent	924 975	868 658	844 415	801 518
Non-controlling interest	68	–	–	–
Total equity	925 043	868 658	844 415	801 518
Non current liabilities	649 163	271 792	648 957	271 792
Lease liabilities	628 203	255 714	628 203	255 714
Other financial liabilities	12 546	9 152	12 546	9 152
Deferred tax liabilities	206	–	–	–
Provision	8 208	6 926	8 208	6 926
Current liabilities	1 513 283	1 238 716	445 275	407 517
Lease liabilities	69 320	101 553	69 320	101 553
Other financial liabilities	5 815	2 730	5 815	2 730
Trade and other payables	416 251	335 473	364 649	297 524
Mobile financial payables	1 009 628	793 021	–	–
Income tax payables	7 343	–	2 171	–
Government grants	852	268	852	268
Provisions	3 781	5 671	2 218	5 442
Dividend payables	293	–	250	–
Total liabilities	2 162 446	1 510 508	1 094 232	679 309
Total equity and liabilities	3 087 489	2 379 166	1 938 647	1 480 827

Condensed statement of changes in equity
for the quarter ended 30 June 2025

TZS m	GROUP					
	Share capital	Share premium	Capital contribution	Retained earnings	Equity attributable to owners of Parent	Non controlling Interest
At 1 April 2025	112 000	442 435	27 698	334 371	916 504	75
Total comprehensive income for the period	–	–	–	8 471	8 471	36
At 30 June 2025	112 000	442 435	27 698	342 842	924 975	68
At 1 April 2024	112 000	442 435	27 698	270 701	–	–
Total comprehensive income for the period	–	–	–	15 824	–	–
At 30 June 2024	112 000	442 435	27 698	286 525	–	–
COMPANY						
At 1 April 2025	112 000	442 435	27 698	246 350	–	–
Total comprehensive loss for the period	–	–	–	15 932	–	–
At 30 June 2025	112 000	442 435	27 698	262 282	–	–
At 1 April 2024	112 000	442 435	27 698	214 824	–	–
Total comprehensive income for the period	–	–	–	4 561	–	–
At 30 June 2024	112 000	442 435	27 698	219 385	–	–

Condensed statement of cash flow
for the quarter ended 30 June 2025

TZS m	GROUP		COMPANY	
	Quarter 1 June 2025	Quarter 1 June 2024	Quarter 1 June 2025	Quarter 1 June 2024
Cash flow from operating activities				
Cash generated from operations	179 958	150 744	(2 940)	76 781
Income taxes paid	(19 144)	(6 551)	(5 684)	(723)
Net cash generated from operating activities	160 814	144 193	(8 624)	76 058
Cash flow from investing activities				
Additions to property and equipment and intangible assets	(49 105)	(99 579)	(49 105)	(99 579)
Finance income received	3 724	1 150	2 657	882
Cash held in restricted deposits	(86 393)	(62 728)	–	–
Interest received from M-Pesa deposits	11 979	7 426	–	–
Net cash used in investing activities	(119 752)	(153 731)	(2 991)	(98 697)
Cash flow from financing activities				
Dividends paid	(27)	(4)	(2)	(4)
Payment of lease liabilities – principal	(36 500)	(37 630)	(36 500)	(37 630)
Payment of lease liabilities – interest	(24 385)	(12 503)	(24 385)	(12 503)
Settlement of derivative financial liabilities	(93)	(442)	(93)	(442)
Principal repayment on other financial liabilities	(35)	(340)	(35)	(340)
Interest repayment on other financial liabilities	(188)	(159)	(188)	(159)
Withholding tax paid on shareholder's loan	(799)	–	(799)	–
Interest paid to M-Pesa customers	(9 311)	(1 309)	–	–
Net cash used in financing activities	(71 338)	(52 387)	(62 002)	(51 078)
Net increase in cash and cash equivalents	(30 276)	(61 925)	(73 617)	(73 717)
Cash and cash equivalents at the beginning of the quarter	298 467	221 697	189 624	161 654
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	(134)	1 354	250	1 304
Cash and cash equivalents at the end of the quarter	268 057	161 126	116 257	89 241

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 30 June 2025, 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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