

Quarterly report

for the period ended 30 June 2024

Managing Director's review

Dear shareholders,

I am pleased to report back to you on Vodacom Tanzania's performance for the first quarter. This report complies with the reporting requirements as per the Dar es Salaam Stock Exchange rules. We supplement the disclosures with additional information on key non-financial performance indicators and other business updates.



Our purpose-led strategy is anchored on 'connecting for a better future' through two pillars – 'empowering people' and 'protecting the planet' in a digital society. This is underpinned by our commitment to maintaining trust in everything we do. Guided by a strategic focus on customer, simplicity and growth, we leverage on our 'Tech for Good' platforms and collaborate with our partners to implement initiatives that transform lives and deliver on our purpose.

Aligned with our purpose pillar of 'protecting the planet', I am proud to report that Vodacom Tanzania completed the requirements for certification on the efficient use of energy and is ISO 50001 certified, a process administered by the BSI¹, a highly respected organisation. We focus on efficient energy management and increasing our use of renewable energy to reduce our greenhouse gas emissions and environmental impact. The certification also demonstrates the passion of our people, to create innovative and sustainable energy management systems that leverage climate-smart and energy efficient technologies.

We are empowering people by bridging the digital divide and facilitating access to our digital platforms. Approximately eighteen months ago, we launched an inclusive care service tailored to individuals facing physical movement and hearing challenges. Since then, our initiative has expanded to encompass people with visual impairments. We have introduced specialised devices for the visually impaired and conducted awareness campaigns to enhance service accessibility. Our goal is to ensure that this community benefits from

our connectivity and financial services through the use of mobile devices. To date, over 8 300 specially designed devices have been sold at affordable prices. In the current quarter, we have served over 2 500 customers through our inclusive care touchpoints.

To further our ambition of digitally empowering customers, we focused on enhancing smartphone adoption among our customers, attaining smartphone users' growth of 23.7%. We have made smartphones more accessible through our enhanced open market network and device financing initiative. Our device financing program allows customers to buy smartphones affordably and select convenient installment payment plans, including daily and weekly options over a 12-month period. An increase in smartphone users not only exposes more customers to advanced digital services and improving their personal lives, but also positions us to offer progressive services that enhance satisfaction and lay the groundwork for future revenue growth. Furthermore, increased smartphone penetration has facilitated convenient transactions through our M-Pesa super-app, contributing to deeper financial inclusion.

M-Pesa remains pivotal to empowering people through deepening financial inclusion. We are pleased with the growth witnessed in the quarter, across our performance metrics for this critical service, including:

- M-Pesa customers increased 24.7% to 10.3 million, with over 4.5 million customers using our lending, savings and insurance products from their mobile devices during the quarter.

- Almost 600 000 customers, of which 50.8% were female, used our service designed for pooled group savings 'M-Koba'. These customers transacted over TZS270 billion, of which 61.3% was transacted by female customers demonstrating the women empowerment potential of this product.
- The total short-term financing disbursed through our financial products increased by 30%, reaching nearly TZS600 billion. Approximately 60% of this amount was issued to small businesses, offering easy access to short-term financing for Small and Medium-sized Enterprises (SMEs).

We are supporting **government electronic payments**. Transactions made into government accounts for the quarter increased by 19.2% and value grew by 26.3%. These transactions are processed in over 800 government collection accounts operating on our M-Pesa platform. The rapid growth in adoption of electronic payments through M-Pesa, reflects the benefits experienced by our customers, as a secured, simple and convenient payment channel. I am also encouraged by the growing acceptance of our platform for **business payments** – 'Lipa kwa Simu', with the number of businesses accepting payments through the platform more than doubling year on year. Customers using the platform grew by over 35%, and the transacted value increased more than 60% to exceed a trillion shillings per month.

Our business performance was pleasing. During the quarter, our commercial momentum remained robust, bolstered by our resilient network, reliable IT infrastructure, and the dedication of our workforce and business partners. Our customers increased 17.1%, with data users growing 15.2% to 10.6 million. This performance is a result of our strategic execution in network investment, customer value management (CVM) and machine learning capabilities, as we leverage our multi-product approach 'the System of Advantage' to grow customers and traffic.

Our financial results were equally strong with **service revenue** growing 20.0%. Encouragingly, revenue generated through our new services in M-Pesa, mobile and fixed services continued to grow and diversifying our revenue. In the period, these services contributed 27.7% of our service revenue, a 4.4pp expansion. We generated an **operating profit** of TZS35.1 billion, up

98.7%, and **net profit after tax** of TZS15.8 billion, compared to a loss of TZS7.0 billion for the same quarter in the prior year. The improved business profitability reflects our strategy execution which resulted in revenue growth and delivered cost savings of TZS13.5 billion in the quarter.

Looking forward, we will remain focused on customer, simplicity and growth to sustain our business performance and grow returns to our shareholders.

We will continue to build and leverage on the 'System of Advantage' to enhance customer experience on our network by providing a one-stop-shop for their service requirements, and access to relevant platforms for the seamless completion of transactions in connectivity and financial services.

To accelerate growth and support digital inclusion, we will continue to focus on personalisation of services powered by our artificial intelligence tools, CVM and machine learning capabilities, smartphone adoption through availability and affordability, and investment in our network.

We aim to execute on our purpose of connecting Tanzanians for a better future through our refreshed pillars of 'empowering people' and 'protecting the planet'. We recognise the gap and the opportunity to broaden digital and financial inclusion through increased access to basic connectivity services, internet usage, as well as the adoption of our advanced financial services in new growth areas of savings, borrowings, insurance and merchant payments.


I am satisfied with our relationships with key stakeholders, including regulators and the government in general. We will continue to actively engage with the government on relevant industry-related matters so that we continue to deliver on our role as a responsible corporate citizen.

Philip Besiimire


Summary of financials

TZS m	Quarter 1 June 2024	Quarter 1 June 2023	YoY % change
Service revenue	342 188	285 101	20.0
Non-service revenue	5 624	4 902	14.7
Revenue	347 812	290 003	19.9
Direct expenses	(112 335)	(93 732)	(19.8)
Operating expenses	(131 046)	(113 306)	(15.7)
Depreciation and amortisation	(68 662)	(64 661)	(6.2)
Net credit losses on financial assets	(623)	(616)	(1.1)
Operating profit	35 146	17 688	98.7
Net financing cost	(12 112)	(13 210)	8.3
Net loss on foreign currency transactions	(773)	(6 219)	87.6
Profit/(loss) before tax	22 261	(1 741)	>200
Income tax expense	(6 437)	(5 259)	(22.4)
Net profit/(loss) after tax	15 824	(7 000)	>200


Salient features



Customer base grew 17.1% to reach 20.3 million.



M-Pesa customers up 24.7% to 10.3 million.



Data customers increase of 15.2% to 10.6 million.

Key indicators' review

	30 June 2024	31 March 2024	30 June 2023	YoY % change	Quarterly % change
Customers ² (thousand)	20 280	19 563	17 316	17.1	3.7
Data customers ³ (thousand)	10 617	10 065	9 215	15.2	5.5
M-Pesa customers ⁴ (thousand)	10 274	10 169	8 240	24.7	1.0
MOU per month ⁵	273	266	281	(2.8)	2.6
Total ARPU ⁶ (shillings per month)	5 495	5 376	5 415	1.5	2.2

Our strategic execution continued to deliver positive results. We ended the quarter with 20.3 million customers, an increase of 717 000 customers in the quarter. This growth was underpinned by our initiatives to increase customer acquisition and retention, coupled with efforts in growing the number of days a customer is active on our network.

Our sustained investment in data network and growth in smartphone penetration is yielding positive outcomes. During the quarter we added 83 new 4G sites. Data metrics were strong – customers grew 15.2% while data usage per customer increased 6.1%, with a more than 50% increase in 4G traffic. Notably, more than 80% of our total data traffic was carried on our 4G network, compared to 72% in the prior year – a deliberate shift to improve customer experience on newer technologies. Data continues to be a key enabler in empowering people, and in digitalisation of critical sectors, and the economy in general.

Executing on our ambition to broaden the impact of M-Pesa continued to pay dividends. M-Pesa customers grew 24.7% supported by our commercial focus on acquiring new customers and increasing adoption of M-Pesa services. During the quarter, close to four million M-Pesa customers utilised our lending services and the merchant payments platform. The value of transactions processed in the quarter for the services in our new M-Pesa growth areas, was up by over 50%, contributing significantly to our overall M-Pesa business growth.

Regulatory matters

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 5.4% from TZS1.86 which was applicable until 31 December 2023, to TZS1.76 effective from 1 January to 31 December 2024. Overall impact of MTR reduction on our financial performance for the quarter was not material.

Historical key indicators

	30 June 2024	31 March 2024	31 December 2023	30 September 2023	30 June 2023
Customers ² (thousand)	20 280	19 563	19 126	18 502	17 316
Data customers ³ (thousand)	10 617	10 065	9 951	9 745	9 215
M-Pesa customers ⁴ (thousand)	10 274	10 169	9 715	9 311	8 240
MOU per month ⁵	273	266	292	302	281
Total ARPU ⁶ (shillings per month)	5 495	5 376	5 611	5 690	5 415

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 June 2024 against quarter to June 2023.

1. <https://www.bsigroup.com>.
2. 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 whilst roaming.
3. 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.
4. M-Pesa customers are the number of unique customers who have generated billable transactions during the month. In the past 3 months, 14.1 million unique customers generated revenue related to M-Pesa.
5. 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 220 (2023: 227).
6. 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 30 June 2024

TZS m	Group		Company	
	Quarter 1 June 2024	Quarter 1 June 2023	Quarter 1 June 2024	Quarter 1 June 2023
Revenue	347 812	290 003	251 445	214 144
Direct expenses	(112 335)	(93 732)	(56 953)	(50 059)
Operating expenses	(126 374)	(109 536)	(103 692)	(90 855)
Staff expenses	(19 855)	(17 560)	(14 288)	(12 421)
Publicity expenses	(8 696)	(7 702)	(4 146)	(3 874)
Tower lease and maintenance costs	(38 014)	(35 104)	(38 014)	(35 104)
Other operating expenses	(59 809)	(49 170)	(47 244)	(39 456)
Net loss on foreign currency transactions	(4 672)	(3 770)	(4 237)	(4 333)
Depreciation and amortisation	(68 662)	(64 661)	(66 916)	(63 075)
Net credit losses on financial assets	(623)	(616)	(618)	(610)
Operating profit	35 146	17 688	19 029	5 212
Finance income	8 575	6 560	882	1 519
Finance costs	(20 687)	(19 770)	(13 269)	(15 272)
Net loss on foreign currency transaction	(773)	(6 219)	(824)	(6 244)
Profit/(loss) before tax	22 261	(1 741)	5 818	(14 785)
Income tax expense	(6 437)	(5 259)	(1 257)	(1 071)
Net profit/(loss)	15 824	(7 000)	4 561	(15 856)

Condensed statement of financial position

as at 30 June 2024

TZS m	Group		Company	
	Quarter 1 June 2024	Quarter 1 June 2023	Quarter 1 June 2024	Quarter 1 June 2023
Assets				
Non-current assets	1 251 789	1 309 259	1 222 522	1 278 873
Goodwill	1 639	1 639	–	–
Property and equipment	605 766	610 091	607 362	607 043
Right-of-use assets	250 408	350 950	250 408	350 950
Intangible assets	275 573	208 552	249 687	187 478
Capacity prepayments	27 168	37 880	27 168	37 880
Trade and other receivables	12 800	11 853	12 000	11 053
Income tax receivables	36 120	36 120	33 098	33 098
Deferred tax assets	42 315	52 174	42 299	50 871
Investment in subsidiary	–	–	500	500
Current assets	1 127 377	904 649	258 305	250 640
Capacity prepayments	11 374	14 781	11 374	14 781
Inventories	2 905	4 752	2 905	4 752
Trade and other receivables	134 390	114 820	134 235	116 003
Income tax receivables	24 561	15 819	20 550	10 676
Mobile financial deposits	793 021	581 249	–	–
Cash and cash equivalents	161 126	173 228	89 241	104 428
Total assets	2 379 166	2 213 908	1 480 827	1 529 513
Equity and liabilities				
Equity	868 658	814 723	801 518	748 308
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	286 525	232 590	219 385	166 175
Non current liabilities	271 792	382 245	271 792	382 245
Lease liabilities	255 714	376 035	255 714	376 035
Other financial liabilities	9 152	–	9 152	–
Provision	6 926	6 210	6 926	6 210
Current liabilities	1 238 716	1 016 940	407 517	398 960
Lease liabilities	101 553	91 317	101 553	91 317
Licence payables	–	37 246	–	37 246
Other financial liabilities	2 730	–	2 730	–
Trade and other payables	335 473	300 668	297 524	264 151
Mobile financial payables	793 021	581 249	–	–
Government grants	268	70	268	70
Provisions	5 671	6 390	5 442	6 176
Total liabilities	1 510 508	1 399 185	679 309	781 205
Total equity and liabilities	2 379 166	2 213 908	1 480 827	1 529 513

Trademarks

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 update which sets out the quarterly results for Vodacom Tanzania Public Limited Company for the three months ended 30 June 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.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any liability in respect of the content of any forward-looking statement and expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

Condensed statement of changes in equity

for the quarter ended 30 June 2024

TZS m	Share capital	Share premium	Capital contribution	Retained earnings	Total
Group					
At 1 April 2024	112 000	442 435	27 698	270 701	852 834
Total comprehensive income for the period	–	–	–	15 824	15 824
At 30 June 2024	112 000	442 435	27 698	286 525	868 658
At 1 April 2023	112 000	442 435	27 698	239 590	821 723
Total comprehensive income for the period	–	–	–	(7 000)	(7 000)
At 30 June 2023	112 000	442 435	27 698	232 590	814 723
Company					
At 1 April 2024	112 000	442 435	27 698	214 824	796 957
Total comprehensive income for the period	–	–	–	4 561	4 561
At 30 June 2024	112 000	442 435	27 698	219 385	801 518
At 1 April 2023	112 000	442 435	27 698	182 031	764 164
Total comprehensive income for the period	–	–	–	(15 856)	(15 856)
At 30 June 2023	112 000	442 435	27 698	166 175	748 308

Condensed statement of cash flow

for the quarter ended 30 June 2024

TZS m	Group		Company	
	Quarter 1 June 2024	Quarter 1 June 2023	Quarter 1 June 2024	Quarter 1 June 2023
Cash flow from operating activities				
Cash generated from operations	150 744	167 484	76 781	76 740
Income taxes paid	(6 551)	(8 482)	(723)	(1 094)
Net cash generated from operating activities	144 193	159 002	76 058	75 646
Cash flow from investing activities				
Additions to property and equipment and intangible assets	(99 579)	(70 551)	(99 579)	(70 551)
Proceeds from sale of property and equipment	–	62	–	62
Finance income received	1 150	1 506	882	969
Cash held in restricted deposits	(62 728)	(71 891)	–	–
Interest received from M-Pesa deposits	7 426	4 504	–	–
Net cash used in investing activities	(153 731)	(136 370)	(98 697)	(69 520)
Cash flow from financing activities				
Dividends paid	(4)	–	(4)	–
Payment of lease liabilities – principal	(37 630)	(31 195)	(37 630)	(31 195)
Payment of lease liabilities – interest	(12 503)	(13 270)	(12 503)	(13 270)
Settlement of derivative financial liabilities	(442)	–	(442)	–
Principal repayment on other financial liabilities	(340)	–	(340)	–
Interest payment on other financial liabilities	(159)	–	(159)	–
Interest paid to M-Pesa customers	(1 309)	(4 245)	–	–
Payment of spectrum installment	–	(37 952)	–	(37 952)
Net cash used in financing activities	(52 387)	(86 662)	(51 078)	(82 417)
Net increase in cash and cash equivalents	(61 925)	(64 030)	(73 717)	(76 291)
Cash and cash equivalents at the beginning of the quarter	221 697	236 590	161 654	180 076
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	1 354	668	1 304	643
Cash and cash equivalents at the end of the quarter	161 126	173 228	89 241	104 428

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

The quarterly condensed consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 17 July 2024 and were signed on its behalf by:



Philip Besiimire
Managing Director



Hilda Bujiku
Finance Director

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