Vodacom Tanzania Public Limited Company

Interim condensed consolidated financial results

for the period ended
30 September 2024

Together we can

Contents

Managing Director's review

Philip Besiimire

Our purpose – to connect for a better future – drives our strategy, impacts our value creation and shapes our stakeholder engagements within our operating context. We are pleased to report that our performance for the first half of the financial year 2025 demonstrates good progress on our purpose-led strategy and value creation.

In the period we executed on our refreshed purpose pillars of **empowering people and protecting the planet,** with an operational focus on customer, simplicity and growth.

We continued to **empower the people of Tanzania,** through multiple commercial and social initiatives.

In September, we once again partnered with the 'Twende Butiama Cycling Club', and organised a cycling charity event named 'Pedal for Purpose', a build-up towards the second edition of our nearly 2 000 kilometers long 'Vodacom Twende Butiama Cycling Tour'. This 14-day scenic tour across 12 regions in Tanzania had participants from neighbouring countries including Malawi, Burundi, Kenya, and the Democratic Republic of Congo. During the tour, 50 000 trees were planted, nearly 34 000 people were attended in seven medical camps and clinics conducted and 1 100 desks were donated to 18 schools in need. The tour's focus areas align with the late Mwalimu Nyerere's vision for a self-reliant and thriving Tanzania. Our commitment to this initiative reinforces Vodacom's dedication to transforming lives and empowering communities we serve.

We continued to positively **impact our customer's lives** through **inclusive care initiatives**. In the two years since launch, our inclusive care customer touch points have served nearly 17 000 customers who require special assistance. In the past six months we have sold close to 20 000 affordable devices that cater for visually impaired customers. Initiatives such as these are critical in empowering our communities, particularly those that are potentially marginalised, and exposing them to the opportunities of a digitally connected world.

Our M-Pesa ecosystem helps us deliver on our ambition of supporting **financial inclusion** and enabling **individual businesses and government** through digital payments. We achieved encouraging progress in this regard during the period:

- M-Pesa **empowers our customers** by driving and deepening financial inclusion. More than 6 million customers utilised our advanced products in M-Pesa, which include lending, savings and insurance. We disbursed over one trillion shillings in micro loans in the period, an increase of more than 30% year on year. Notably, nearly 60% of the value of loans were disbursed to small businesses, supporting their short-term financing needs.
- Our savings product M-Koba continued to grow and attract more groups and customers, importantly progressing **financial empowerment among women** who make over 50% of our M-Koba customers, transacting more than 60% of the one trillion shillings total M-Koba transactions value. I am also proud of our education initiatives in this area as we collaborated with stakeholders to provide basic financial savings training through trained financial educators. Through this program we have empowered and upskilled more than 12 000 groups on micro-savings.

- Our **digital payment solutions** continue to revolutionise the convenience and safety of transacting. Our **merchant payment solution** 'Lipa Simu' provides this simplicity to Tanzanian businesses. Both transacting merchants and monthly payment value, which exceeded one trillion shillings, grew by more than 50% year on year. We also helped improve **government collections**, with the value of these transactions increasing by 28%.

We continue closing the digital divide by investing in connectivity and smartphone adoption. We invested TZS127.7 billion in infrastructure in the period, supporting the modernisation and expansion of our network and IT capability. We rolled out a total of 259 new 4G sites, including 75 sites under UCSAF[1] , and completed capacity upgrades for more than 190 4G sites. Our ongoing 4G investment supported a nearly 50% increase in 4G data traffic, with more than 80% of our total data traffic carried on our 4G network. The transition of data usage to more advanced technologies, such as 4G, relieves capacity constraints and **enhances customer experience**. We also grew smartphone users on our network by 23.6%, supported by our device financing scheme and open market operations.

Aligned to our purpose pillar of '**protecting the planet**', we encourage environmentally friendly business practices. Key focus areas include the efficient use of energy and increased use of renewable energy to reduce greenhouse gas emissions. In the period, our environmental initiatives delivered 619 000 KWh savings on power usage and reduced CO_2 emissions by 202 tonnes. We continue to look for opportunities to further our cause towards protecting the environment and driving sustainability.

Our sustained investment in manufactured and human capital, coupled with the collaboration with our business partners, supported a pleasing **performance on customer metrics**. Our customer base grew 13.2% reaching 20.9 million, data customers increased 14.9% and we reported an encouraging 19.2% growth in M-Pesa customers. We maintained market leadership with a 30.3%[2] customer market share and extended our lead in the headline Net Promoter Score – a methodology for measuring customer satisfaction, by 3 points in the last six months to 21 points.

Our **financial performance** was encouraging. **Service revenue** grew 19.1%, sustaining the double-digit growth from the previous financial year, underpinned by strong customer metrics and increased uptake of our products. We delivered **M-Pesa revenue** growth of 27.9%, mobile data growth of 16.7%, voice growth of 8.6% and **fixed data revenue** growth of 46.1%. I am particularly pleased that the revenue from new services continued to accelerate, contributing to the diversification of our revenue profile.

Operating profit grew 44.6% to TZS82.4 billion and we generated a **net profit after tax** of TZS42.2 billion, representing 42.4% growth. The improvement in profitability was driven by good revenue growth and our commitment in controlling costs, to enhance shareholders' returns. In the period, our cost saving program delivered a saving of TZS28 billion, offsetting the impact of foreign exchange losses.

Looking forward, I remain optimistic about our business environment. The government's forward-thinking policies and initiatives continue to foster a stable and investment conducive environment for business that help us unlock our purpose of connecting Tanzanians for a better future.

We see an opportunity to deepen digital and financial inclusion through increased access to connectivity services, as well as the adoption of our advanced services in M-Pesa such as savings, borrowings, insurance and merchant payments. We will therefore continue to enhance our product portfolio and leverage partnerships to bring our customers a wider choice of services, extending our multi-product approach called the 'System of Advantage'. We are investing in artificial intelligence tools, CVM, machine learning capabilities and our network and IT systems to provide improved service with enhanced security and privacy.

Access to smartphones and a best-in-class data network are critical enablers in delivering on our digital inclusion ambitions. We intend to accelerate partnerships that increase the availability and affordability of smartphones, including device financing. Additionally, we remain focused on relevant initiatives and business practices that contribute towards environment protection and business sustainability.

On behalf of the EXCO and the Board, I would like to thank everyone in the company and our partners, for their contribution in delivering this encouraging half year performance. Let us build on this momentum into the second half of the financial year – let us keep winning.

Together we can!

Philip Besiimire

1 Network rollout projects in collaboration with the government through its Universal Communications Service Access Fund (UCSAF).

2 According to the Tanzania Communication Regulatory Authority's quarterly communications statistics as at September 2024.

Highlights

Customers up 13.2% to
20.9 million
data customers up 14.9% and M-Pesa customers grew 19.2%

Service revenue up
19.1%

Net Profit
After Tax growth of
42.4%

Invested
TZS127.7 billion
added 259 4G sites during the period

Summary financial information

TZSm	Six months ended 30 September 2024	2023	% Change
Service revenue	**718 151**	602 743	**19.1**
Revenue	**730 194**	612 772	**19.2**
EBITDA	**221 170**	186 515	**18.6**
Operating profit	**82 411**	56 974	**44.6**
Net profit after tax	**42 173**	29 623	**42.4**
Operating free cash flow	**8 845**	(821)	**>200**
Free cash flow	**(3 314)**	(12 209)	**72.9**
Capital expenditure	**127 715**	93 139	**37.1**
Earnings per share ('EPS') (shillings)	**18.81**	13.22	**42.4**
Contribution margin (%)	**67.4**	67.4	**+0.0pp**
EBITDA margin (%)	**30.3**	30.4	**(0.1)pp**
Operating profit margin (%)	**11.3**	9.3	**+2.0pp**
Net profit margin (%)	**5.8**	4.8	**+0.9pp**
Capital intensity (%)	**17.5**	15.2	**+2.3pp**

Operating and financial review

TZSm	Six months ended 30 September 2024	2023	% Change
Mobile voice revenue	**153 529**	141 430[1]	**8.6**
M-Pesa revenue	**274 241**	214 374	**27.9**
Mobile data revenue	**195 217**	167 338	**16.7**
Digital & VAS revenue	**20 070**	18 713	**7.3**
Mobile incoming revenue	**24 896**	24 598	**1.2**
Messaging revenue	**17 621**	14 843	**18.7**
Fixed revenue	**19 989**	13 679	**46.1**
Other service revenue	**12 588**	7 768[1]	**62.0**
Service revenue	**718 151**	602 743	**19.1**
Non-service revenue	**12 043**	10 029	**20.1**
Revenue	**730 194**	612 772	**19.2**
Direct expenses	**(236 900)**	(199 576)	**(18.7)**
Operating expenses	**(271 058)**	(226 389)	**(19.7)**
Staff expenses	**(39 835)**	(36 590)	**(8.9)**
Publicity expenses	**(15 391)**	(16 892)	**8.9**
Tower lease and maintenance expenses	**(75 542)**	(69 932)	**(8.0)**
Other operating expenses	**(140 290)**	(102 975)	**(36.2)**
Depreciation and amortisation	**(138 765)**	(129 603)	**(7.1)**
Net credit losses on financial assets	**(1 059)**	(230)	**<(200)**
Operating profit	**82 411**	56 974	**44.6**
EBITDA	**221 170**	186 515	**18.6**
EBITDA margin	**30.3%**	30.4%	**(0.1)pp**

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, at the end of the financial year 2024, it was considered more appropriate to reflect the loyalty revenue within the 'Other service revenue' category, rather than mobile voice revenue, and was reported as such in our annual report. Consequently, for half year reporting, TZS2.7 billion loyalty revenue for the financial year 2024, has been reallocated to other service revenue, where the loyalty revenue for the current half year of TZS3.4 billion is also reported. There was no impact on overall service revenue as a result of this reporting reclassification.

Revenue

Service revenue was up 19.1% to TZS718.2 billion, driven by strong commercial momentum. Customers increased 13.2% to 20.9 million and average revenue per customer (ARPU) increased 1.9%, as a result of increased data usage and product uptake. **In the second quarter**, service revenue grew 18.4%, supported by 13.2% customer growth and 2.4% growth in ARPU.

Mobile voice revenue grew 8.6% to TZS153.5 billion mainly supported by customer growth while the usage per customer slightly declined and average price per minute was broadly stable. **In the second quarter**, mobile voice revenue was up 6.3%.

M-Pesa revenue grew 27.9% to TZS274.2 billion and increased its contribution to service revenue by 2.6ppts to 38.2%. This performance was driven by growth in customers and ARPU of 19.2% and 7.3%, respectively. Revenue from our advanced services in M-Pesa grew by close to 50%, and continues to significantly contribute to the diversification of M-Pesa revenue profile. **In the second quarter**, M-Pesa revenue grew 28.0%.

Mobile data revenue grew 16.7% to reach TZS195.2 billion. Growth was supported by a 14.9% increase in data customers and 1.6% ARPU growth mainly driven by the increased usage per customer.

Our customer propositions were enhanced by investment into the network as well as initiatives to drive smartphone adoption, including device financing. Smartphone users on our network grew strongly by 23.6% supporting a close to 50% growth in 4G data traffic. **In the second quarter**, mobile data revenue grew 16.3%.

Digital & VAS revenue, which comprises an airtime advance service and value-added services (VAS), increased 7.3% to TZS20.1 billion. During the period, we put incremental focus on improving the customer experience especially for service subscription. **In the second quarter** revenue grew 1.6%. The slowdown in growth in the second quarter was mainly due to a significant number of customers who were unsubscribed from value added services, and the implementation of additional confirmations required before a customer is subscribed to VAS, a move aimed at increasing transparency with our customers. The customers unsubscribed from VAS, are allowed to subsequently do a self-re-subscription using the new process with additional consent gates.

Mobile incoming revenue grew marginally by 1.2% to TZS24.9 billion with customer growth partly offset by lower incoming ARPU – the result of 5.4% reduction in mobile termination rates (MTR). **In the second quarter**, mobile incoming revenue grew 11.8%, significantly impacted by prior year's TZS1.2 billion once off revenue adjustment for the first half of the year following the official publication of the new MTR rates in July 2023. Excluding this, underlying incoming revenue grew 1.0% driven by growth in volume of incoming minutes.

Fixed data revenue was up 46.1% to TZS20.0 billion, supported by 17.7% growth in customers, as we continued to monetise our investment in fixed wireless infrastructure. In the **second quarter** fixed data revenue sustained its strong growth at 37.4%.

Total expenses[1]

We continued to focus on improving our profitability through our cost saving program. During the period, we delivered a cost saving of TZS28 billion that helped to mitigate cost pressures arising from foreign exchange losses, contractual escalations and incremental network costs in line with network investment.

Direct expenses increased 18.7% to TZS236.9 billion, broadly in line with service revenue growth. There were also incremental costs relating to spectrum fees because of the acquisition of Smile Communication Tanzania Limited (Smile) and once-off cost savings in the prior year. Excluding these notable items, direct expenses would have grown 17.8% for half year and 16.0% for the quarter.

Total operating expenses grew 19.7% to TZS271.1 billion reflecting business growth, contractual inflationary adjustments and escalations. In the period, we also incurred cost increases on foreign currency denominated contracts due to devaluation of the local currency, expenses resulting from acquisition of Smile, and incremental international terrestrial leased capacity, acquired to improve redundancy following a sustained undersea cable outages from cuts – both northern and southern bound. The increase in operating expenses was also driven by a TZS13.1 billion foreign exchange loss due to depreciation of the local currency, excluding which, our operating expenses grew 17.3%, reflecting the impact of our cost savings initiatives.

- **Staff related expenses** increased 8.9% to TZS39.8 billion, driven by an increase in the number of employees in line with the business growth and inflationary salary adjustments.
- **Publicity expenses** declined 8.9% to TZS15.4 billion, reflecting savings from our cost savings initiatives that helped to offset additional spending on commercial activities in driving revenue growth.
- **Tower lease and maintenance expenses** increased by 8.0% to TZS75.5 billion, primarily due to network expansion, contract services escalations, as well as increased costs arising from currency devaluation in relation to our foreign currency denominated contracts.
- **Other operating expenses** increased 36.2% to TZS140.3 billion. Excluding the impact of foreign currency losses other operating expenses increased 31.8%. The increase reflected business growth, investment in the network, additional terrestrial fibre capacity for resilience purposes and increase in fuel expenses.

In the second quarter, total operating expenses were up 23.8% and included a TZS8.5 billion foreign exchange loss. Excluding the foreign exchange loss, total operating expenses increased by 19.2% reflecting business growth and expenses relating to additional international cable capacity and acquisition of Smile.

1 Excluding depreciation, amortisation and impairment losses.

EBITDA

EBITDA increased 18.6% to TZS221.2 billion, with a 30.3% margin supported by strong growth in service revenue and diligent cost containment measures. Adjusting for the impact of foreign exchange loss, underlying EBITDA grew 21.4% with margin expanding 0.6pp to 32.1%.

Operating profit

We recorded excellent operating profit growth of 44.6% to TZS82.4 billion for the period, and a 20.3% increase **in the second quarter**. This performance was supported by EBITDA growth, with depreciation and amortisation up 7.1% as a result of our continued network investment including amortisation charges of the spectrum acquired from Smile.

Capital expenditure

During the period we invested TZS127.7 billion in capital expenditure, equivalent to 17.5% of our revenue. This was directed at expanding our broadband coverage, upgrading network capacity and modernizing our IT infrastructure. The incremental 259 4G in the last six month together with our investments to date resulted in us carrying over 80% of our total data traffic on 4G. This represents a 10ppts increase in traffic share on 4G compared to prior year. Investment into our data network is critical to us realising our commitment of empowering people through technology by supporting development of cutting-edge digital and financial service based solutions to community needs.

Net finance charges

	Six months ended 30 September		
TZSm	**2024**	**2023**	**% Change**
Interest income from M-Pesa cash balances	**16 561**	9 759	**69.7**
Interest income from cash investment	**3 726**	2 476	**50.5**
Finance income	**20 287**	12 235	**65.8**
Finance cost of M-Pesa cash balances	**(16 546)**	(9 745)	**(69.8)**
Finance cost - lease liability	**(25 175)**	(20 722)	**(21.5)**
Other finance cost	**(519)**	(2 196)	**76.4**
Finance cost	**(42 240)**	(32 663)	**(29.3)**
Net loss on foreign currency translations	**(2 299)**	(4 124)	**44.3**
Net finance cost	**(24 252)**	(24 552)	**1.2**

Net finance costs declined 1.2% to TZS24.3 billion, reflecting net movements between financing income, financing costs and foreign currency translation losses.

Finance income increased 65.8% a result of higher interest income earned from the M-Pesa Trust account and cash investments – due to increase in interest rates and growth in M-Pesa balances. The income earned on M-Pesa Trust balances was offset by a related finance cost from interest paid back to customers and relevant distribution partners, which increased 69.8%.

Finance cost rose by 29.3% driven by increased lease interest expenses from new lease agreements made during the period, as well as higher interest costs on M-Pesa balances that is paid to customers. Other finance costs declined by 44.3% primarily as a result of a once-off financing interest element recorded in the prior year, for the final instalment payment on the spectrum acquired in the TCRA auction.

Taxation

The tax expense of TZS16.0 billion (September 2023: TZS2.8 billion) was over 200% higher. Excluding the impact of prior year tax expense saving of TZS9.6 billion due to the recognition of deferred tax asset in relation to an improved medium-term profitability outlook for our GSM business, our tax expense increased 32.5%. This increase was driven by improved profitability in our M-Pesa business and revenue growth in our GSM business.

Earnings

Earnings per share increased 42.4% to TZS18.81 attributed to strong profitability growth during the period, demonstrating our ongoing commitment to improving shareholder's returns.

Statement of financial position

Property and equipment increased 0.6% to TZS908.8 billion as investment made during the period were largely offset by depreciation charges for the period. Intangible assets increased 28.9% to TZS262.6 billion mainly a result of capitalisation of spectrum acquired from Smile in March 2024, which cost TZS78.3 billion

Net debt

	Six months ended 30 September		
TZSm	2024	2023	% Change
Cash and cash equivalents	**179 598**	148 330	**21.1**
Lease liability	**(371 708)**	(417 689)	**11.0**
Net debt	**(192 110)**	(269 359)	**28.7**
Net debt to EBITDA (times)	**(0.9)**	(1.4)	**0.6**

Net debt reduced by 28.7%, supported by 21.1% growth in cash and cash equivalents. The growth in cash and cash equivalents reflects TZS310 billion cash generated from business, partly offset by cash invested in the business. The cash and cash equivalents growth was also impacted by a once off non-operational instalment payment relating to spectrum we acquired in financial year 2023. Lease liability declined 11.0% due to payment of matured lease obligations.

Cash flow[1]

	Six months ended 30 September		
TZSm	2024	2023	% Change
EBITDA	**221 170**	186 515	**18.6**
Working capital	**1 294**	(19 778)	**106.5**
Capital expenditure	**(127 715)**	(93 139)	**(37.1)**
Lease payments	**(85 904)**	(74 483)	**(15.3)**
Other cash Flows	**0.0**	64	**(100.0)**
Operating free cash flow	**8 845**	(821)	**>200**
Net finance cash inflow	**5 863**	2 290	**156.0**
Tax paid	**(18 022)**	(13 679)	**(31.7)**
Free cash flow	**(3 314)**	(12 210)	**72.9**

1 For the reconciliation of cash generated from operations to free cash flow, refer to page 30.

Operating free cash flow rose to TZS8.8 billion, driven by robust business performance as evidenced by EBITDA growth. This increase was further supported by improved working capital management. The positive cash inflows effectively offset the outflows associated with capital investments and the settlement of matured lease obligations.

Free cash flow was an outflow of TZS3.3 billion, 72.9% better than prior year outflow. The cash improvement was a result of improved operating free cashflow and higher net finance income resulting from better bank interest rates, partly offset by 31.7% increase in tax paid in line with business performance.

Outlook and medium-term targets

We remain focused on our purpose – to connect for a better future – as we execute on a strategy that promotes customer, simplicity and growth. Our purpose and growth aspirations can be accelerated by a supportive investment climate. We believe Tanzania is well placed in this regard, with the government working towards its objectives of increasing access to digital services and financial inclusion.

We will sustain our focus on enhancing our digital and financial service products' portfolio, through development of simplified and relevant digital and financial solutions that improve customer lives. This is important in us furthering our 'System of Advantage', attracting customers to our network and giving us a competitive edge. We will also continue placing emphasis on driving financial inclusion through our M-Pesa service.

We will continue to empower people – in particular our customers, and the communities we serve and facilitate their journey to the digital world where they can access opportunities that will positively impact their social and economic lives. For this to succeed, increased smartphone adoption is critical, and we will actively participate in promoting smartphone adoption through partnerships to increase availability and improve affordability.

Overall, we remain focused on retaining our market leadership position by focusing on customer-centric innovations and sustainable business practices. Our medium-term targets reflect a balanced approach to growth, profitability, and social responsibility, ensuring that we continue to deliver value to our shareholders while contributing positively to the broader community.

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

1. 'High-single-digit to low-double-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.

Declaration of dividends

In the annual general meeting held on 11 September 2024, a dividend payment of TZS11.93 per share for the financial year ended 31 March 2024 was approved. The total dividend approved was TZS26.7 billion equivalent to 50% of the net profit after tax for the financial year 2024, in line with our dividend policy. The approved dividends were paid on 16 October 2024

For and on behalf of the Board

Justice (Rtd) Thomas Mihayo
Chairman

Philip Besiimire
Managing Director

Hilda Bujiku
Finance Director

31 October 2024

Quarterly report

for the quarter ended 30 September 2024

Issued pursuant to section 53 of Dar es Salaam Stock Exchange PLC Rules 2022
Vodacom Tanzania Public Limited Company
(Incorporated in the United Republic of Tanzania)
Registration number: 38501
Stock Exchange (DSE) registration number ISIN: TZ1996102715
Stock name: VODA

Condensed statement of profit or loss and other comprehensive income

as at 30 September 2024

	GROUP		COMPANY	
TZS m	Quarter 2 Sept 2024	Quarter 2 Sept 2023	Quarter 2 Sept 2024	Quarter 2 Sept 2023
Revenue	**382 381**	322 769	**271 041**	233 857
Direct expenses	**(124 565)**	(105 844)	**(62 331)**	(55 035)
Operating expenses	**(131 553)**	(110 355)	**(106 443)**	(90 106)
Staff expenses	**(19 981)**	(19 030)	**(14 018)**	(14 157)
Publicity expenses	**(6 695)**	(9 190)	**(2 147)**	(5 202)
Tower lease and maintenance costs	**(37 528)**	(34 579)	**(37 528)**	(34 579)
Other operating expenses	**(67 349)**	(47 556)	**(52 750)**	(36 168)
Net loss on foreign currency transactions	**(8 460)**	(2 728)	**(8 054)**	(2 172)
Depreciation and amortisation	**(70 103)**	(64 942)	**(68 517)**	(63 259)
Net credit (loss)/gain on financial assets	**(435)**	386	**(439)**	396
Operating profit	**47 265**	39 286	**25 257**	23 681
Finance income	**11 711**	5 675	**18 685**	19 173
Finance costs	**(22 275)**	(14 188)	**(13 147)**	(8 940)
Net (loss)/gain on foreign currency transaction	**(804)**	3 390	**(1 004)**	3 408
Profit before tax	**35 897**	34 163	**29 791**	37 322
Income tax (expense)/credit	**(9 548)**	2 460	**(2 235)**	7 508
Net profit	**26 349**	36 623	**27 556**	44 830
Attributable to:				
Equity shareholders	**26 333**	–	**–**	–
Non-controlling interests	**16**	–	**–**	–

Condensed statement of financial position

as at 30 September 2024

TZS m	GROUP Quarter 2 Sept 2024	GROUP Quarter 2 Sept 2023	COMPANY Quarter 2 Sept 2024	COMPANY Quarter 2 Sept 2023
Assets				
Non-current assets	**1 287 313**	1 251 467	**1 259 438**	1 220 123
Goodwill	**1 639**	1 639	**–**	–
Property and equipment	**643 645**	597 532	**640 040**	595 214
Right of use assets	**265 134**	305 494	**265 134**	305 494
Intangible assets	**262 644**	203 775	**243 546**	181 496
Capacity prepayments	**24 435**	34 229	**24 435**	34 229
Trade and other receivables	**9 986**	10 391	**9 186**	9 591
Income tax receivables	**37 320**	36 120	**34 298**	33 098
Deferred tax assets	**42 510**	62 287	**42 299**	60 501
Investment in subsidiary	**–**	–	**500**	500
Current assets	**1 177 267**	993 093	**272 826**	268 086
Capacity prepayments	**10 564**	14 310	**10 564**	14 310
Inventories	**2 278**	6 076	**2 278**	6 076
Trade and other receivables	**136 115**	150 237	**152 288**	164 398
Government grant receivables	**2 458**	–	**2 458**	–
Income tax receivables	**25 333**	13 362	**21 967**	9 748
Mobile financial deposits	**820 921**	660 778	**–**	–
Cash and cash equivalents	**179 598**	148 330	**83 271**	73 554
Non-current assets held for sale	**–**	8 871	**–**	8 871
Total assets	**2 464 580**	2 253 431	**1 532 264**	1 497 080
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	**286 082**	246 915	**220 218**	188 727
Equity attributable to the owners of the parent	**868 215**	829 048	**802 351**	770 860
Non-controlling interest	**52**	–	**–**	–
Total equity	**868 267**	829 048	**802 351**	770 860
Non current liabilities	**277 011**	333 090	**277 011**	333 090
Lease liabilities	**263 420**	326 231	**263 420**	326 231
Other financial liabilities	**6 801**	–	**6 801**	–
Provision	**6 790**	6 800	**6 790**	6 800
Government grants	**–**	59	**–**	59
Current liabilities	**1 319 302**	1 091 293	**452 902**	393 130
Lease liabilities	**108 288**	91 458	**108 288**	91 458
Other financial liabilities	**1 648**	–	**1 648**	–
Trade and other payables	**356 085**	294 683	**310 856**	257 547
Mobile financial payables	**820 921**	660 778	**–**	–
Income tax payables	**244**	–	**244**	–
Government grants	**10**	15 767	**10**	15 767
Provisions	**5 103**	6 093	**4 889**	5 864
Dividend payables	**27 003**	22 514	**26 967**	22 494
Total liabilities	**1 596 313**	1 424 383	**729 913**	726 220
Total equity and liabilities	**2 464 580**	2 253 431	**1 532 264**	1 497 080

Condensed statement on changes in equity

for the quarter ended 30 September 2024

TZS m	Share capital	Share premium	Capital contribution	Retained earnings	Equity attributable to owners of Parent	Non controlling Interest	Total
GROUP							
At 1 July 2024	**112 000**	**442 435**	**27 698**	**286 472**	**868 605**	**53**	**868 658**
Total comprehensive income for the period	–	–	–	**26 333**	**26 333**	**16**	**26 349**
Transaction with owners:							
Dividend declared	–	–	–	**(26 723)**	**(26 723)**	**(17)**	**(26 740)**
At 30 September 2024	**112 000**	**442 435**	**27 698**	**286 082**	**868 215**	**52**	**868 267**
At 1 July 2023	112 000	442 435	27 698	232 590	–	–	814 723
Total comprehensive income for the period	–	–	–	36 623	–	–	36 623
Transaction with owners:							
Dividend declared	–	–	–	**(22 298)**	–	–	**(22 298)**
At 30 September 2023	112 000	442 435	27 698	246 915	–	–	829 048
COMPANY							
At 1 July 2024	**112 000**	**442 435**	**27 698**	**219 385**	–	–	**801 518**
Total comprehensive income for the period	–	–	–	**27 556**	–	–	**27 556**
Transaction with owners:							
Dividend declared	–	–	–	**(26 723)**	–	–	**(26 723)**
At 30 September 2024	**112 000**	**442 435**	**27 698**	**220 218**	–	–	**802 351**
At 1 July 2023	112 000	442 435	27 698	166 175	–	–	748 308
Total comprehensive income for the period	–	–	–	44 830	–	–	44 830
Transaction with owners:							
Dividend declared	–	–	–	**(22 278)**	–	–	**(22 278)**
At 30 September 2023	112 000	442 435	27 698	188 727	–	–	770 860

Condensed statement of cash flows

for the quarter ended 30 September 2024

TZS m	GROUP Quarter 2 Sept 2024	GROUP Quarter 2 Sept 2023	COMPANY Quarter 2 Sept 2024	COMPANY Quarter 2 Sept 2023
Cash flow from operating activities				
Cash generated from operations	**156 726**	151 598	**78 521**	41 891
Income taxes paid	**(11 471)**	(5 197)	**(4 609)**	(1 193)
Net cash generated from operating activities	**145 255**	146 401	**73 912**	40 698
Cash flow from investing activities				
Additions to property and equipment and intangible assets	**(27 995)**	(25 655)	**(27 995)**	(23 497)
Asset acquisition	**(34 032)**	–	**–**	–
Acquisition of a subsidiary	**–**	–	**(34 032)**	–
Government grant received	**2 478**	–	**2 478**	–
Finance income received	**2 576**	971	**1 219**	430
Cash held in restricted deposits	**(27 900)**	(79 529)	**–**	–
Interest received from M-Pesa deposits	**9 135**	5 254	**–**	–
Net cash used in investing activities	**(75 738)**	(98 959)	**(40 864)**	(3 774)
Cash flow from financing activities				
Dividends paid	**(2)**	(2)	**(2)**	(1)
Payment of lease liabilities – principal	**(23 099)**	(22 566)	**(23 099)**	(22 566)
Payment of lease liabilities – interest	**(12 671)**	(7 452)	**(12 671)**	(7 452)
Settlement of derivative financial liabilities	**(279)**	–	**(279)**	–
Principal repayment on other financial liabilities	**(4 171)**	–	**(4 171)**	–
Interest repayment on other financial liabilities	**(7)**	–	**(7)**	–
Interest paid to M-Pesa customers	**(12 227)**	(4 523)	**–**	–
Principal payment on spectrum licence payables	**–**	(37 513)	**–**	(37 513)
Interest payment on spectrum licence payables	**–**	(1 925)	**–**	(1 925)
Net cash used in financing activities	**(52 456)**	(73 981)	**(40 229)**	(69 457)
Net increase in cash and cash equivalents	**17 061**	(26 539)	**(7 181)**	(32 533)
Cash and cash equivalents at the beginning of the quarter	**161 126**	173 228	**89 241**	104 428
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	**1 411**	1 641	**1 211**	1 659
Cash and cash equivalents at the end of the quarter	**179 598**	148 330	**83 271**	73 554

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

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Statement of directors’ responsibilities

The directors are responsible for the preparation, integrity and fair presentation of the interim condensed consolidated financial statements for the period ended 30 September 2024 of Vodacom Tanzania Public Limited Company (the “Company”) and its subsidiaries (the “Group”) in accordance with, and containing the information required by the International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) and the framework concepts and the measurement and recognition requirements of IFRS) as issued by the International Accounting Standards Board (“IASB”), the requirements of the Tanzanian Companies Act No. 12 of 2002, and the requirements of the Dar es Salaam Stock Exchange PLC (“DSE”) Rules, 2022. The directors are also responsible for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The interim condensed consolidated financial statements have been reviewed by the independent auditor, Ernst & Young (EY), who was given unrestricted access to the relevant financial records and related data, including minutes of meetings of shareholders, the Board of Directors (the “Board”) and committees of the Board. The directors believe that all representations made to the independent auditor during their review were valid and appropriate. The auditor's review report is presented on page 15.

The directors are of the opinion that the interim condensed consolidated financial statements have been prepared, in all material respects, in accordance with the basis of preparation described in Note 2 to the interim condensed consolidated financial statements. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the interim condensed consolidated financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation of interim condensed consolidated financial statements that are free from material misstatement whether due to fraud or error. The going concern basis has been adopted in preparing the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements were approved by the Board of Directors on 31 October 2024 and signed on its behalf by:

Philip Besiimire
Managing Director

Hilda Bujiku
Finance Director

Independent auditor's report on review of the interim condensed consolidated financial statements

To the directors of Vodacom Tanzania Public Limited Company

We have reviewed the accompanying interim condensed consolidated financial statements of Vodacom Tanzania Public Limited Company (the "Company") and its subsidiaries (together the "Group") which comprise the condensed consolidated statement of financial position as at 30 September 2024, and the related consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months period then ended, and selected explanatory notes as set out on pages 16 to 28.

Directors' responsibility for the interim condensed consolidated financial statements

The directors are responsible for the preparation of the interim condensed consolidated financial statements in accordance with, and containing the information required by the International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and the framework concepts and the measurement and recognition requirements of IFRS, the requirements of the Tanzanian Companies Act No. 12 of 2002, and the requirements of the Dar es Salaam Stock Exchange PLC Rules, 2022.

Auditor's responsibility and scope of review

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of financial information performed by the independent auditor of the entity'. A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 30 September 2024 and for the six months period then ended, have not been prepared, in all material respects, in accordance with the basis of preparation described in Note 2 to the interim condensed consolidated financial statements.

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

7 November 2024

Condensed consolidated statement of profit or loss and other comprehensive income

for the period ended 30 September 2024

TZS m	Notes	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Revenue	4	**730 194**	612 772	1 278 217
Direct expenses		**(236 900)**	(199 576)	(418 035)
Staff expenses		**(39 835)**	(36 590)	(74 666)
Publicity expenses		**(15 391)**	(16 892)	(30 358)
Other operating expenses[1]		**(215 833)**	(172 907)	(359 505)
Depreciation and amortisation		**(138 765)**	(129 603)	(260 317)
Net credit losses on financial assets		**(1 059)**	(230)	(1 060)
Operating profit		**82 411**	56 974	134 276
Finance income		**20 286**	12 235	25 764
Finance costs		**(42 240)**	(32 662)	(73 107)
Net loss on foreign currency transactions		**(2 299)**	(4 125)	(8 949)
Profit before tax		**58 158**	32 422	77 984
Income tax expense	5	**(15 985)**	(2 799)	(24 557)
Profit for the period/year		**42 173**	29 623	53 427
Other comprehensive income		**–**	–	–
Total comprehensive income for the period/year		**42 173**	29 623	53 427
Attributable to:				
Equity shareholders		**42 145**		53 387
Non-controlling interests		**28**		40
		42 173		53 427
		TZS	**TZS**	**TZS**
Basic and diluted earnings per share (TZS)	6	**18.81**	13.22	23.83

1 The amount includes tower lease and maintenance expenses TZS75 542 million (September 2023: TZS69 932 million), (March 2024 : TZS 141 017 million)

Condensed consolidated statement of financial position

as at 30 September 2024

TZS m	Notes	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Assets				
Non-current assets		**1 287 313**	1 251 467	1 268 668
Property and equipment		**643 645**	597 532	595 659
Right of use assets		**265 134**	305 494	270 992
Intangible assets		**262 644**	203 775	280 069
Capacity prepayments		**24 435**	34 228	29 159
Goodwill		**1 639**	1 639	1 639
Income tax receivables[2]		**37 320**	36 120	36 120
Trade and other receivables		**9 986**	10 392	12 800
Deferred tax assets[3]		**42 510**	62 287	42 230
Current assets		**1 177 267**	993 093	1 107 067
Capacity prepayments		**10 564**	14 310	12 756
Inventories		**2 278**	6 076	3 409
Trade and other receivables		**136 115**	135 781	114 380
Government grant receivables		**2 458**	14 456	–
Income tax receivables[2]		**25 333**	13 362	24 532
Mobile financial deposits[4]		**820 921**	660 778	730 293
Cash and cash equivalents		**179 598**	148 330	221 697
Non current assets held for sale		**–**	8 871	–
Total assets		**2 464 580**	2 253 431	2 375 735
Equity and liabilities				
Share capital		**112 000**	112 000	112 000
Share premium		**442 435**	442 435	442 435
Capital contribution		**27 698**	27 698	27 698
Retained earnings		**286 082**	246 915	270 660
Equity attributable to the owners of the parent		**868 215**	829 048	852 793
Non-controlling interest		**52**	–	41
Total equity		**868 267**	**829 048**	**852 834**
Non-current liabilities		**277 011**	333 090	297 883
Lease liabilities		**263 420**	326 231	281 831
Other financial liabilities		**6 801**	–	9 292
Government grant		**–**	59	–
Provisions	7	**6 790**	6 800	6 760
Current liabilities		**1 319 302**	1 091 293	1 225 018
Lease liabilities		**108 288**	91 458	110 931
Other financial liabilities		**1 648**	–	2 930
Mobile financial payables[4]		**820 921**	660 778	730 293
Trade and other payables		**356 085**	294 683	374 540
Dividend payables		**27 003**	22 514	269
Income tax payables		**244**	–	–
Government grant		**10**	15 767	735
Provisions	7	**5 103**	6 093	5 320
Total liabilities		**1 596 313**	1 424 383	1 522 901
Total equity and liabilities		**2 464 580**	2 253 431	2 375 735

The interim condensed consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 31 October 2024 and were signed on its behalf by:

Philip Besiimire
Managing Director

Hilda Bujiku
Finance Director

2 These are deposits made with the tax authority in relation to disputed corporate tax assessments.
3 The decrease in the deferred tax asset is due to utilisation of losses as a result of improved business performance.
4 The increase in mobile financial deposits is attributed by organic growth of M-Pesa business.

Condensed consolidated statement of changes in equity

for the period ended 30 September 2024

TZS m	Share capital	Share premium	Capital contribution	Retained Earnings	Equity attributable to owners of Parent	Non controlling Interest	Total
Six month period ended 30 September 2024 (Reviewed)							
1 April 2024	**112 000**	**442 435**	**27 698**	**270 660**	**852 793**	**41**	**852 834**
Total comprehensive income for the period	–	–	–	**42 145**	**42 145**	**28**	**42 173**
Transactions with owners:							
Dividend declared	–	–	–	**(26 723)**	**(26 723)**	**(17)**	**(26 740)**
At 30 September 2024	**112 000**	**442 435**	**27 698**	**286 082**	**868 215**	**52**	**868 267**
Six month period ended 30 September 2023 (Reviewed)							
1 April 2023	112 000	442 435	27 698	239 590	–	–	821 723
Total comprehensive income for the period	–	–	–	29 623	–	–	29 623
Transactions with owners:							
Dividend declared	–	–	–	(22 298)	–	–	(22 298)
At 30 September 2023	112 000	442 435	27 698	246 915	–	–	829 048
Year ended 31 March 2024 (Audited)							
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:							
Dividend 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

Condensed consolidated statement of cash flows

for the period ended 30 September 2024

TZS m	Note	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Cash flow from operating activities				
Cash generated from operations	10	**307 471**	320 258	643 087
Income tax paid		**(18 022)**	(13 678)	(26 549)
Net cash flow generated from operating activities		**289 449**	306 580	616 538
Cash flows used in investing activities				
Additions to property and equipment and intangible assets		**(127 575)**	(96 208)	(179 916)
Asset acquisition		**(34 032)**	–	(12 501)
Proceeds from disposals of property and equipment		**–**	64	419
Government grant received		**2 478**	–	14 456
Finance income received		**3 726**	2 476	4 409
Net movement in mobile financial deposits		**(90 628)**	(151 420)	(220 935)
Interest received from M-Pesa deposits		**16 561**	9 759	21 355
Net cash flow used in investing activities		**(229 470)**	(235 329)	(372 713)
Cash flow used in financing activities				
Dividend paid		**(6)**	(2)	(22 265)
Proceeds from revolving credit facility		**–**	–	47 266
Principal repayment of revolving credit facility		**–**	–	(47 266)
Interest repayment of revolving credit facility		**–**	–	(1 312)
Principal repayment of other financial liabilities		**(4 510)**	–	(771)
Interest repayment of other financial liabilities		**(166)**	–	(280)
Settlement of derivative financial liabilities[5]		**(722)**	(1 177)	(5 767)
Principal payment on spectrum licence payables[5]		**–**	(75 465)	(75 465)
Interest payment on spectrum licence payables[5]		**–**	(1 925)	(1 925)
Payment of lease liabilities - principal		**(60 729)**	(53 761)	(87 070)
Payment of lease liabilities - interest		**(25 175)**	(20 722)	(47 774)
Interest paid to M-Pesa customers		**(13 535)**	(8 768)	(19 596)
Net cash flow used in financing activities		**(104 843)**	(161 820)	(262 225)
Net decrease in cash and cash equivalents		**(44 864)**	(90 569)	(18 400)
Cash and cash equivalents at the beginning of the period/year		**221 697**	236 590	236 590
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		**2 765**	2 309	3 507
Cash and cash equivalents at the end of the period/year		**179 598**	148 330	221 697

5 Included in last year's interest payment for spectrum license payables were derivative financial liabilities of TZS1 177 million, now reclassified as a separate line item. Interest payments, of TZS1 925 million which were also reported as part of principal payments, have also been separated. This reclassification does not affect the overall cash flow from financing activities

Notes to the Interim condensed consolidated financial statements

for the period ended 30 September 2024

1. General information

Vodacom Tanzania Public Limited Company (the "Company" and its subsidiaries (together, the "Group") are incorporated and domiciled in Tanzania. The Company is a limited liability company and its shares are listed and traded on the Dar es Salaam Stock Exchange. The principal activities of the Group are disclosed in the Directors' Report issued with the latest audited consolidated and separate financial statements. The address of the Company's registered office is disclosed under the Corporate Information issued with the latest audited consolidated and separate financial statements.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with, and containing the information required by the International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and the framework concepts and the measurement and recognition requirements of IFRS.

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except where otherwise stated. Amounts in the financial statements are stated in Tanzanian Shillings (TZS), rounded to the nearest million (TZS m), except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in audited annual financial statements and should be read in conjunction with the latest audited annual consolidated financial statements of the Group. The explanatory notes in these interim condensed consolidated financial statements disclose the events and transactions that update the relevant information presented in the latest audited annual consolidated financial statements.

The significant accounting policies and methods of computation are consistent in all material respects with those disclosed in the latest audited consolidated financial statements as applied in the previous year and interim period, except where otherwise indicated as disclosed in Note 3.

3. Changes in accounting policies

The Group adopted the new, revised or amended accounting pronouncements as issued by the IASB, which were effective and applicable to the Group from 1 April 2024, none of which had any material impact on the Group's financial results for the period. The Group has not early adopted any new, revised or amended accounting pronouncements, that are not yet effective and the Group is not expecting these pronouncements to have a material impact on the financial results of the Group.

4. Revenue

TZS m	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Major products/service lines			
Customer service revenue[6]	**664 113**	556 895	1 162 595
Mobile interconnect	**24 896**	24 598	48 380
Fixed service revenue	**19 989**	13 679	30 745
Other service revenue	**9 153**	7 571	16 615
Service revenue	**718 151**	602 743	1 258 335
Equipment revenue	**9 347**	7 555	14 901
Other non-service revenue	**2 147**	1 931	3 805
Revenue from contracts with customers	**729 645**	612 229	1 277 041
Interest income recognised as revenue	**549**	543	1 176
Revenue	**730 194**	612 772	1 278 217
Revenue is further disaggregated by revenue stream as follows:			
Mobile voice revenue[7]	**153 529**	141 430	285 769
M-Pesa revenue	**274 241**	214 374	456 285
Mobile data revenue	**195 217**	167 338	347 303
Digital & VAS revenue	**20 070**	18 713	38 723
Mobile incoming revenue	**24 896**	24 598	48 380
Messaging revenue	**17 621**	14 843	31 078
Fixed revenue	**19 989**	13 679	30 745
Other service revenue[7]	**12 588**	7 768	20 052
Service revenue	**718 151**	602 743	1 258 335
Non-service revenue	**12 043**	10 029	19 882
Revenue	**730 194**	612 772	1 278 217

Equipment revenue and other non-service revenue are recognised at a point in time while the service revenue are recognised over time.

6 Comprises of mobile contract revenue and mobile prepaid revenue.
7 Previously, loyalty-based revenue was included in mobile voice revenue. Due to the growth of the loyalty program, it was reclassified under 'Other service revenue' at the end of the financial year 2024. Consequently, TZS2.7 billion for the financial year 2024 and TZS3.4 billion for the current half year were reallocated to this category. This reclassification did not impact overall service revenue.

5. Income tax expense

TZS m	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Expected income tax expense at the Tanzania statutory tax rate 30%	**17 447**	9 727	23 395
Adjusted for:			
Non-deductible expenditure[8]	**2 407**	2 657	6 680
Net non-taxable gaming income	**(95)**	(559)	(1 077)
Net withholding tax impact on dividend income	**–**	965	–
Net Tax deferred credit recognised from prior period	**–**	(12 218)	–
Release of prior year taxes	**–**	–	(10 700)
Deferred Tax not recognised – Holding Company	**(7 177)**	–	–
Under provision of prior year Deferred tax assets	**–**	–	(291)
Alternative Minimum Tax	**2 619**	2 227	4 657
Withholding tax from – Subsidiary Company	**873**	–	1 893
Prior year adjustment – Subsidiary Company	**(89)**	–	–
Income tax expense	**15 985**	2 799	24 557
Effective tax rate[9]	**27.49%**	8.63%	31.49%

6. Earnings and dividends per share

Profit and loss per share calculations are based on the earnings which are attributable to the shareholders and the weighted average number of ordinary shares outstanding as shown below:

	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Basic and diluted earnings per share (TZS)	**18.81**	13.22	23.83
Earnings attributable to the owners of the parent (TZS m)	**42 145**	29 623	53 387
Weighted average number of ordinary shares outstanding	**2 240 000 300**	2 240 000 300	2 240 000 300
Dividend declared during the period/year (TZS m)	**26 723**	22 298	22 278

The annual general meeting held on 11 September 2024, approved a dividend payment of TZS11.93 per share for the financial year ended 31 March 2024. The total dividend approved was TZS26.7 billion equivalent to 50% of the net profit after tax for the financial year 2024, in line with our dividend policy. The approved dividends were paid on 16 October 2024.

8 Non deductible expenditure includes charitable donations, disputed losses, and gaming expenses.

9 The effective tax rate of 27.49% in the current period is lower than the statutory rate of 30.0% mainly due to the net effect of deferred tax not recognised partially offset by non-deductible expenses and alternative minimum tax.

7. Provisions

The Group is currently involved in various legal/regulatory 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	30 September 2024 Reviewed	30 September 2023 Reviewed	31 March 2024 Audited
At 1 April	**12 080**	13 692	13 692
Site restoration obligation	**6 760**	6 069	6 069
Legal/regulatory	**928**	1 015	1 015
Marketing taxes and indirect tax assessments and disputes	**4 392**	6 608	6 608
Additions/charge to profit or loss			
Site restoration obligation-additions	**–**	412	31
Site restoration obligation -interest accrued	**353**	319	660
Legal/regulatory-additions	**–**	16	193
Marketing taxes and indirect tax assessments and disputes	**141**	–	–
	494	747	884
Released to profit or loss			
Asset retirement	**(323)**	–	–
Legal/regulatory	**(358)**	(103)	(280)
Marketing taxes and indirect tax assessments and disputes	**–**	(1 443)	(2 216)
	(681)	(1 546)	(2 496)
At 30 September/31 March	**11 893**	12 893	12 080
Site restoration obligation	**6 790**	6 800	6 760
Legal/regulatory	**570**	928	928
Marketing taxes and indirect tax assessments and disputes	**4 533**	5 165	4 392
Comprising of:			
Non-current			
Site restoration obligation	**6 790**	6 800	6 760
	6 790	6 800	6 760
Current			
Legal/regulatory	**570**	928	928
Marketing taxes and indirect tax assessments and disputes	**4 533**	5 165	4 392
	5 103	6 093	5 320

8. Capital expenditure and commitments

During the period the Group incurred TZS127 715 million in capital expenditure (September 2023: TZS93 139 million; March 2024: TZS248 456 million). The incurred expenditure was directed into expanding our broadband coverage, capacity enhancements, and modernisation of our IT infrastructure. This capital expenditure will be funded using internally generated funds.

The Group's capital commitments is as presented below:

TZS m	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Capital expenditure contracted for but not yet incurred (including property and equipment and intangible assets)	**46 920**	53 111	34 682

9. Related parties

The Group's related parties are its ultimate parent, immediate parent, subsidiaries, other related companies including sister companies, and key management personnel including directors.

TZS m	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Balances with related parties			
Trade and other receivables			
Vodafone Group Plc (Ultimate Parent)	**1 547**	654	2 668
Vodacom Group Limited (Immediate Parent)	**1 288**	1 164	1 140
	2 835	1 818	3 808
Trade and other payables			
Vodafone Group Plc (Ultimate Parent)	**(2 559)**	(5 562)	(4 964)
Vodacom Group Limited (Immediate Parent)	**(26 232)**	(20 847)	(4 312)
M-Pesa Africa	**(5 182)**	(5 852)	(4 089)
	(33 973)	(32 261)	(13 365)

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.

9. **Related parties** continued

Transactions with related parties

TZS m	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Vodafone Group Plc and its subsidiaries			
Revenue	**4 601**	4 147	10 177
Direct expenses	**(1 224)**	(571)	(1 247)
Other operating expenses	**(2 291)**	(1 858)	(4 107)
	1 086	1 718	4 823
Vodacom Group Limited subsidiaries – Mozambique, DRC, Mauritius and Lesotho			
Revenue	**23**	133	145
Direct expenses	**(145)**	(70)	(164)
Other operating expenses	**(3 354)**	(914)	(1 710)
	(3 476)	(851)	(1 729)
Vodacom Group Limited – South Africa			
Revenue	**1 290**	2 132	3 630
Direct expenses	**(934)**	(886)	(1 836)
Other operating expenses	**(8 734)**	(6 329)	(13 311)
	(8 378)	(5 083)	(11 517)
Compensation for key management personnel			
Short-term employee benefits	**(4 748)**	(3 185)	(6 157)
Share based compensation	**(439)**	(293)	(627)
Long-term employee benefits	**(218)**	(894)	(483)
	(5 405)	(4 372)	(7 267)
Non-executive directors			
Non-executive directors fees	**(670)**	(596)	(1 265)
Executive directors			
Short-term employee benefits	**(1 203)**	(756)	(1 798)
Long-term employee benefits	**(82)**	(259)	(164)
	(1 285)	(1 015)	(1 962)

10. Cash generated from operations

TZS m	September 2024 Reviewed	September 2023 Reviewed	March 2024 Audited
Profit before tax	**58 158**	32 422	77 984
Adjusted for:			
Financing income	**(20 286)**	(12 235)	(25 764)
Financing costs	**42 240**	33 958	73 107
Net loss on foreign currency translation	**2 299**	2 829	8 949
Operating profit	**82 411**	56 974	134 276
Adjusted for:			
Depreciation and amortisation	**138 765**	129 603	260 317
Net credit loss on financial assets	**1 059**	230	1 060
Amortisation of capacity prepayments	**12 535**	8 198	19 985
A gain on disposal of property, equipment	**–**	(62)	(413)
Increase in provision for inventory	**77**	49	659
Amortisation of government grant	**(18)**	(68)	(127)
Gain on disposal of lease liability and right-of-use asset	**(6)**	–	–
Decrease in legal, marketing and tax dispute provisions	**(540)**	(1 118)	(2 272)
Cash flow from operations before working capital changes	**234 283**	193 806	413 485
Payment of capacity contracts	**(5 619)**	(13 162)	(4 645)
Decrease/(increase) in inventory – gross	**1 054**	(3 050)	(993)
Increase in trade and other receivables	**(24 917)**	(19 554)	(9 668)
Increase in trade, mobile financial and other payables	**102 670**	162 218	244 908
Cash generated from operations	**307 471**	320 258	643 087

11. 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 period, the Group managed to resolve and settle the long outstanding tax dispute in relation to Transfer Pricing for our M-Pesa Limited company for the year of income 2021.

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 period 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 period end.

12. Segments

In order to identify operating segments, management identifies components that engage in business activities from which it may earn revenue 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 interim condensed consolidated financial statements. There is no revenue from transactions with a single external customer that amounts to 10% or more of the Group's revenue.

13. 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 30 September 2024, the group had no any open FECs. The amount of fair value adjustments recorded under net loss on foreign currency transactions is TZS722 million. 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.

14. 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.

Supplementary information

Key Performance Indicators for the period ended 30 September 2024

	Six months ended 30 September		
	2024	**2023**	**% Change**
Active customers (thousands)[1]	**20 951**	18 502	**13.2**
ARPU (shillings per month)[2]	**5 663**	5 557	**1.9**
Data customers – (thousand)[3]	**11 193**	9 745	**14.9**
M-Pesa customers – (thousand)[4]	**11 098**	9 311	**19.2**
Traffic[5] (millions of minutes)	**34 328**	30 534	**12.4**
Outgoing	**22 716**	20 775	**9.3**
Incoming	**11 613**	9 759	**19.0**
MoU[6] per month	**282**	292	**(3.4)**
Messaging (million)	**25 533**	21 311	**19.8**
Number of employees	**613**	594	**3.2**
Number of sites			
5G	**364**	232	**56.9**
4G	**3 063**	2 629	**16.5**
3G	**3 380**	3 148	**7.4**
2G	**3 589**	3 458	**3.8**

1 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 whilst roaming.
2 ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period.
3 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.
4 M-Pesa customers are the number of unique customers who have generated billable transactions during the month. In the past 3 months, 14.9 million unique customers generated revenue related to M-Pesa.
5 Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.
6 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 229 (2024: 234).

Reconciliation of Operating free cash flow and Free cash flow

TZSm	Six months ended 30 September 2024	2023	% Change
Cash generated from operations[1]	**309 951**	320 258	**(3.2)**
Additions to property and equipment and intangible assets[2]	**(127 576)**	(96 208)	**(32.6)**
Payment of lease liabilities – Principal[2]	**(60 729)**	(53 761)	**(13.0)**
Interest paid on lease liabilities[2]	**(25 175)**	(20 722)	**(21.5)**
Amounts owed to M-Pesa account holders[3]	**(87 627)**	(150 452)	**41.8**
Proceeds from disposal of property and equipment[2]	**–**	64	**(100.0)**
Operating free cash flow	**8 845**	(821)	**>200**
Tax paid[2]	**(18 022)**	(13 678)	**(31.7)**
Finance income received[2]	**3 726**	2 476	**50.5**
Interest received from M-Pesa deposits[2]	**16 561**	9 759	**69.7**
Interest paid to M-Pesa customers[2]	**(13 535)**	(8 768)	**(54.4)**
Settlement of derivative financial liabilities[2]	**(722)**	(1 177)	**38.7**
Interest repayment of other financial liabilities[2]	**(166)**	–	**n/a**
Free cash flow	**(3 314)**	(12 210)	**72.9**

1 This amount includes government grant directed towards investing activities amounting to TZS2.5 billion for the period ending 30 September 2024.
2 Extracted without adjustment from the interim condensed consolidated statement of cash flows for the period ended 30 September 2024.
3 Relates to money held on behalf of M-Pesa customers, which is not available for use by the Company.

Non-IFRS information

The auditor's report does not necessarily cover all of the information contained in this announcement, which sets out the Interim consolidated financial results of Vodacom Tanzania Public Limited Company ('the Company') and its subsidiaries (together 'the Group') for the six months ended 30 September 2024. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company. This announcement contains certain non-IFRS financial measures which have not been reviewed or reported on by the Group's auditors. The Group's management believes these measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable IFRS measures. Refer to the 'Operating and financial review' section of this announcement for details relating to service revenue, EBITDA and earnings per share.

Trademarks

Vodafone, the Vodafone logo, M-Pesa, Vodacom, Connected Farmer and Vodafone Supernet are trademarks of Vodafone Group PLC (or have applications pending). M-Fundi, M-Shamba, M-Pawa and Vodacom Faraja are trademarks of Vodacom Tanzania Public Limited Company (or have applications pending). Other product and company names mentioned herein may be the trademarks of their respective owners.

Forward-looking statements

This announcement, which sets out the consolidated Interim results of the Group for the six months ended 30 September 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, 4G and 5G network 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.

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[1] (Chairman), P Besiimire (MD)[2], H Bujiku (FD)[1], D Gutierrez[3], K Mutooni[4], M Ikongo[1], M Mbungela[5], N Nyoka[5], R Morathi[5], H Ammar[6], D Kastelic[5], T Semane[5]

1. Tanzanian 2. Ugandan 3. Bolivian 4. Kenyan
5. South African 6. Egyptian

Company secretary

Caroline Mduma

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Orbit Securities Company Limited

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