

Vodacom Tanzania Public  
Limited Company



# Interim consolidated financial results

for the period ended 30 September 2021

Together we can 

## Sitholizwe Mdlalose commented:

Delivering on our purpose and Social Contract is not limited to alleviating the effects of the COVID-19 pandemic. During the period, we also accelerated our connected farmer platform – M-Kulima – aimed at digitising a sector that is critical to Tanzania's GDP growth.

Over 138 000 farmers and 300 cooperative unions have registered on this innovative platform with cashless disbursements to farmers increasing significantly during the period. We also continued to drive the adoption of our connected education platform, which provides zero-rated access to students across the country. Over 123 000 secondary school students have accessed educational contents approved by the Tanzania Institute of Education, using an average of 38 gigabytes of data per month.

From a financial perspective, an anticipated recovery in revenue growth in the period was partially offset by the impact of new levies on mobile money transfers and withdrawals. The levies, representing up to 4.4% of the transaction value, were introduced on 15 July 2021 and led to material increase in end-user charges. Following the implementation of the levies, mobile money transfers and withdrawal transaction volume declined by more than 40% and 25% respectively compared to the transaction volume before levies were implemented. When the levies were reduced in September 2021, the customers who switched to alternatives did not return, as the revised levies still represented up to 3.1% of the transaction value. The disruption to M-Pesa transaction volume negatively impacted revenue and profitability, with more than 1.3 million, representing 16.5% of our M-Pesa customers, relinquishing the service. Our diverse product offering in M-Pesa has created an opportunity to continue to service our customer base, partially mitigating the adverse impact. Vodacom Tanzania Plc and other mobile operators continue to engage with the relevant Government institutions to assess the impact of the levies on the consumer and the industry, the wider economy and overall financial inclusion.

We reported service revenue growth of 2.2% in the period, supported by increased mobile data usage. Adjusting for the TZS35.0 billion impact of the mobile money levies, underlying service revenue increased 9.6%, as we leveraged strong base management to stimulate customer activity and increase product uptake. We reported operating profit of TZS39.6 billion in the period marking a significant improvement year on year, and reflecting further cost rationalisation and lower depreciation. We estimate that the negative impact on operating profit from increased mobile money levies was circa TZS20 billion.

Our TZS64.0 billion investment into infrastructure and technology provided greater value and an enhanced

customer experience evidenced by the 21.2% increase in data usage. Of our 7.9 million data customers, 50.3% are currently smartphone users, an increase of 3.9% year on year – showcasing the potential for further smartphone penetration. Importantly, we maintained our leadership position in customer market share at 30.0%<sup>1</sup>, with a 10-point lead on headline Net Promoter Score to the next best competitor.

While M-Pesa growth was disrupted in the period, we remain committed to driving financial inclusion in Tanzania. We are leveraging the relationship with Vodacom Group and M-Pesa Africa to expand our product portfolio and implement best practices. Our nano-products, such as Songesha enabled financial inclusion with agent adoption more than doubling to 52 000 agents in the period. We continue to lead the mobile money industry with customer market share of 40.9%<sup>1</sup>.

Looking ahead, we are encouraged by the reduction in mobile money levies. We expect momentum from our investment into financial and digital services to continue. As we navigate through this period of price reform, we remain focused on delivering diversified and differentiated offerings to our customers. We also anticipate that, the disruption to mobile money transaction volume will continue to impact profitability of the company despite our sustainable cost management programme and proactive measures to drive digital and financial growth. It is imperative that government, business, and civil society work together to foster a business environment that supports sustained inclusion, investment and growth.

On a personal note, I look forward to leading Vodacom Tanzania Plc and delivering on our purpose and strategic goals. On behalf of my new colleagues, I would also like to extend our appreciation to Hisham Hendi for his tireless contribution to the company over the last five years.



<sup>1</sup> Tanzania Communication Regulatory Authority quarterly statistics report as at June 2021.

## Highlights

### Service revenue grew

**2.2%,**

driven by good growth in mobile customer revenue.

### Data revenue increased

**23.0%**

supported by increased demand for data services.

### Smartphone users

up 10.2% to

**4.0 million,**

a penetration of 50.3% of data users.

We continue to lead the mobile money industry with customer market share of

**40.9%.**

### Operating profit

up TZS23.4 billion to

**TZS39.6 billion**

supported by accelerated cost containment efforts and lower depreciation.

### Free cash flow

grew more than 200% to

**TZS25.5 billion,**

reflecting growth in cash generated from operations.

## Summary financial information

Six months ended 30 September

TZS m	2021	2020	% Change
<b>Service revenue</b>	<b>484 981</b>	474 311	2.2
Revenue	492 854	478 315	3.0
<b>EBITDA</b>	<b>159 552</b>	154 094	3.5
Operating profit	39 603	16 226	144.1
Net loss after tax	(7 648)	(5 061)	(51.1)
<b>Operating free cash flow</b>	<b>44 344</b>	32 287	37.3
Free cash flow	25 517	3 408	>200
Capital expenditure	(64 035)	(60 853)	(5.2)
Loss per share (shillings)	(3.41)	(2.26)	(51.1)
Contribution margin (%)	68.9	69.6	(0.7)pp
EBITDA margin (%)	32.4	32.2	+0.2pp
Operating profit margin (%)	8.0	3.4	+4.6pp
Net loss margin (%)	(1.6)	(1.1)	(0.5)pp
Capital intensity (%)	13.0	12.7	+0.3pp

# Operating and financial review

Six months ended 30 September

TZS m	2021	2020	% Change
Mobile voice revenue	153 215	156 859	(2.3)
M-Pesa revenue	174 674	172 855	1.1
Mobile data revenue	107 467	87 374	23.0
Mobile incoming revenue	23 723	30 041	(21.0)
Messaging revenue	15 054	16 763	(10.2)
Other service revenue	10 848	10 419	4.1
<b>Service revenue</b>	<b>484 981</b>	474 311	2.2
Non-service revenue	7 873	4 004	96.6
<b>Revenue</b>	<b>492 854</b>	478 315	3.0
Direct expenses <sup>2</sup>	(153 256)	(145 622)	(5.2)
Staff expenses	(31 633)	(28 356)	(11.6)
Publicity expenses	(16 191)	(18 394)	12.0
Other operating expenses	(131 963)	(131 847)	(0.1)
Depreciation and amortisation	(120 208)	(137 870)	12.8
<b>Operating profit</b>	<b>39 603</b>	16 226	144.1
<b>EBITDA</b>	<b>159 552</b>	154 094	3.5
<b>EBITDA Margin</b>	<b>32.4%</b>	32.2%	+0.2pp

## Revenue

**Service** revenue grew 2.2% to TZS485.0 billion. Normalised for the TZS35.0 billion impact of recently imposed mobile money levies, service revenue was up 9.6% – a meaningful growth from prior period. Mobile customer revenue increased 3.8% (up 12.0% normalised for the TZS35.0 billion impact of levies). The performance reflected sustained demand for data services. Our customer base grew 1.9% to 15.2 million, with mobile customer ARPU improvement of 1.9% (9.9% normalised for the impact of levies) reflecting our commercial execution success in active days management and increased products uptake, leveraging our machine learning capabilities for base management.

**Mobile Voice** revenue decreased by 2.3% to TZS153.2 billion, with contribution to service revenue decreasing by 1.5ppts to 31.6%. In the first quarter, voice revenue grew 3.9% supported by the implementation of bundle rules which was subsequently withdrawn. The second quarter was negatively impacted by the intensified pricing pressure and an indirect impact of levies on disposable income. Average price per minute declined by more than 12% while minutes of usage grew by less than 8%.

**M-Pesa** revenue increased by 1.1% to TZS174.7 billion. Normalised for the TZS29.2 billion impact of the levies, M-Pesa revenue grew 18.0%, largely on the back of platform growth in the first quarter. The demand for M-Pesa services was strong in the first quarter, having processed on average more than TZS6.5 trillion a month in transaction value, an increase of 22.1%. This trend was diluted in the second quarter following the implementation of levies, where transaction value declined by 13.9% compared to second quarter of previous year. M-Pesa customers increased by 11.2% to reach 7.9 million customers in the first quarter before the introduction of mobile money levies. Subsequent to the implementation of levies, 1.3 million M-Pesa customers stopped using M-Pesa services, which led to a 13.2% decline in M-Pesa customers.

Our lending product, 'Songesha', continued to perform well as customers increased usage of the product to facilitate seamless completion of transactions. Our 'Songesha' to agents accelerated during the period with more than 52 000 agents, up 131% – utilizing the product, each receiving an average of TZS 270 000 (US\$116) per month.

<sup>2</sup> Direct expenses include net credit losses on financial assets.

Revenue from non traditional services such as Songesha and M-Pawa, continue to accelerate, recording a growth of more than 40% and continue to increase contribution to M-Pesa revenue. This demonstrates our commercial success in driving adoption and expanding our M-Pesa product portfolio. Our international money transfer business continues to play an important role in supporting financial inclusion with more than 60% growth in transaction values to over TZS400 billion.

**Mobile data** revenue increased 23.0% to TZS107.5 billion underpinned by the increased demand for data services and additional smartphones on our network supported by continuous investment in our network. Data customers increased by 1.7% to reach 7.9 million customers, representing 51.7% of our customer base. Of these customers, 4.0 million are currently smartphone users – highlighting the potential for further smartphone penetration. Data usage per customer grew 21.2% reaching an average of 1.6 gigabyte per customer per month, while the average price per megabyte declined by more than 2.5% during the period, accelerated by the intensified competition.

**Mobile incoming** revenue decreased 21.0% to TZS23.7 billion driven by 43.2% decline in average incoming price per minute due to a 50% MTR drop to reach TZS2 per minute, in line with the regulated MTR glide path.

**Messaging** revenue declined by 10.2% to TZS15.1 billion driven by the decline in number of messages transmitted.

## Expenses<sup>3</sup>

**Direct expenses** increased 5.2% to TZS153.2 billion in line with mobile customer revenue growth, accelerated by the intensified competitive pressure that led to an increase in interconnect cost. Our staff expenses increased 11.6%, as a result of a prior year adjustment. Excluding this one-off, staff expenses declined by 4.0% due to realised savings from business restructuring. Our 'Fit for growth' initiatives continue to be a success in cost containment evidenced by flat growth in **other operating expenses** despite higher number of network elements and inflationary increase applied under service contracts.

Overall, our expenses increased by 2.7% to TZS333.0 billion, of which 46.0% related to direct expenses.

## EBITDA

EBITDA was up 3.5% to TZS159.6 billion. Service revenue growth and savings from our 'Fit for Growth' program underpinned the growth. EBITDA margin expanded 0.2ppts to 32.4% reflecting diligent cost containment, despite inflationary pressures.

## Operating profit

Operating profit grew 144.1% to TZS39.6 billion driven by EBITDA growth, supported by the decline in depreciation charge following a review of useful lives of our assets. The review of useful lives of our assets was in line with our accounting policy to evaluate technology relevance and existing assets' conditions.

## Capital expenditure

Our capital investment of TZS64.0 billion, 13.0% of revenue was focused mainly on expanding our 4G network and IT infrastructure. Our network reach improved by 116 3G and 221 4G sites, reaching a total of 2 825 and 1 824 sites respectively, covering 61% and 45% of the population<sup>4</sup> respectively.

<sup>3</sup> Excluding depreciation, amortisation and impairment.

<sup>4</sup> This is based on our internal assessment.

## Net finance charges

TZS m	Six months ended 30 September		
	2021	2020	% Change
Interest income from M-Pesa cash balances	11 088	9 985	11.0
Interest income from cash and government Treasury bill investments	3 425	13 885	(75.3)
<b>Finance Income</b>	<b>14 513</b>	<b>23 870</b>	<b>(39.2)</b>
Finance cost of M-Pesa cash balances	(11 071)	(9 970)	(11.0)
Finance cost – lease liability	(31 165)	(31 945)	2.4
Other finance cost	(257)	–	n/a
<b>Finance cost</b>	<b>42 493</b>	<b>(41 915)</b>	<b>(1.4)</b>
Net (loss)/gain on foreign currency translation	(363)	3 560	(110.2)
<b>Net finance cost</b>	<b>28 343</b>	<b>(14 485)</b>	<b>(95.7)</b>

Our net finance cost increased 95.7% to TZS28.3 billion primarily from reduced finance income. This was a result of decreased investment in government treasury bills due to payment of a special dividend in the second half of the previous financial year and lower interest rates received on cash. The change in exchange rates resulted in net loss on foreign currency translation resulting from cash held in foreign currency, which was a gain in the prior period.

## Taxation

The tax expense of TZS18.9 billion was 177.9% higher than the prior year (2021: TZS6.8 billion). The tax expense for the period related to our subsidiary M-Pesa Limited, and declined slightly in line with the decline in profit before tax. In prior year first half period, the tax expense for the M-Pesa Limited as a separate legal entity was partially offset by the recognition of deferred tax asset in relation to the loss in GSM business. Following the reassessment of the medium term outlook for GSM business in the second half of the year, the deferred tax asset was reversed in accordance with the accounting standard.

## Earnings

Loss per share increased 51.1% driven by the increase in net finance cost and additional tax expense, partially offset by better performance from operating profit.

## Statement of financial position

Property and equipment decreased 4.8% to TZS1 003.5 billion, and intangible assets decreased 12.2% to TZS65.3 billion. The investments made during the period were offset by the depreciation of network infrastructure and amortisation of intangible assets from previous years' investments.

## Net debt

Six months ended 30 September			
TZS m	2021	2020	% Change
Bank and cash balances	263 126	630 661	(58.3)
Lease liability	(516 535)	(523 740)	1.4
<b>Net(debt)/cash</b>	<b>(253 409)</b>	106 921	<(200)
<b>Net (debt)/cash to EBITDA (times)</b>	<b>(1.6)</b>	0.7	(2.3)

Net debt increased significantly to TZS253.4 billion driven by the decline in bank and cash balances due to the payment of special and ordinary dividends amounting to TZS427 billion in the second half of the previous financial year partially offset by matured government treasury bills that rolled back from short-term investment to cash as well as the cash generated from operation.

## Cash flow

Six months ended 30 September			
TZS m	2021	2020	% Change
<b>EBITDA</b>	<b>159 552</b>	154 094	<b>3.5</b>
Working capital	10 225	(4 353)	>200
Capital expenditure	(64 035)	(60 853)	(5.2)
Lease payments	(61 398)	(56 604)	(8.5)
Other Cash Flow	—	2	(100.0)
<b>Operating free cash flow</b>	<b>44 344</b>	32 287	<b>37.3</b>
Net finance cash inflow	8 547	11 603	(26.3)
Tax paid	(27 374)	(40 483)	32.4
<b>Free cash flow</b>	<b>25 517</b>	3 408	<b>&gt;200</b>

Operating free cash flow increased 37.3% to TZS44.3 billion driven by improved EBITDA and working capital performance partially offset by higher capital expenditure and lease obligations settlement.

Free cash flow increased significantly supported by the increase in operating free cash flow and the decrease in tax paid, although partially offset by the decline in cash flow from financing activities. In prior year, there was additional tax collected by the Tanzania Revenue Authority for the tax disputes that were still in the court resolution process.

## Regulatory matters

### SIM Card Registration

On 1 May 2019, the Tanzania Communication Regulatory Authority (TCRA) issued new customer registration guidelines, directing the biometric registration of SIM cards using the National Identification Number (‘NIN’) issued by the National Identification Authority (‘NIDA’), as the only accepted identification. On 7 February 2020, the new Electronic & Postal Communications (SIM Card Registration) Regulations 2020 were published. The Regulations provide for a biometric registration of SIM cards using the National ID, as the sole means of registering SIM cards in the United Republic of Tanzania. As at 30 September 2021, less than one million SIM cards generating TZS2.4 billion revenue per month remain non biometrically registered. We continue to engage with NIDA to ensure these customers are issued with NIN, and with TCRA to ensure these customers are registered.

On 1 July 2020, the TCRA issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM cards ownership through their mobile phones. Furthermore, the TCRA and mobile network operators have implemented an approval process that allows customers to request for additional SIM cards by visiting service providers' retail outlets or an automated process through Unstructured Supplementary Service Data (USSD). Customers are allowed to have more than one SIM card if they follow the correct approval process. We continue to drive awareness to customers on SIM card verification process.

## Other matters

### Introduction of levies on mobile money transfers and withdrawals and airtime

On 30 June 2021, the President approved the Finance Act, which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions and airtime. The NPS Act and EPOCA required the Minister of Finance in consultation with the Minister of Communication and Minister of ICT to make Regulations prescribing the manner and modality in which the levies shall be collected. Subsequently, the NPS (Electronic Mobile Money Transfer and Withdrawal Transactions Levy) Regulations, 2021 were introduced. For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was introduced, representing a levy of up to 4.4% of transaction value. The mobile money transfer and withdrawal levies were implemented effective from 15 July 2021. Subsequent to the implementation and following our continuous engagements with the relevant Government stakeholders, the regulations were amended effective from 03 September, reducing the levy by 30%. These levies still represent a material increase to end-user charges.

Additionally, Electronic and Postal Communications (Airtime Levy) Regulations 2021 were introduced. An airtime levy of between TZS5 and TZS223 based on the airtime amount recharged was introduced and implemented on 20 October 2021. Vodacom Tanzania Plc and the other mobile operators continue to engage with TCRA, Bank of Tanzania, Tanzania Revenue Authority and other relevant Government institutions to assess the impact of the levies on the industry and the wider economy.

## Outlook and medium-term targets

Vodacom Tanzania PLC is a purpose-led company and we connect for a better future. Our purpose is premised on three pillars that include digital society, inclusion for all and planet. We believe that accelerating data adoption, smartphones penetration, digital and financial services is key to enabling this purpose-led approach. And, by combining our integrated approach with our Social Contract with stakeholders, we will support economic progress in Tanzania, providing us with compelling growth opportunities.

We implement our strategy through a multi-product approach, called the System of Advantage, which leverages our capabilities and delivers diversified, differentiated offerings to our customers. Our System of Advantage extends our personalised connectivity offering into digital and financial services, to deliver a great customer experience. We are currently providing data services to 7.9 million customers, out of which 4.0 million customers are using smartphones. This provides us with an opportunity to accelerate smartphone penetration.

We support financial inclusion through our M-Pesa products such as nano payments, lending and savings. Prior to the implementation of mobile money levies in July 2021, we provided financial services to some 7.9 million customers. The introduction of mobile money levies has led to a significant increase in end-user charges, which discourages customers from using the services, and by extension limits our progress on financial inclusion. We will leverage our relationship with Vodacom Group and M-Pesa Africa to accelerate other M-Pesa products offerings.

Looking ahead to our growth prospects over the short to medium term, we expect a gradual economic recovery from the global pandemic and ongoing demand resilience for our telecom services. While we aspire to grow our business over the medium term and continue to connect Tanzania for a better future, the exact extent and duration of the disruption associated with the levies is not yet clear. As the process evolves, we will suspend the medium term guidance, until there is clarity. For the financial year ended 31 March 2022 we expect:

1

Flat to low single digit service revenue growth

2

14.5% – 16.0% capital expenditure as a % of revenue

These short term targets assume a stable currency, regulatory and macroeconomic environment.

## Declaration of dividend – payable from income reserves

At the Annual General Meeting held on Friday 15 October 2021, the shareholders of Vodacom Tanzania Public Limited Company ('the Company') approved not to declare dividend in relation to the financial year ended 31 March 2021 (2020: TZS12.26 per share), in the context of COVID-19 impacts and material uncertainties it presented for the year ended 31 March 2021, as well as challenging business conditions. This decision is in line with our dividend policy which requires at least 50% of net profit after tax to be paid as dividend to shareholders. For the year ended 31 March 2021, the company made TZS30.1 billion loss after tax.

For and on behalf of the Board



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



**Sitholizwe Mdlalose**  
Managing 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 year ended 30 September 2021 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") 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 Rules, 2016 (Amended). 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 10.

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 2 November 2021 and signed on its behalf by:



**Sitholizwe Mdlalose**  
Managing Director



**Jacques Marais**  
Finance Director



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# 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 consolidated statement of financial position as at 30 September 2021, 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 11 to 25.

## 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 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 Rules, 2016 (Amended).

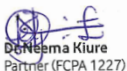
## Auditor's responsibility and scope of review

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 2021 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.



For and on behalf of Ernst & Young  
Certified Public Accountants  
Dar es Salaam, Tanzania

11 November 2021

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

for the period ended 30 September 2021

TZS m	Notes	September 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
Revenue	4	492 854	478 315	974 391
Direct expenses		(153 251)	(145 622)	(301 533)
Staff expenses		(31 633)	(28 356)	(61 579)
Publicity expenses		(16 191)	(18 394)	(35 775)
Other operating expenses		(131 963)	(131 847)	(260 064)
Depreciation and amortisation <sup>1</sup>		(120 208)	(137 870)	(264 039)
Net credit losses on financial assets <sup>2</sup>		(5)	–	(1 887)
<b>Operating profit</b>		<b>39 603</b>	16 226	49 514
Finance income		14 513	23 870	38 418
Finance costs		(42 493)	(41 915)	(85 232)
Net (loss)/gain on foreign currency translations		(363)	3 560	3 627
<b>Profit before tax</b>		<b>11 260</b>	1 741	6 327
Income tax expense	5	(18 908)	(6 802)	(36 433)
<b>Loss for the period/year</b>		<b>(7 648)</b>	(5 061)	(30 106)
Other comprehensive income		–	–	–
<b>Total comprehensive loss for the period/year, net of tax</b>		<b>(7 648)</b>	(5 061)	(30 106)
		<b>TZS</b>	TZS	TZS
<b>Basic and diluted loss per share (TZS)</b>	6	<b>(3.41)</b>	<b>(2.26)</b>	<b>(13.44)</b>

1 The reduction in depreciation is partly due to the impact of asset life review of TZS9.6 billion.

2 Line item was presented as "Impairment charges" in prior periods. The line item description has been updated to more accurately reflect the nature of the impairment charges included within this line item purely being net credit losses on financial assets.

# Condensed consolidated statement of financial position

as at 30 September 2021

TZS m	Notes	September 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
<b>ASSETS</b>				
<b>Non-current assets</b>				
		<b>1 178 646</b>	1 254 159	1 219 874
Property and equipment		<b>1 003 467</b>	1 054 075	1 041 226
Intangible assets		<b>65 271</b>	74 358	70 593
Capacity prepayments		<b>40 804</b>	52 314	46 559
Goodwill		<b>1 639</b>	1 639	1 639
Income tax receivables <sup>4</sup>		<b>44 511</b>	44 772	39 772
Trade and other receivables <sup>3</sup>		<b>22 365</b>	18 770	18 696
Deferred tax assets		<b>589</b>	8 231	1 389
<b>Current assets</b>				
		<b>914 185</b>	1 221 332	836 067
Capacity prepayments		<b>16 017</b>	15 531	13 188
Inventories		<b>2 064</b>	1 852	4 179
Trade and other receivables <sup>3</sup>		<b>126 126</b>	149 599	125 534
Income tax receivables <sup>4</sup>		<b>9 254</b>	–	4 726
Financial assets <sup>5</sup>		<b>497 598</b>	406 450	444 183
Short term investments		<b>–</b>	17 239	–
Cash and cash equivalents		<b>263 126</b>	630 661	244 257
<b>TOTAL ASSETS</b>		<b>2 092 831</b>	2 475 491	2 055 941
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
		<b>789 939</b>	1 250 091	797 587
Share capital		<b>112 000</b>	112 000	112 000
Share premium		<b>442 435</b>	442 435	442 435
Capital contribution		<b>27 698</b>	27 698	27 698
Retained earnings		<b>207 806</b>	667 958	215 454
<b>Non-current liabilities</b>				
		<b>441 429</b>	453 052	466 184
Lease liabilities		<b>436 545</b>	448 649	461 627
Government grant		<b>120</b>	614	235
Trade and other payables		<b>348</b>	170	163
Provisions	7	<b>4 416</b>	3 619	4 159
<b>Current liabilities</b>				
		<b>861 463</b>	772 348	792 170
Lease liabilities <sup>6</sup>		<b>79 990</b>	75 091	73 052
Trade and other payables <sup>7</sup>		<b>755 092</b>	660 282	688 743
Interest due to M-Pesa customers		<b>13 699</b>	12 841	8 593
Income tax payables		<b>–</b>	4 644	–
Government grant		<b>520</b>	2 403	1 383
Provisions	7	<b>12 162</b>	17 087	20 399
<b>Total liabilities</b>		<b>1 302 892</b>	1 225 400	1 258 354
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 092 831</b>	2 475 491	2 055 941

The interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 2 November 2021 and were signed on its behalf by:



**Sitholizwe Mdlalose**  
Managing Director



**Jacques Marais**  
Finance Director

3 Trade and other receivables as at 30 September 2021 include contract assets amounting to TZS3 202 million of which TZS1 013 million is non-current and TZS2 190 million is current (September 2020: current TZS1 780 million and non-current TZS855 million; March 2021: current TZS1 996 million and non-current TZS788 million).

4 These are deposits with TRA in respect to objected assessments for corporate tax.

5 Financial assets comprise of restricted cash balances relating to M-Pesa customer deposits.

6 Lease liability additions during the period was TZS13 092 million (30 September 2020: TZS2 993 million; 31 March 2021: TZS50 851 million).

7 Trade and other payables include amounts due to M-Pesa customers of TZS487 415 million (30 September 2020: TZS397 125 million; 31 March 2021: TZS439 099 million).

# Condensed consolidated statement of changes in equity

for the period ended 30 September 2021

TZS m	Share capital	Share premium	Capital contribution	Retained earnings	Total
<b>Six months period ended 30 September 2021 (Reviewed)</b>					
At 1 April 2021	112 000	442 435	27 698	215 454	797 587
Loss and total comprehensive loss for the period	–	–	–	(7 648)	(7 648)
<b>At 30 September 2021</b>	<b>112 000</b>	<b>442 435</b>	<b>27 698</b>	<b>207 806</b>	<b>789 939</b>
<b>Six months period ended 30 September 2020 (Reviewed)</b>					
At 1 April 2020	112 000	442 435	27 698	673 019	1 255 152
Loss and total comprehensive loss for the period	–	–	–	(5 061)	(5 061)
At 30 September 2020	112 000	442 435	27 698	667 958	1 250 091
<b>Year ended 31 March 2021 (Audited)</b>					
At 1 April 2020	112 000	442 435	27 698	673 019	1 255 152
Loss and total comprehensive loss for the period	–	–	–	(30 106)	(30 106)
Transactions with owners:					
Dividends declared (Note 8)	–	–	–	(427 459)	(427 459)
<b>At 31 March 2021</b>	<b>112 000</b>	<b>442 435</b>	<b>27 698</b>	<b>215 454</b>	<b>797 587</b>

# Consolidated statement of cash flows

for the period ended 30 September 2021

TZS m	Notes	30 September 2021 Reviewed	30 September 2020 Reviewed	31 March 2021 Audited
<b>Cash flows from operating activities</b>				
Cash generated from operations	10	208 894	194 283	427 135
Income tax paid		(27 374)	(40 483)	(67 642)
<b>Net cash flows generated from operating activities</b>		<b>181 520</b>	<b>153 800</b>	<b>359 493</b>
<b>Cash flows (used in)/from investing activities</b>				
Additions to property and equipment and intangible assets		(58 445)	(37 740)	(112 850)
Proceeds from disposals of property and equipment		–	2	17
Government grants received		3 608	400	400
Short term investments retired		–	150 550	164 643
Finance income received		3 425	10 739	17 625
Increase in cash held in restricted deposit		(53 415)	(68 894)	(106 627)
Interest received from deposits		11 088	9 985	20 793
<b>Net cash flow (used in)/from investing activities</b>		<b>(93 739)</b>	<b>65 042</b>	<b>(15 999)</b>
<b>Cash flow used in financing activities</b>				
Dividend paid		(183)	(27)	(427 093)
Interest paid to customers		(5 965)	(9 120)	(24 165)
Interest paid on lease liabilities		(31 165)	(31 945)	(64 040)
Payment on lease liabilities – principal		(30 233)	(24 659)	(61 395)
<b>Net cash flow used in financing activities</b>		<b>(67 546)</b>	<b>(65 751)</b>	<b>(576 693)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20 235</b>	<b>153 091</b>	<b>(233 199)</b>
Cash and cash equivalents at the beginning of the period/year		244 257	473 828	473 828
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies		(1 366)	3 742	3 628
<b>Cash and cash equivalents at the end of the period/year</b>		<b>263 126</b>	<b>630 661</b>	<b>244 257</b>

# Notes to the interim condensed consolidated financial statements

for the period ended 30 September 2021

## 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 as issued by the International Accounting Standards Board ("IASB").

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost, and are presented in Tanzania Shillings (TZS), which is the Company's functional currency and the Group's presentation currency.

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 new, revised or amended accounting pronouncements adopted by the Group from 1 April 2021 had no material impact on the consolidated results, financial position or cash flows of the Group.

### **New and amended standards and interpretations that have been issued, but that are not yet effective**

The Group has not early adopted any standard, interpretation or amendment that has been issued, but that are not yet effective, and the Group is not expecting that these standards, interpretations or amendments will have a material impact on the consolidated results, financial position or cash flows of the Group.

Notes to the interim condensed consolidated financial statements  
for the period ended 30 September 2021 continued

**4. Revenue**

TZS m	<b>September 2021 Reviewed</b>	September 2020 Reviewed	March 2021 Audited
<b>Major products/service lines</b>			
Customer service revenue <sup>8</sup>	<b>448 739</b>	432 105	883 798
Mobile interconnect	<b>23 723</b>	30 041	58 141
Fixed service revenue	<b>7 385</b>	7 206	14 318
Other service revenue	<b>5 134</b>	4 959	9 757
Equipment revenue	<b>7 263</b>	3 392	7 177
Other non-service revenue	<b>342</b>	361	686
<b>Revenue from contracts with customers</b>	<b>492 586</b>	478 064	973 877
Interest income recognised as revenue	<b>268</b>	251	514
<b>Revenue</b>	<b>492 854</b>	478 315	974 391
Revenue is further disaggregated per revenue stream as follows:			
Mobile voice revenue	<b>153 215</b>	156 859	311 506
M-Pesa revenue	<b>174 674</b>	172 855	356 801
Mobile data revenue	<b>107 467</b>	87 374	186 865
Mobile incoming revenue	<b>23 723</b>	30 041	58 141
Messaging revenue	<b>15 054</b>	16 763	31 877
Fixed, customer and other service revenue	<b>10 848</b>	10 419	20 824
<b>Service revenue</b>	<b>484 981</b>	474 311	966 014
Non-service revenue	<b>7 873</b>	4 004	8 377
<b>Revenue</b>	<b>492 854</b>	478 315	974 391

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

<sup>8</sup> Comprises of mobile contract revenue and mobile prepaid revenue.

## 5. Income tax expense

TZS m	September 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
Expected income tax expense at the Tanzania statutory tax rate 30%	3 378	522	1 898
Adjusted for:			
– Non-deductible expenditure <sup>9</sup>	723	1 391	7 446
– Non-taxable gaming income	–	(960)	(2 368)
– Deferred tax credit on items not included in the consolidated profit or loss	–	(681)	–
– Deferred Tax Asset not recognised for tax losses and net deductible timing differences <sup>1</sup>	14 839	–	20 979
– Deferred tax credit not recognised – Subsidiary	211	615	961
– Prior year tax, prior year tax adjustments and penalties	(243)	5 915	7 517
<b>Income tax expense</b>	<b>18 908</b>	<b>6 802</b>	<b>36 433</b>
<b>Effective tax rate<sup>10</sup></b>	<b>167.92%</b>	<b>390.70%</b>	<b>575.83%</b>

## 6. Loss and dividends per share

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 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
<b>Basic and diluted loss per share (TZS)</b>	<b>(3.41)</b>	(2.26)	(13.44)
Loss attributable to the shareholders (TZSm)	(7 648)	(5 061)	(30 106)
Weighted average number of ordinary shares outstanding	2 240 000 300	2 240 000 300	2 240 000 300
<b>Dividend declared during the period/year (TZSm)</b>	–	427 459	427 459
Dividend per share (TZS) – declared	–	190.83	190.83
<b>Normal dividend declared during the period/year (TZS m)<sup>11</sup></b>	–	27 462	27 462
Normal dividend per share (TZS) – declared during the period/year	–	12.26	12.26
<b>Special dividend declared during the period/year (TZS m)<sup>11</sup></b>	–	399 997	399 997
Special dividend per share (TZS) – declared during the period/year	–	178.57	178.57

<sup>9</sup> Non deductible expenditure includes charitable donations, dispute losses, gaming expenses, fines and penalties.

<sup>10</sup> The effective tax rate of 167.92% in the current period is significantly higher than the statutory rate of 30.0% partly due to the unrecognised deferred tax credit from the holding company and subsidiary company.

<sup>11</sup> The normal and special dividend was only proposed as at the 30 September 2020 interim reporting period.

## 7. Provisions

The Group is currently involved in various legal proceedings and has, in consultation with its legal counsel, assessed the outcome of these proceedings to have the total probable exposure indicated below. Other provisions are disclosed below:

TZS m	September 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
Opening balance	24 558	13 443	13 443
Increase/(decrease) in provisions – legal disputes	235	(255)	(1 446)
(Decrease)/increase in provisions – marketing fees	(6 137)	3 230	5 149
Increase in provision – interest expense on site restoration obligation	257	–	421
(Decrease)/increase in provision – restructuring <sup>12</sup>	(2 335)	–	2 582
Increase in provisions – site restoration obligation	–	–	119
Increase in provision – tax assessments and disputes	–	4 290	4 290
<b>Closing balance</b>	<b>16 578</b>	<b>20 708</b>	<b>24 558</b>
Comprising of:			
<b>Non-current</b>			
Site restoration obligation	4 416	3 619	4 159
<b>Current</b>			
Legal dispute	2 588	3 544	2 353
Marketing fees	5 037	9 255	11 174
Restructuring costs	247	–	2 582
Tax assessments and disputes	4 290	4 290	4 290
	<b>12 162</b>	<b>17 089</b>	<b>20 399</b>

## 8. Capital Expenditure and Commitments

During the period the Group invested TZS64 035 million (September 2020: TZS60 853 million; March 2021: TZS122 449 million) in property and equipment and intangible assets. This capital expenditure was funded using internally generated funds.

The Group's capital commitments is as presented below:

TZS m	September 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
Capital expenditure contracted for but not yet incurred (Including property and equipment and intangible assets)	59 277	46 110	25 303

<sup>12</sup> The Group restructured during the period and the cost involved had been provided as at 31 March 2021. The decrease during the period is mainly driven by payment to staff as part of the restructuring process of TZS2 076 million and the excess of TZS259 million was released during the period.

## 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 2021 Reviewed	September 2020 Reviewed	March 2021 Reviewed
<b>Balances with related parties</b>			
Trade and other receivables			
Vodafone Group Plc (Ultimate Parent)	3 736	2 295	3 241
Vodacom Group Limited (Immediate Parent)	2 042	13 446	2 038
	<b>5 778</b>	<b>15 741</b>	<b>5 279</b>
<b>Trade and other payables</b>			
Vodafone Group Plc (Ultimate Parent)			
Vodacom Group Limited (Immediate Parent)	(4 004)	(21 059)	(3 059)
	<b>(3 185)</b>	<b>(2 225)</b>	<b>(2 323)</b>
Africa			
	<b>(1 222)</b>	<b>–</b>	<b>(4 715)</b>
	<b>(8 411)</b>	<b>(23 284)</b>	<b>(10 097)</b>

The amounts due from/to related parties are interest free. All the balances due from/to related parties are due on demand and are unsecured.

### Transactions with related parties

TZS m	September 2021 Reviewed	September 2020 Reviewed	March 2021 Audited
<b>Vodafone Group Plc and its subsidiaries</b>			
Revenue			
	2 302	962	2 811
Direct expenses			
	(590)	(340)	(996)
Other operating expenses			
	(2 091)	(10 308)	(7 615)
	<b>(379)</b>	<b>(9 686)</b>	<b>(5 800)</b>
<b>Vodacom Group Limited subsidiaries – Mozambique, DRC, Mauritius and Lesotho</b>			
Revenue			
	400	559	1 189
Direct expenses			
	(4)	(6)	(199)
Other operating expenses			
	(1 953)	(1 423)	(2 450)
	<b>(1 557)</b>	<b>(870)</b>	<b>(1 460)</b>

## 9. Related parties continued

TZS m	September 2021 Reviewed	September 2020 Reviewed	March 2021 Reviewed
<b>Vodacom Group Limited – South Africa</b>			
Revenue	2 549	2 333	4 522
Direct expenses	(993)	(759)	(1 708)
Other operating expenses	(6 366)	(5 523)	(11 504)
	(4 810)	(3 949)	(8 690)
<b>Compensation for key management personnel</b>			
Short-term employee benefits	(3 420)	(5 292)	(8 262)
Long-term employee benefits	(843)	(420)	(963)
	(4 263)	(5 712)	(9 225)
<b>Non-executive directors</b>			
Non-executive directors fees	(618)	(609)	(1 236)
<b>Executive directors</b>			
Short-term employee benefits	(1 558)	(1 910)	(3 115)
Long-term employee benefits	(304)	(154)	(607)
	(1 862)	(2 064)	(3 722)

## 10. Cash generated from operations

TZS m	<b>September 2021 Reviewed</b>	September 2020 Reviewed	March 2021 Audited
<b>Profit before tax</b>	<b>11 260</b>	1 741	6 327
<b>Adjusted for:</b>			
Financing income	<b>(14 513)</b>	(23 870)	(38 418)
Financing costs	<b>42 493</b>	41 915	85 232
Net loss/(gain) on foreign currency translation	<b>363</b>	(3 560)	(3 627)
<b>Operating profit</b>	<b>39 603</b>	16 226	49 514
<b>Adjusted for:</b>			
Depreciation and amortisation	<b>120 208</b>	137 870	264 039
Net credit losses on financial assets	<b>5</b>	–	1 887
Amortisation of capacity prepayments	<b>6 816</b>	8 060	13 526
A gain on disposal of property, equipment and intangible assets	–	(2)	(1)
(Decrease)/increase in provision for inventory	<b>(1 515)</b>	(195)	777
Amortisation of government grant	<b>(983)</b>	(1 002)	(2 003)
Government grant applied against funded assets	<b>(3 603)</b>	(309)	(705)
(Decrease)/increase in legal, marketing and restructuring provisions	<b>(8 237)</b>	7 265	10 575
<b>Cash flow from operations before working capital changes</b>	<b>152 294</b>	167 913	337 609
Payment of capacity contracts	<b>(3 890)</b>	(7 361)	(4 728)
Decrease/(increase) in inventory – gross	<b>3 630</b>	347	(2 952)
(Increase) in trade and other receivables	<b>(7 874)</b>	(52 027)	(29 776)
Increase in trade and other payables	<b>64 734</b>	85 411	126 982
<b>Cash generated from operations</b>	<b>208 894</b>	194 283	427 135

## 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 acting with integrity and transparency in all tax matters including a policy of full transparency to the tax authority and the payment of all taxes properly 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. The Group has not disclosed all the details in relation to the open tax disputes because the matters are still under the dispute resolution process.

The following open tax disputes are material contingent liabilities not recognised in the statement of financial position and may have a significant impact on the profit or loss and financial position of the Group if these disputes are not resolved favourably:

- **Capital allowances of telecommunication equipment**

Open tax disputes in relation to the classification of telecommunication equipment are currently in the court. The TRA disagrees with the Company's classification of the equipment as there is no clearly defined category for telecommunication equipment in the Income Tax Act. The matter is however a timing difference as the capital allowance deductions claimed in future years of assessment will be more if the Company does not resolve the dispute favourably, which will also result in additional penalties levied by the TRA in this regard.

- **Withholding tax on satellite, international roaming and undersea cable services**

The assessments received by the Company in respect of withholding tax on satellite services, international roaming and undersea cable services provided by foreign suppliers are also currently in the court process. The Company did not withhold the foreign services withholding tax on these telecommunication services as Tanzania is a member of the International Telecommunication Union ("ITU") and is a signatory to the ITU conventions that established the elimination of double taxation of international telecommunication services. The Company has provided evidence (attestation) from the ITU that these agreements were ratified in Tanzania by the Court.

- **Transfer pricing**

The Group, as part of a multinational enterprise, makes extensive use of services provided by associated entities in a value adding manner and applies the arm's length principle, in the taxation context, in such undertakings. These intercompany transactions are documented in the Group's transfer pricing documentation which is done in accordance with the requirements of local Transfer Pricing Regulations and OECD guidelines. The TRA conducted a transfer pricing audit for the 2015 to 2017 tax years which resulted in certain disputed items in terms of the methodology and other Transfer Pricing aspects used to support the taxation arm's length principle.

### **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. Other matters

### Regulatory matters

#### SIM Card Registration

On 1 May 2019, the Tanzania Communication Regulatory Authority ('TCRA') issued new customer registration guidelines, directing the biometric registration of SIM cards using the National Identification Number ('NIN') issued by the National Identification Authority ('NIDA'), as the only accepted identification. On 7 February 2020, the new Electronic & Postal Communications (SIM Card Registration) Regulations 2020 were published. The Regulations provide for a biometric registration of SIM cards using the National ID, as the sole means of registering SIM cards in the United Republic of Tanzania. As at 30 September 2021, less than one million SIM cards generating TZS2.4 billion revenue per month remain non biometrically registered. We continue to engage with NIDA to ensure these customers are issued with NIN, and with TCRA to ensure these customers are registered.

On 1 July 2020, the TCRA issued a public release that required customers who biometrically registered more than one SIM card per service provider to verify their SIM cards ownership through their mobile phones. Furthermore, the TCRA and mobile network operators have implemented an approval process that allows customers to request for additional SIM cards by visiting service providers' retail outlets or an automated process through Unstructured Supplementary Service Data (USSD). Customers are allowed to have more than one SIM card if they follow the correct approval process. We continue to drive awareness to customers on SIM card verification process.

#### Introduction of levies on mobile money transfers and withdrawals and airtime

On 30 June 2021, the President approved the Finance Act, which included the amendments to the National Payment System Act (NPS Act) and Electronic & Postal and Communication Act (EPOCA) – introducing levies on mobile money transfer transactions and airtime. The NPS Act and EPOCA required the Minister of Finance in consultation with the Minister of Communication and Minister of ICT to make Regulations prescribing the manner and modality in which the levies shall be collected. Subsequently, the NPS (Electronic Mobile Money Transfer and Withdrawal Transactions Levy) Regulations, 2021 were introduced. For mobile money transfer and withdrawal transactions, a transaction value dependent levy of between TZS10 and TZS10 000 was introduced, representing a levy of up to 4.4% of transaction value. The mobile money transfer and withdrawal levies were implemented effective from 15 July 2021. Subsequent to the implementation and following our continuous engagements with the relevant Government stakeholders, the regulations were amended effective from 03 September, reducing the levy by 30%. These levies still represent a material increase to end-user charges.

Additionally, Electronic and Postal Communications (Airtime Levy) Regulations 2021 were introduced. An airtime levy of between TZS5 and TZS223 based on the airtime amount recharged was introduced and implemented on 20 October 2021. Vodacom Tanzania Plc and the other mobile operators continue to engage with TCRA, Bank of Tanzania, Tanzania Revenue Authority and other relevant Government institutions to assess the impact of the levies on the industry and the wider economy.

### 13. 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.

### 14. Fair value

The Group does not have any financial instruments that required to be measured at fair value subsequent 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.

### 15. Events after the reporting period

#### **Implementation of airtime levy regulations.**

On 18 October 2021 TCRA mandated the implementation of Airtime levy regulations effective from 20 October 2021.

The Group is not in a position to quantify the financial impact at this stage.

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

	Six months ended 30 September		
	2021	2020	% Change
Customers <sup>1</sup> (thousands)	15 237	14 958	1.9
ARPU <sup>2</sup> (shillings per month)	5 294	5 208	1.7
Data customers <sup>3</sup> – (thousand)	7 875	7 742	1.7
M-Pesa customers <sup>4</sup> – (thousand)	6 463	7 449	(13.2)
<b>Traffic<sup>5</sup> (millions of minutes)</b>	<b>19 760</b>	<b>19 676</b>	<b>0.4</b>
Outgoing	13 210	15 038	(12.2)
Incoming	6 550	4 638	41.2
<b>MoU per month<sup>6</sup></b>	<b>221</b>	<b>222</b>	<b>(0.5)</b>
<b>Messaging (million)</b>	<b>13 946</b>	<b>15 817</b>	<b>(11.8)</b>
<b>Number of employees</b>	<b>532</b>	<b>567</b>	<b>(6.2)</b>
<b>Number of sites</b>			
4G	1 824	1 603	13.8
3G	2 825	2 709	4.3
2G	3 356	3 240	3.6

1 Customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active 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 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, 10.3 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 179 (2020: 167).

## 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 2021. 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 2021, contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain information relating to the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's business by the government in the country in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets" (including in their negative form).

By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the Group's ability to expand its spectrum position or renew or obtain necessary licences; the Group's ability to achieve cost savings; the Group's ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and 4G 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<sup>1</sup> (Chairman)
- ..... S Mdlalose (Managing Director)<sup>2</sup>
- ..... JJ Marais (Finance Director)<sup>3</sup>
- ..... D Gutierrez<sup>4</sup>
- ..... D Kastelic<sup>5</sup>
- ..... K Gomado<sup>6</sup>
- ..... M Mbungela<sup>3</sup>
- ..... M Ikongo<sup>1</sup>
- ..... N Nyoka<sup>3</sup>
- ..... R Morathi<sup>3</sup>
- ..... T Semane<sup>3</sup>
- ..... W Ouko<sup>7</sup>

1. Tanzanian 2. British 3. South African 4. Bolivian  
5. Slovenian 6. Ghanaian 7. Kenyan

### **Company secretary**

Caroline Mduma

### **Registered office**

15th Floor, Vodacom Tower,  
Ursino Estate, Plot 23, Bagamoyo Road,  
P.O. Box 2369, Dar es Salaam, Tanzania

### **Transfer secretary**

CSD & Registry Company Limited ('CSDR')  
Kambarage House,  
2nd Floor, 6 Ufukoni Street  
P.O. Box 70081, Dar es Salaam, Tanzania

### **Sponsoring licenced dealing member**

Orbit Securities Company Limited

### **External communications**

Rosalynn Mworia

### **Investor Relations**

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