

AIRTEL MONEY TANZANIA LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2023

AIRTEL MONEY TANZANIA LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2023

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AIRTEL MONEY TANZANIA LIMITED

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Airtel Money Tanzania Limited
Block 41, Kinondoni
Corner of Ali Hassan Mwinyi & Kawawa Roads
P.O. Box 9623
Dar es Salaam
Tanzania

COMPANY SECRETARY

David Lema
Legal Counsel
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AUDITORS

Deloitte & Touche
Certified Public Accountants (Tanzania)
3rd Floor, Aris House
Plot No 152, Haile Selassie Road, Oysterbay
P.O. Box 1559
Dar es Salaam
Tanzania

BANKERS

Standard Chartered Bank Tanzania Limited
3rd floor, International house
Garden Avenue / Shaabam Robert Street
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P.O. Box 71625
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AIRTEL MONEY TANZANIA LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2023

1. INTRODUCTION

The Directors submit their report, together with the financial statements of Airtel Money Tanzania Limited (“the Company” or “Airtel Money”) for the year ended 31 December 2023, which disclose the situation of the Company.

2. AIRTEL MONEY TANZANIA LIMITED PROFILE

The Company is a Tanzania’s leading Mobile Money company providing a wide range of services for consumers including money transfer, bill payments, corporate Government to people (G2P), Business to people (B2P) Payments, airtime recharge commission to over 7.6 million customers (2022: 6.6 million).

3. INCORPORATION AND REGISTRATION

The Company is incorporated in Tanzania under the Companies Act, 2002 as a private Company limited by shares. The Company was officially incorporated on 10 June 2016 and has been granted electronic money issuer license No. LB 422/535/11 by the Bank of Tanzania (BOT) on 18 September 2018.

4. NATURE OF BUSINESS OPERATIONS

The principal activities of the Company is to carry on business of “The Registered Trustees of Airtel Money Trust Fund (‘AMTF’)” and to deal in electronic money, electronic cash, electronic currency, digital money or digital currency and all other kinds of mobile electronic money transfer products and services related to Airtel Money.

5. CORE PURPOSE

The core purpose is to provide ‘instant secure borderless mobile money services.’ The Company aims at playing a pivotal role in ensuring financial inclusion of the Tanzanian population by expanding the opportunities for people to access and use financial services. Through core business of providing mobile financial services, The Company is making a valuable contribution in bridging the financial inclusion gap which is a key pillar of the Tanzanian national digital economy agenda.

6. COMPANY STRATEGIC PRIORITIES

The Company strategic priorities are crafted to drive growth through new business opportunities and innovations while protecting core business with the priorities grouped into the following key strategic pillars:

- i. Win with Airtel Money distribution;
- ii. Win with Fintech;
- iii. Win with technology;
- iv. Win with new markets; and
- v. Win with quality customer acquisition and partnerships.

The Company has an excellent purpose-led business model and a compelling track-record of effective management and quality execution in delivering on strategy.

7. OPERATING AND FINANCIAL REVIEW

Performance highlights

Details of the results for the year are set out in the statements of profit or loss and other comprehensive income.

Revenue

Service revenue increased by 30% to TZS 272,508 million. The growth was driven by strong results from money transfer, which contributed 70.9% of service revenue.

Money transfer revenue increased by 20.7% to TZS 193,167 million driven by both customer base growth of 25.2% and mobile money average revenue per user (ARPU) growth of 3.9%.

Bill and merchant payments revenue increased by 164% to TZS 34,694 million driven by price increase of 33.9%, transaction volume increase by 49.9% and transaction value increase by 97.2%. This is the impact of the launch of Micro merchant (Airtel LIPA Number).

AIRTEL MONEY TANZANIA LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

7. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Easy recharge commission revenue increased by 19.5% to TZS 29,870 million driven by increase in transaction value by 37% which is offset by decrease in price by 12.5%.

Other Fees and Charges increased by 29.6% to TZS 14,777 million driven by increase in churn retention rate by 27% for Airtel Tanzania Public Limited Company (ATPLC) customers use Airtel Money wallets and increase in money transfer value by 35%.

The expansion of the Company's distribution networks, particularly exclusive channels of Airtel Money branches and kiosks, supported customer base growth of 25.2%.

The Airtel Money ARPU growth of 3.9% was driven by transaction value per customer growth of 15.1% to TZS 530,282 per customer per month.

By enriching Airtel Money ecosystem, The Company continued accelerating payments services including 'business to consumers', 'consumer to business' and the merchant payment solution. In the year, these payments options processed over TZS46.77 trillion in value, an increase of over 44%. The Company continued driving adoption of merchant payment solution to reach over 43,569 merchants who accept payments through Airtel Money, under the 'Lipa kwa simu' service. In addition to generating revenue for the Company, Airtel Money service is at the core of purpose-led strategy to support a financial inclusion agenda, contributing positively to the country's social-economic development, as well as individual customers and agents' personal finances. It was encouraging that Airtel Money customers increased by 1.47 million in the past twelve months to 7.3 million, up 25.2% growth. The total number of transactions grew 38.8% with value transacted increasing by 44%, to an average of over TZS3.9 trillion per month.

During the year, The Company also continued to deepen financial inclusion by launching innovative products and services. These included the Airtel Money group savings product, Airtel money Micro insurance, expansion of international money transfer services to an addition 8 SADC corridors, that contributed to the 45.7% growth in value of money sent through IMT service. The growth trends in Airtel Money performance indicators sets up a positive outlook for the future of Airtel Money business and hence contribution towards financial inclusion.

Total expenses

Total expenses of the Company increased 25.1% to TZS 151,706 million due to increase in revenue. Direct expenses increased by 26.1% in line with the increase in revenue, the competitive pressure led to higher commission to the distribution channels as well as interconnect costs. The savings realized from network expenses, marketing cost and customer care were offset by cost pressures in staff expenses and other operating expenditure. Employee cost increased by 12%. Staff expenses increased because of enhancing distribution in the market, hence more staff were employed during the year.

EBITDA

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) increased by 34.8% to TZS120,921 million, as a result of growth in service revenue and cost containment measures which helped to mitigate pressures on expenses. The underlying performance reflected strong growth in service revenue and diligent cost containment.

Profit after tax (PAT)

Profit after tax increased by 35.2% to TZS81,859 million driven by an increase in EBITDA.

Capital expenditure

During the year, capital expenditure was TZS 1,845 million spent on investments made in network, IT systems and rollout of AMB and KIOSK. (2022: TZS 3,317 million).

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8. BUSINESS ENVIRONMENT

The current operating context is a highly competitive, and innovative environment, with several players constantly innovating financial services solution to meet customer demand. This coupled with a strong regulatory oversight creates a dynamic operating context that presents both demanding challenges, and potentially rewarding commercial opportunities for growth. By ensuring effective execution of strategic commitments, The Company believe it is well positioned to manage the risks and realize the opportunities associated with industry.

9. AN UNCERTAIN GLOBAL MACRO-ECONOMIC ENVIRONMENT IMPACTING A POST-COVID RECOVERY

Tanzania's economy has shown signs of economic recovery following the impact of the pandemic, with tourism, mining and other services all benefiting from the lifting of global pandemic-related restrictions. This recovery has been impacted however by global and local headwinds, including the war in Ukraine, a volatile global macro-economic environment, and a shortfall in rainfall negatively impacting local electricity production and agriculture.

The International Monetary Fund (IMF) has projected economic growth for the country of 5.2% in 2023, with inflation expected to surpass the Bank of Tanzania's target and reach around 5.3% by year-end despite price subsidies on fuel and fertilizer. The current account deficit is projected to remain elevated in 2023 amid the uncertain global environment. In the medium term, real Gross Domestic Product (GDP) growth is projected to rebound to around 7%, inflation to return to less than 5%, and the current account deficit to moderate as the global shocks subside and the authorities' reforms start to pay off.

The war in Ukraine has impacted global food and energy prices, heightened inflationary pressures, and contributed to enhanced market uncertainty and volatility, all of which is constraining consumer spend and general investor confidence.

10. REGULATORY AND POLICY ENVIRONMENT

The telecommunications industry in Tanzania and in all other markets is facing intensified regulatory scrutiny. Regulators have increased regulatory scrutiny due to the significant contribution of the telecoms sector to the socio-economic development. In Tanzania, there has been various regulatory and policy developments in financial year 2023/2024 from the two main regulators – the Tanzania Communications Regulatory Authority (TCRA) for GSM services, and the Bank of Tanzania (BoT) covering digital financial services. The regulatory and policy changes have significantly impacted customers and the business.

However, the Company has also seen much more favorable regulatory environment and improved levels of dialogue in financial year 2023/2024 which resulted in reduction of Right of Way fees for installation of fiber optic cables and removal of airtime and mobile money transfer levies. The most significant recent regulatory and policy developments are listed below:

- a. **SIM Card Registration:** On 10th February 2023, the Government of Tanzania published the new Electronic and Postal Communications (SIM Card Registration) Regulations 2023. Among other things, the regulations has introduced police clearance as a pre-requisite for appointment as a SIM card Registration agent. The fee for police clearance is TZS 10,000/-. Further the regulations has also introduced a ge-fencing requirement restricting movement of agents within a defined location. The new requirements have derailed agents onboarding and hence significantly impacted the business.
- b. **Levies on airtime and mobile money transfers:** On 30 June 2023, the President approved the Finance Act, 2023 which included the amendments to the National Payment System Act (NPS Act) and Electronic and Postal and Communication Act (EPOCA) – removing levies on mobile money transfer transactions and airtime recharges.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. A DYNAMIC REGULATORY AND POLICY ENVIRONMENT (CONTINUED)

The Company has responded to regulatory changes as follows :

- a. The Company continuously monitors laws, regulations, and policy changes and engages regularly with the TCRA, BOT and other regulatory authorities to ensure compliance with all relevant regulatory requirements.
- b. The Company has invested significantly in compliance awareness training across the company and in distribution channel to ensure that business units are sensitized, including through training programs such as the 'Doing What is Right' Programme on legislative and regulatory requirements, supported by an annual self-assessment.
- c. The Company has a robust compliance management system tool which helps to track, stay aware and comply with all legal and regulatory requirements.
- d. The Company has a robust governance process and a strong culture of compliance across the company, administered through dedicated Risk and Compliance department, which is charged with responsibility for monitoring, evaluating, and managing risks across the company.
- e. The Company maintain proactive relations with government and relevant regulatory bodies and tax authorities, informed by a shared understanding of the need for inclusive economic development and the important contribution of a profitable business sector. These engagements are undertaken individually, and through the Tanzania Mobile Network Operators' Association (TAMNOA).

11. A HIGHLY COMPETITIVE MARKET

Airtel Money Tanzania Limited operates in one of the most competitive markets in Africa, currently six operators have been issued with the Electronic Money Issuers license, five Mobile Network operators providing mobile.

financial services coupled with an additional none telecom licensed providers. The market has seen the ever-increasing involvement of banks in the mobile financial services space with the emergence of SIM banking, agency banking and bank led merchant payment solutions. The three largest Mobile Network Operators (MNO) competitors are continuing to drive very aggressive customer acquisition campaigns, price discounting, and distribution innovations.

The Company has responded as follows:

- a. To remain agile in identifying and realizing opportunities for innovation. The Company continue to innovate and launch products and solutions like micro insurance, group savings, that meet customers needs. The Company continue to benchmark and monitor existing and new competitors and are constantly exploring opportunities for innovative partnerships.
- b. To compete effectively through delivering a differentiated customer experience, The Company maintain a strong focus on the strength and reach of distribution network, the quality of customer support channels, simplicity of products and access channels, competitive pricing and quality of services, backed by strong brand reputation.
- c. The Company are continuing to engage with the government through the regulator and other relevant stakeholders on the importance of price stability to support investments as push the cashless agenda.

12. COMPANY'S KEY RELATIONSHIPS

Airtel Money ability to deliver long-term value depends on the contribution and activities of a range of different stakeholders, and on the quality of relationship with them. In the table below briefly outline those stakeholder groups who have a substantive impact on ability to create value; outline their contribution to value creation, means of engaging with them, and the stakeholders' identified priority interests relating to business activities.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

12. COMPANY'S KEY RELATIONSHIPS (CONTINUED)

Stakeholder value	Means of engagement	Priority interests
<p>Customers : Provide the basis for revenue growth by purchasing products and services.</p>	<ul style="list-style-type: none"> • Self-Care channels through Airtel Application, USSD and Interactive voice response (IVR). • Social Media. • Website. • Call centers, Retail Shops, Airtel Money branches and Airtel Kiosks. • Customer feedback process after service for obtaining feedback (Net Promoter Score) & Cross functional team formulates action for the areas require improvement. 	<ul style="list-style-type: none"> • Confidentiality & privacy of customer information. • Customer Empowerment. • Simplification of customers' process. • Feedback on service areas require improvement. • Customized customer experience. • Better value offerings (affordability). • Customer satisfaction. • Reliable & best data networks with wider coverage. • Wide coverage on availability of customer service touchpoints. • Tailored business customers solutions as per needs.
<p>Government and regulators: Provide access to spectrum and operating licenses, the basis for creating value.</p>	<ul style="list-style-type: none"> • Participation in public forums. • Engagement on draft regulations and bills. • Engagement through industry bodies. • Publication of policy engagement papers. • Partnering on key programmes such as inclusive education, inclusive growth in agriculture, and inclusive climate action. 	<ul style="list-style-type: none"> • Ensuring spectrum is managed as a strategic resource. • Regulatory compliance on issues such as customer registration, mobile termination rates, service quality, price, security and privacy, and safety, health and environmental performance. • Participating and promoting opportunities for economic development. • Contribution to the tax base. • Industry development. • Fair market development.
<p>Investors and shareholders: Provide the financial capital needed to sustain and grow.</p>	<ul style="list-style-type: none"> • Investor interactions, including conferences, meetings, and roadshows. • Annual and interim results. • Quarterly reports. • Annual reports. • Preliminary announcement call and Annual General Meeting (AGM). • Investor relations page in website. 	<ul style="list-style-type: none"> • Responsible practices to manage risks and opportunities and ensure financial growth. • Sound corporate governance practices. • Transparent executive remuneration. • Improved liquidity of shares. • Stable dividend policy.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

12. COMPANY'S KEY RELATIONSHIPS (CONTINUED)

Stakeholder value	Means of engagement	Priority interests
<p>Employees: Provide the skills and inputs needed to realise vision.</p>	<ul style="list-style-type: none"> • Intranet portal for employees, 'Hive'. • Newsletter and website as an electronic communication to employees. • Ombudsman hotline (Employees to air their voice). • Airtel WhatsApp group – for Quick updates. • Leadership Development programme. • Early Career Program-GT. • Mobility program (Skills exchange programme across Airtel Africa & India). • Engagement surveys. • Online trainings Platform. • Executives' discussions – 'ExCo meeting & Leadership Conclave'. • Health and welfare consultations as needed. • Managing Director (MD) Breakfast meetings. • Townhall meeting – Quarterly 	<ul style="list-style-type: none"> • Create a conducive environment for career growth. • Skills development. • Competitive remuneration. • Mobility programme for knowledge sharing across Airtel Africa & India . • Mentoring and Coaching programme – Women Leadership mentorship and capability programme. • Airtel Benefit awareness – for better understanding of various reward structures. • Employee team building programme – Fun Friday, TGIF. • OHS programmes – Fire awareness, first aiders. • Safe working environment.
<p>Suppliers: Ensuring availability of goods and services for customer needs in line with business aspirations</p>	<ul style="list-style-type: none"> • Supplier forums. • Ongoing site visits. • Procurement processes (including tendering). • Audits. 	<ul style="list-style-type: none"> • Prompt payment . • Ethical sourcing process . • Fair share of orders and services awarded. • Compliance to statutory requirement of the Republic including tax obligations, health and safety and general employee welfare.
<p>Communities: Provide a social license to operate and strengthen the socioeconomic context.</p>	<ul style="list-style-type: none"> • Public participation where new base stations are needed: • Airtel Money Corporate Social Responsibility in partnership with communities. • Social media pages 	<ul style="list-style-type: none"> • Access to communication services and services such as finance, health, and education. • Free-to-use social media, health, education, and job sites.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

12. COMPANY'S KEY RELATIONSHIPS (CONTINUED)

Stakeholder value	Means of engagement	Priority interests
<p>Business partners: Custodians of brand, and key to delivering the best customer experience.</p>	<ul style="list-style-type: none"> • Store, channel partner and retail visits. • Management engagements. • One-on-one business meetings. • Training sessions on new products and services. 	<ul style="list-style-type: none"> • Fair treatment. • Quick actionable market feedback. • Top management involvement with customers. • Making it simpler and quicker to deal with us. • Being heard as partners.
<p>Media: Have a potentially significant influence on other stakeholders' perceptions.</p>	<ul style="list-style-type: none"> • Face-to-face and telephonic engagement. • Interviews with key executives. • Media releases. • Roundtables. • Product launches. 	<ul style="list-style-type: none"> • Being informed of key activities and offerings. • Transparency on performance. • Evidence of responsible business performance.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

13. HOW THE COMPANY SUSTAIN VALUE

The company invests in resources and relationships impacting on value as detailed below:

People, culture and governance: Human and intellectual capital

Critical inputs (2023)	Company activities to sustain value	Results of Company activities (2023)
<ul style="list-style-type: none"> • 43 employees (28 permanent and 15 contractual staff) against 32 employees during financial year 2022 • A vibrant Board of Directors and strong governance systems. • Experienced Executive Team • An agile, performance-based, and strong Airtel culture of ways of working. • Customer centric with efficient and effective services as per Service Level Agreement (SLA). 	<ul style="list-style-type: none"> • A robust sustainability strategy to enhance diversity and inclusion at workplace. • TZS 12.1 million invested in employee training and development, including leadership development programme and mentorship programme. • Streamlined business processes implemented across business departments. • Graduate trainee and internship programme to strengthen talent. • Engagement programmes to foster a strong culture and ensure consistent delivery of targets. • Employee career growth opportunities with Competitive remuneration. • Build collaborative relationship with service delivery contractors and suppliers. • Numerous initiatives to further strengthen the Company's reputation as an employer of choice. 	<p>Increased and maintained employee commitment, morale, skills, and diversity through:</p> <ul style="list-style-type: none"> • Attracted right employees (candidates) with right skills. • TZS 3.1 billion in wages and benefits (TCTC). • 13% female representation in senior managerial levels. • Increased employee's satisfaction rate. • Outstanding in OSHA compliance (Best working environment award for the last two years). • 87% engagement index score in Willis Towers Watson survey. • Lowest staff turnover at Average of 2.5% for last three years. • Reasonable number of staff accessing the Employee Assistance Program (EAP). • No work-related fatalities for the TEN years.

Trade-offs: While focusing on developing business and embracing the competition, Airtel Money Human Resources is using a well-designed strategy to support quality and high-performance work which, in turn, promotes Company's vision, mission, values and objectives. These strategies are used as a roadmap of bettering organizational challenges with people centric solutions, focus on new technologies such as driving Company to digital edge and effectively harnessing the role of artificial intelligence, diversity, equity and inclusion, remote working, and emotional wellbeing at the forefront. The Company's commitment is to put its employees at the forefront and become the best asset; their performance is well managed coupled with well designing types of roles required of the business and most importantly, identifying what capabilities, skills and knowledge is required of individuals to be successful in specific roles. Behind all these programmes, there is a robust reward and compensation process that ensures employees are correctly, rewarded and timely recognition for their commitment and efforts. Weighing a company's financial gains against the human capital and social costs is a continuing potential trade-off.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

13. HOW THE COMPANY SUSTAIN VALUE (CONTINUED)

Quality relationships with key stakeholders: Social and relationship capital

Critical inputs (2023)	Company activities to sustain value	Outcomes (2023)
<ul style="list-style-type: none"> • 7.6 million 30 days active customers, 16.6%% increase from prior year. • Constructive engagement with regulators, informed by mutual trust. • Sustained levels of investor confidence • Positive partner and supplier relationships • Trusted brand and reputation 	<ul style="list-style-type: none"> • Continued investment in ensuring agent distribution and IT systems quality, strong positive customer experience, and segmented products and services. • Continued to innovate and provide relevant new fintech products and services • Regular and frank engagement with regulators, pursuing full compliance. • Continuing to participate actively in government’s financial inclusion agenda. • Inclusive customer care initiatives • Credible governance processes • Corporate social responsibility programs 	<ul style="list-style-type: none"> • Positive customer relations • Increased financial services use cases for the customers • Improved access to Airtel money services, through the increased roll out of Airtel Money branches • Improved access to support by implementing customer Self-care channels. • Further progress in developing smarter processes and services that prevent bad experiences (auto-settlements). • Number of customers benefited from various promotions such as ‘tesa kimilionea’ and ‘upige mwingi’ which saw customers winning motor vehicles and home appliances among other things. • Generally positive government relations, supported for example by: <ul style="list-style-type: none"> • Collaboration with Government to support disbursement of beneficiary funds for government projects. • Continuous engagement with the regulator and proactively supporting the implementation of TIPS through multiple integrations.
<p>Trade-offs: Maintaining quality relationships across all stakeholders may require trade-offs in certain relationships as we balance competing stakeholders’ interests. For example, investing in biometric-based SIM Card registration devices required significant short- and medium-term financial capital inputs, but enables us to meet regulatory requirements, maintain customers, and generate positive returns over the longer-term.</p>		

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

13. HOW THE COMPANY SUSTAIN VALUE (CONTINUED)

Network and IT infrastructure: Manufactured capital

Critical inputs (2023)	Company activities to sustain value	Outcomes (2023)
<ul style="list-style-type: none"> • TZS 1,845 million investment in tangible and intangible assets (Down 44%) • Investing in IT Security Software. 	<p>Sustaining Network and IT leadership through the following streams:</p> <p>Adaptability: Investment is done for increasing distribution by deploying more AMB's (Airtel Money Branches) and Company scalable IT infrastructure allows organizations to adapt quickly to changing business requirements. It ensures that the technology can be dynamic to the organization's needs, market dynamics and new opportunities.</p> <p>Security and Compliance: Company secured Net-IT infrastructure to ensure Fraud management systems should work diligently.</p> <p>Customer Experience:</p> <p>Digital Transformation: Company Net-IT infrastructure enables us undergo digital transformation, enhancing the overall customer experience through online platforms, e-commerce, and personalized services through reliable communication Channels that support effective communication with customers through various channels, such as websites, mobile apps, and social media.</p>	<p>Positive results in most areas:</p> <ul style="list-style-type: none"> • Positive results in most areas • TZS 1,845 Million CAPEX investment to address network and IT plans • 215 new AMB's (Airtel Money Branches) deployed total count increased to 4,123. • Improvement in NPS (National Payment System). • Decrease in the CMS from 22.4% to 21.1%.
<p>Trade-offs: Building and maintaining infrastructure requires significant financial capital, and appropriate levels of human and intellectual capital, as well as certain natural capital inputs and outcomes. An extensive network is a key basis for bridging the digital divide and sharing the substantial social benefits of digital connectivity. As a purpose-led organization Company have committed to reducing the environmental impacts associated with network infrastructure and services. An important trade-off is balancing the customer and regulatory calls to reduce prices and enhance quality, with the need to generate the financial capital needed for network investment.</p>		

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

14. CORPORATE SOCIAL RESPONSIBILITY REPORT (CSR)

Airtel Money is committed to its stakeholders to conduct its business RESPONSIBLY creating SUSTAINABILITY and POSITIVE IMPACT. It forms an integral part of the country's cultural and financial fabric and invests in a range of social projects be it Education, Health, environment.

As per CSR policy, The Company does not make any political donations. align CSR to overall business strategy to build brand affinity and increase sustainability.

Company 2023 performance;

Education – (Vocational Education Training- Expansion through Digital Technology)

Airtel FURSA-VSOMO – In 2016, 2015 and 2014 Vocational Education and Training Authority (VETA) managed only to accommodate 41% of 11,857 applications, 31% of 13,932 applications and 18% of 17,072 applications, respectively. This is due to the limitation of vocational training facilities to accommodate the needs.

This is the reason why Airtel partnered with Tanzania Vocational Education and Training Authority (VETA) to increase access to vocational learning in the country. By using mobile phones, Airtel and VETA provide affordable and quick alternative education reaching the youth in every corner of the country and equipping them with skills to self-employ or enter the workforce. VSOMO is an acronym for VETA SOMO which stands for new developed mobile application used to provide vocational training through smart phones.

Since its launch in June 2016, the App has received over 53,857 downloads,

1. Over 21,493 registered;
2. Over 2,700 students have been certified by VETA through Vsomo; and
3. The Vsomo App operates in both Swahili and English

Education – (Enterprise Development)

In helping the unemployed youth in the country access and acquire skills in the digital environment /help to unlock their potential for future entrepreneurship and employment, Airtel launched Airtel Fursa program.

Airtel drive 'Airtel Fursa Lab: through Airtel FURSA project Airtel has partnered with Dar Technohama Business Incubator (DTBI) to set up a technology incubator at Kijitonyama Primary school. This is ongoing project which aims at enabling young entrepreneurs to have better cognitive capacity through coding and the development of digital solutions in the community.

As of today, the lab has conducted training to about 2,515 people including students in primary and secondary schools, teachers, and entrepreneurs to uplift their business.

- Pupils and Students: + 2515 (1158 female 1357 male);
- School Teachers: +658 (319 female 349 male);
- Young men and women entrepreneurs: +626 (403female 223 male);
- Vulnerable groups: + 276 (170 female 106 male); and

Following is basic of what Airtel Fursa lab offered

- a. Computer Basics in Business Skills and Digital records Keeping;
- b. Scratch programming and Robotics; and
- c. Graphics design and web developing & ICT development skills.

Education – Smart WASOMI-Digital Education)

The Company has continued to expand CSR support to numerous educational initiatives across the country. In November 2023 Airtel Money signed memorandum of understanding (MoU) between Ministry of Education, Science and Technology (MoEST), President's Office- Regional Administration and Local Government (PO – RALG) in connection to the five-year partnership between Airtel Africa and UNICEF signed in October 2021 with the purpose of accelerating digital learning across Africa in thirteen (13) target nations, including Tanzania.

This partnership objectives aims at increasing internet connectivity in schools and communities, zero-rating educational learning platforms for improved accessibility, and digital education advocacy.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

14. CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)

Company major Airtel SmartWASOMI objective is schools connectivity, Envisioning to connect all Government owned secondary schools with Airtel INTERNET and creating Smart Class for Schools to be able to access free educational materials:

Company CSR Milestone in this CSR project

1. Managed to zero rate two Education platform/sites, TIE's library- <https://ol.tie.go.tz/> and Shule Direct's Learning Content- <https://www.shuledirect.co.tz/>
2. Mapping and assessment of internet connectivity infrastructures to 4,200 Government owned secondary schools completed and 50 Airtel donated 50 high Speed router to 50 schools for project pilot.
3. A total of 2003 teachers have been trained, (337 teachers trained in Zanzibar, 974 teachers trained in Mbeya, 692 teachers trained in Dodoma as of June,2023).
4. The government has distributed 300,000 tablets to teachers- Teachers who uses Airtel SIMcards they enjoy the 2 sites for FREE

ATZ plan is to support 3,000 schools for the next 5 years in line with CEO pledge to H.E commitment in their meeting in February,2022.

Health – (Good health and well-being)

Healthy: using state of art communication and innovations enable maternal health workers to increase efficiency to help more unsaved community with health services. This is partnership with Wazazi Nipendeni.

Also, have partnered with **Tanzania Youth Alliance (TAYOA)** providing them with Toll-free number 117 for online consultations on HIV reductions to SAVE LIFE.

- About 485,598 reached through Interactive voice responses;
- 38,106 Airtel callers reached through direct (one on one) telephone counselling; and
- 195,741 Individuals reached through SMS services on different health topics including Sexual Reproductive Health, Ebola, TB, Prostate, and cancer.

Environmental protection – (Climate Action)

Airtel Tanzania Project Green Every Little Step Counts

This is ongoing project – As part of Airtel Africa's Sustainability strategy on environmental stewardship, Airtel Money celebrated this anniversary and launched green initiative Project.

As part of the celebration, Airtel Money did the following:

1. E-waste Awareness session.
2. Launched of E-waste recycling campaign.
3. Sending Bulk SMS across all customers to bring more awareness on environmental protection sensitization to employee to bring e-waste from their homes or around the offices for recycling.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

15. DIVIDENDS

The Company intends to pay as much of its after-tax profit as will be available after retaining such sums and repaying such borrowings owing to third parties as shall be necessary to meet the requirements reflected in the budget and business plan, considering monies required for investment opportunities. There is no fixed date on which entitlement to dividends arise and the date of payment will be recommended by the Board and approved by the shareholders at the time of declaration.

The Company made a profit after tax of TZS 81,858.9 million for the year ended 31 December 2023 (2022: TZS 60,533.1 million). During the year the Directors declared an interim dividend in respect of the financial year ended 31 December 2023 of TZS 53,000 million. The Directors propose the payment of a final dividend of TZS 20,700 million in respect of the year ended 31 December 2023, resulting in total dividend for the year ended 31 December 2023 amounting to TZS 73,700 million (2022: TZS 60,500 million).

The Board will recommend a final dividend, in relation to the financial year ended 31 December 2023, for approval by the shareholders at the annual general meeting.

16. SOLVENCY AND LIQUIDITY

The Board considers the Company to be solvent, within the meaning described by the Companies Act, No 12 of 2002 of Tanzania. The Company had net current assets of TZS 17,618 million as at 31 December 2023 (2022: net current liabilities of TZS 106 million). The Company has assessed its liquidity position and is confident that sufficient funds will be available and accessible to meet all obligations as they fall due.

17. CAPITAL STRUCTURE AND SHAREHOLDING

The Company's issued share capital is held in the percentages outlined below:

Name of share holder	2023		2022	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Airtel Mobile Commerce Tanzania B.V.	254,490	50.9	-	-
Bharti Airtel Tanzania B.V.	-	-	1	0.1
Government of Tanzania through Treasury Registrar	244,510	48.9	-	-
Airtel Tanzania PLC	1,000	0.2	999	99.9
	<u>500,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

Before restructuring, Airtel Money shareholding structure comprised of 500,000 authorized shares of Tsh 1,000 each.

Out of those 500,000 shares, 1,000 shares of TZS 1000/- each were issued and fully paid up shares (i) 999 shares to ATPLC (99.9%) and 1 share to Bharti Airtel Tanzania B.V (0.1%)

In 2023 Shareholders of Airtel Money Tanzania Limited decided to restructure in such that after restructuring, Airtel Money Tanzania Limited shareholding structure is such that; Treasury Registrar of Government of Tanzania ("GoT") has 244,510 of all the shares of the Company (48.9%); Airtel Mobile Commerce Tanzania B.V has 254,490 of all the Company's shares (50.9%) and Airtel Tanzania Plc has 1,000 of all the shares of the Company (0.2%). The restructuring was completed in the month of June 2023

AIRTEL MONEY TANZANIA LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

18. CAPITAL EXPENDITURE AND COMMITMENTS

The Company invested TZS 9,107 million (2022: TZS 10,730 million) in property and equipment. This year's additions include TZS 1,845 million on Capital Expenditure.

Further information on the Company's property and equipment and intangible assets is presented in Notes 13 to the financial statements.

Information about the Company's commitments is presented in Note 21 to the financial statements.

19. BUSINESS PLANS AND FUTURE DEVELOPMENTS

Company aspire to grow business over the medium term by executing purpose-led model, by providing access to mobile money services, as well as offering customer centric solutions that will make relevant to customers and society. Company will invest in distribution network and supporting infrastructures to support growth ambitions and leverage segmented multi-products approach. Execute strategy, remain committed to engaging with the regulators and government on all relevant matters relating to business and the environment. Company believe that financial inclusion can drive positive societal change and support growth ambitions. With focus on customer proposition, Company will continue to expand reach and deliver the best experience. Mindful of the weaker global macro-outlook, Company will also focus on cost control to deliver strong profitability and generate value for shareholders, as target the following over the medium term:

- Continuously grow customer market share each quarter.
- Double digit revenue growth from core services and continue to innovate additional financial services.
- Deepen and strengthen distribution to improve access to products, services, and support.

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.

20. BORROWINGS

The Company did not have any borrowings as at 31 December 2023 (2022: None).

21. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political donations during the year (2022: None).

22. PARENT AND ULTIMATE PARENT

Airtel Money Tanzania Limited is part of the Bharti Airtel Group of Companies. The Company's direct shareholders are Airtel Mobile Commerce Tanzania B.V., Treasury Registrar Government of Tanzania and Airtel Tanzania PLC. Airtel Tanzania PLC incorporated and domiciled in Tanzania. Airtel Mobile Commerce Tanzania B.V. incorporated and domiciled in the Netherlands. Ultimate controlling entity effectively from November 3, 2017 is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal's family trust effectively controlling the Company. The step-up parent company that produces consolidated financial statements for public use within the Group is Bharti Airtel Limited, a company incorporated and domiciled in India.

23. RELATED PARTY TRANSACTIONS

Transactions with related parties were conducted in the normal course of business. Details of transactions and balances with related parties are included in Note 14 to the financial statements.

24. COUNTRY OF INCORPORATION

The Company is incorporated and domiciled in the United Republic of Tanzania.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

25. GOVERNANCE

The Board of Directors (“the Board”) consists of one Executive Director and five Non-Executive directors. The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The Board is required to meet at least four times a year (once every quarter). The Board delegates day to day management of the business to the Managing Director assisted by the Senior Management. Senior Management is invited to attend board meetings and facilitates the effective control of all the Company's operational activities, acting as a medium of communication and coordination between all the various business units. The Board met four times during the year Major issues discussed during the meetings are:

- Performance review;
- Approval of annual plans;
- Business challenges; and
- Declaration of interim and final dividends to shareholders.

The directors of the Company who served during the year and to the date of this report are:

Name	Qualifications	Age	Nationality	Appointment
Dinesh Balsingh*	Masters in Business Administration	50	Indian	04-Feb-22
Ian Basil Ferrao**	Bsc. Management Science	41	British	07-Oct-22
Adolf Timoth Kasegenya**	Certified Public Accountant (CPA)	51	Tanzanian	03-Nov-22
Cihan Amandine Suleman - Morgan**	Master’s degree International and European Law	41	French	27-Sep-23
Heri Nderingo**	Master’s degree on E-Commerce.	47	Tanzanian	27-Sep-23
Mukesh Singla**	The Institute of Chartered accountant of India	51	Indian	27-Sep-23

* Executive

** Non-executive

The Company Secretary as at 31 December 2023 was David Marco Lema.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

25. GOVERNANCE (CONTINUED)

Board Audit and Risk Committee (ARC)

The board ARC is responsible for:

- Reviewing the financial statements of the company, and any formal announcements relating to the Company's performance including interim, preliminary, and annual reports, before Board approval.
- Monitoring compliance with established policies, plans, instructions, and procedures with reference to the statement of delegated authorities approved by the Board.
- Ensuring there is due process for the identification and management of key business risks having regard to any significant failings or weaknesses in internal control.
- Monitoring compliance with the Company's Standards of Business Conduct.
- Monitoring and ensuring there are due processes for compliance with relevant national laws and regulations.
- Monitoring the risk management function and processes and assessing the company's significant risks.
- Ensuring that there is due process for monitoring the efficiency and effectiveness of operational controls.
- Monitoring of conflict-of-interest disclosure for Directors and senior managers.
- Reviewing the adequacy of the internal audit function including the structure, staffing and the deployment of resources to complete their responsibilities.
- Approving the Internal and external audit plan.
- Reviewing the internal audit reports relating to the internal control weaknesses.
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems and reporting the matter to the Board.
- Reviewing the functioning of the whistle blower mechanism and the nature of the complaints received by the Ombudsperson when the same is implemented by the company.
- Considering the appointment and/or termination of the external auditors, including their audit fees, independence and objectivity and determining the nature and extent of any non-audit services.
- Review the external auditors' management letter and any major recommendations of the external auditors and consider Management's response.
- Review the actions taken by Management on actionable issues arising out of previous Management reports and observation from internal audits.
- Reviewing and monitoring the management and reporting of tax-related matters.

AIRTEL MONEY TANZANIA LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

25. GOVERNANCE (CONTINUED)

The Board Audit and Risk Committee reports directly to the Board and it comprises of the below;

Audit, Risk and Compliance Committee

Name	Nationality	Qualification and Experience
Mr. Heri Nderingo	Tanzanian	<ul style="list-style-type: none"> • Master of Science E- Commerce from Coventry University, UK (2007) • Advanced Diploma in Information Technology, The Institute of Finance Management, Tanzania • Diploma in Education, Morogoro Teachers Collage, Tanzania (2000) • Over 19 years as Lecturer at Institute of Finance Management (IFM), Tanzania, under Faculty of Computing Information System and Mathematic.
Mr. Mukesh Kumar Singla	Indian	<ul style="list-style-type: none"> • A qualified chartered accountant from Institute of Chartered Accountants of India. • Over 25 years qualification experience, He has worked at various locations globally, in both large service and manufacturing industries • Group Chief Financial Officer Airtel Money for Airtel Africa PLC Dubai from 2021, he was before a CFO at Airtel Zambia PLC, Group Finance Controller- Airtel India, CFO: DTH & Media-Airtel India Delhi and other Leadership roles.
Ms.Chan Seuleiman-Morgan	French	<ul style="list-style-type: none"> • Master Degree in International & European Law, Paris XI University(2007) • Master Degree in Project Management specialized in African Countries, Paris XI University(2006) • Bachelor in International and European Law, La Complutense University, Madrid,(2005) • Lawyer (Spain & France), Certified Privacy Professional (GDPR) • Qualified as a Civil Lawyer with the extensive work experience in both common and civil laws jurisdictions for over 15 years • Chief Legal & Compliance Officer for Airtel Money Commerce BV from 2021, before she was VP Group Legal- Airtel Africa PLC, General Manager Bharti Airtel International (Netherlands) BV (Kenya) – Airtel Africa PLC, Regional Counsel Africa Aecom Africa (South Africa), Group Legal Advisor (Africa) – Ingerop International Consultants (South Africa) and others • She is Board Member on Airtel Mobile financial services legal entities across operating and holding entities • Former Member of the ethics and compliance Middle East and Africa Committee for a 500 fortune company

The Board of Audit Committee is newly formed in Oct 2023 expecting to start first meeting in 2024.

26. DIRECTOR'S INTEREST IN THE SHARES OF THE COMPANY

None of the Directors have any interest in the Company's shareholding.

27. DIRECTOR'S EMOULMENTS

The Directors of the Company were paid fees and emoluments amounting to TZS 45.7 million during the year (2022: 56.5 million)

AIRTEL MONEY TANZANIA LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

28. DEFERRED TAX RECOGNITION

During the year, The Company has a deferred tax asset of TZS 2,665 million as at 31 December 2023 (2022: TZS 2,560 million).

29. EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any other matter or circumstance arising since the end of the reporting period, not otherwise dealt with herein, which requires adjustment to or disclosure in the financial statements.

30. AUDITORS

The auditors, Deloitte & Touche, having expressed their willingness, continue in office in accordance with section 170 (2) of the Companies Act, 2002.

Deloitte & Touche with PF No 025 and Taxpayer Identification Number (TIN) 100-148-692 is an audit firm registered with the National Board of Accountants and Auditors of Tanzania (NBAA).

Authorisation and approval of financial statements

The financial statements for the year ended 31 December 2023 were approved and authorized for issue by the Board on 29 February 2024.

By order of the Board

Adolph Timothy Kasogenya

Director

[Signature]

Signature

DINESH ASIRVAITHARE BALSINGH

Director

[Signature]

Signature

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs and its operating results for that year. The Companies Act, 2002 also requires the Directors to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2002. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating results. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of Directors to indicate that the Company will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on 29 February 2024 and signed on behalf by:

Adolph Timothy Kaseganyu

Director

[Signature]

Signature

DINESH ASIRUATHARE BALSINGH

Director

[Signature]

Signature

AIRTEL MONEY TANZANIA LIMITED

DECLARATION BY THE HEAD OF FINANCE

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the head of finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of the Company showing true and fair view of the Company position and performance in accordance with applicable accounting standards and statutory requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as set out in the statement of Directors' responsibilities on page 5.

I, Rajesh Chawla, being the Financial Controller of Airtel Money Tanzania Limited hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2023 have been prepared in compliance with applicable International Financial Reporting Standards and statutory requirements.

I thus confirm that the financial statements comply with International Financial Reporting Standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Rajesh Chawla

Financial Controller

NBAA Registration No.: TACPA 3974

29 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTEL MONEY TANZANIA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompany financial statements of Airtel Money Tanzania Limited ("the Company"), set out on pages 25 to 48, which comprise the statements of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and the requirements of Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the National Board of Accountants and Auditors (NBAA) Code of Ethics, which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information, including the Report of the Directors. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002; and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 2002 we report to you, based on our audit, that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
- (ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books of account; and
- (iii) the statements of financial position (balance sheet) and the statements of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is F.J. Kibiki.

Deloitte & Touche

Certified Public Accountants (Tanzania)



Signed by: F.J. Kibiki

NBAA Registration No. ACPA - PP3214

Dar es Salaam

07 March 2024

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023


	Notes	2023 TZS'000	2022 TZS'000
Income			
Service revenues	6	272,507,545	209,609,705
Other income		<u>120,923</u>	<u>360,269</u>
		272,628,468	209,969,974
Expenses			
Commission sales and marketing expenses	7	(125,546,038)	(100,280,201)
Other expenses	8 (a)	(17,782,170)	(18,741,003)
Licence fees and spectrum charges		(5,286,067)	1,522,079
Employee benefit expenses	8 (b)	(3,092,353)	(2,772,293)
Depreciation and amortization	9	<u>(3,467,663)</u>	<u>(3,659,973)</u>
Operating profit		117,454,177	86,038,583
Finance cost	10	(546,456)	(113,316)
Finance income	11	<u>45,177</u>	<u>-</u>
Profit before tax		116,952,898	85,925,267
Income tax expense	12(a)	<u>(35,093,907)</u>	<u>(25,392,211)</u>
Profit for the year		81,858,991	60,533,056
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>81,858,991</u>	<u>60,533,056</u>


AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

ASSETS	Notes	2023 TZS'000	2022 TZS'000
Non-current assets			
Property, plant and equipment	13	9,107,750	10,730,084
Deferred tax asset	12(d)	<u>2,665,811</u>	<u>2,560,680</u>
		<u>11,773,561</u>	<u>13,290,764</u>
Current assets			
Trade and other receivables	15	29,373,925	13,168,553
Cash and cash equivalents	16	<u>39,817,007</u>	<u>24,544,636</u>
		<u>69,190,932</u>	<u>37,713,189</u>
Total assets		<u><u>80,964,493</u></u>	<u><u>51,003,953</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	500,000	1,000
Retained earnings		<u>28,892,048</u>	<u>13,183,057</u>
Total equity		<u>29,392,048</u>	<u>13,184,057</u>
Current liabilities			
Income tax payable	12(c)	6,476,020	3,532,184
Trade and other payables	18	<u>45,096,425</u>	<u>34,287,712</u>
Total current liabilities		<u>51,572,445</u>	<u>37,819,896</u>
Total equity and liabilities		<u><u>80,964,493</u></u>	<u><u>51,003,953</u></u>

The financial statements on page 25 to 48 were approved and authorised for issue by the Board of Directors on 29 February 2024 and signed on its behalf by:


Name Adolph Timothy Kasegenya
Title Chairman.


Name DINESH ASIRVATHAN BALSINGH
Title MANAGING DIRECTOR

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital TZS'000	Retained earnings TZS'000	Total TZS'000
At 1 January 2022		1,000	13,682,102	13,683,102
Dividend declared - 2021 final	19	-	(13,682,101)	(13,682,101)
- 2022 interim	19	-	(47,350,000)	(47,350,000)
Total comprehensive income for the year		-	<u>60,533,056</u>	<u>60,533,056</u>
At 31 December 2022		<u>1,000</u>	<u>13,183,057</u>	<u>13,184,057</u>
At 1 January 2023		1,000	13,183,057	13,184,057
Issue of shares		499,000	-	499,000
Dividend declared - 2022 final	19	-	(13,150,000)	(13,150,000)
- 2023 interim	19	-	(53,000,000)	(53,000,000)
Total comprehensive income for the year		-	<u>81,858,991</u>	<u>81,858,991</u>
At 31 December 2023		<u>500,000</u>	<u>28,892,048</u>	<u>29,392,048</u>

AIRTEL MONEY TANZANIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 TZS'000	2022 TZS'000
Operating activities			
Profit before tax		116,952,898	85,925,267
Adjustments for:			
Depreciation	9	3,467,663	3,659,973
(Recovery)/provision of bad debts	8(a)	(2,189,945)	2,193,157
Write off of property, plant and equipment		<u>151,623</u>	<u>-</u>
		118,382,239	91,778,397
<i>Movement in working capital:</i>			
Increase in trade and other receivables		(14,015,427)	(3,474,386)
Increase/(decrease) in trade and other payables		<u>10,808,713</u>	<u>(6,692,840)</u>
		115,175,525	81,611,171
Income tax paid	12 (c)	(30,008,457)	(24,015,622)
Withholding tax paid	12 (c)	<u>(2,246,745)</u>	<u>(1,368,698)</u>
Net cash flow generated from operating activities		<u>82,920,323</u>	<u>56,226,851</u>
Investing activities			
Purchase of property, plant and equipment		<u>(1,996,952)</u>	<u>(3,372,232)</u>
Net cash used in investing activities		<u>(1,996,952)</u>	<u>(3,372,232)</u>
Financing activities			
Dividend paid	19	(66,150,000)	(50,938,500)
Proceeds from issue of share capital		<u>499,000</u>	<u>-</u>
Net cash used in financing activities		<u>(65,651,000)</u>	<u>(50,938,500)</u>
Net increase in cash and cash equivalents		15,272,371	1,916,119
Cash and cash equivalent at beginning of the year		<u>24,544,636</u>	<u>22,628,517</u>
Cash and cash equivalents at end of the year	16	<u>39,817,007</u>	<u>24,544,636</u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Airtel Money Tanzania Limited ("the Company") is incorporated in Tanzania under the Companies Act, 2002 as a limited liability company, and is domiciled in Tanzania.

The Company was incorporated on 10 June 2016 and was granted electronic money issuer license by the Bank of Tanzania on 18 September 2018 and started operation from 1 September 2019.

The principal activities of the Company are disclosed in the Report of the Directors on page 2.

2. STANDARDS AND INTERPRETATIONS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

a) Adoption of new and revised International Financial Reporting Standards and interpretations

None of the new and revised standards and interpretations, which became effective during the current year, have resulted in a change in the Company's accounting policies or in presentation. Neither have they had an effect on the reported results for the year.

b) Relevant new and amended standards and interpretations issued but not yet effective in the year ended 31 December 2023

At the date of authorisation of these financial statements, several new and revised standards and interpretations were in issue but not yet effective. The Directors are in the process of evaluating the potential effect of these standards and interpretation on the financial statements of the Company when effective.

c) Early adoption of standards

The Company did not early adopt any new or amended standards for the year ended 31 December 2023.

3. MATERIAL ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002.

For the Companies Act, 2002 reporting purposes, in these financial statements, the statement of financial position represents the balance sheet and the profit and loss account is equivalent to the statement profit or loss and other comprehensive income.

b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except where stated otherwise. The financial statements are presented in Tanzanian Shillings (TZS) and all balances are rounded to the nearest thousand ('000'), except when otherwise indicated.

c) Functional and presentation currency

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Tanzanian shillings at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Tanzanian Shillings at the date when the fair value was determined. Foreign currency gains and losses arising from translation are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The Company determines the classification of its financial assets at initial recognition

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

The Company's financial assets include cash equivalents and trade and other receivables.

Subsequent measurement

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, FVTPL), or recognized in other comprehensive income (fair value through other comprehensive income, FVTOCI).

For debt instruments the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. A debt instrument that meets the following two conditions (business model test and cash flow characteristics test) must be measured at amortised cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option. Whilst for equity investments, the FVTOCI classification is an election.

All equity investments are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the Company has elected to present value changes in 'other comprehensive income'. There is no 'cost exception' for unquoted equities. If an equity investment is not held for trading, a Company can make an irrevocable election at initial recognition to measure it at FVTOCI with only dividend income recognized in profit or loss

The classification of a financial asset is made at the time it is initially recognised, namely when the Company becomes a party to the contractual provisions of the instrument. If certain conditions are met, the classification of an asset may subsequently need to be reclassified.

De-recognition

A financial asset, or where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset
- The Company is prohibited from selling or pledging the original asset (other than as security to the eventual recipient), the entity has an obligation to remit those cash flows without material delay.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. Trade receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances in note 15.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit and loss.

The Company uses a provision matrix to measure the expected credit loss of trade receivables. Refer note 15 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings measured at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings measured at amortized cost, plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables and interest bearing borrowings.

Subsequent measurement

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Fair Value Option

IFRS 9 contains an option to designate a financial liability as measured at FVTPL if:

- doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or
- the liability is part or a group of financial liabilities or financial assets and financial liabilities that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) Financial liabilities (continued)

Fair Value Option (continued)

A financial liability which does not meet any of these criteria may still be designated as measured at FVTPL when it contains one or more embedded derivatives that sufficiently modify the cash flows of the liability and are not clearly closely related.

IFRS 9 requires gains and losses on financial liabilities designated as at FVTPL to be split into the amount of change in fair value attributable to changes in credit risk of the liability, presented in other comprehensive income, and the remaining amount presented in profit or loss. This guidance allows the recognition of the full amount of change in the fair value in profit or loss only if the presentation of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. That determination is made at initial recognition and is not reassessed.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss, the entity may only transfer the cumulative gain or loss within equity.

De-recognition

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognized in profit or loss.

iii) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

e) Property, Plant and Equipment

Property, plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and Equipment are required to be replaced in intervals, the Company recognises such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in profit or loss as incurred.

Where assets are installed on the premises of customers (commonly called Customer Premise equipment - "CPE;"), such assets continue to be treated as property, plant and equipment as the associated risks and rewards remain with the Company and the management is confident of exercising control over them.

The Company also enters into multiple element contracts whereby the vendor supplies plant and equipment and IT related services. These are recorded on the basis of relative fair value.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement and disposal.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) Property, Plant and Equipment (continued)

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Land is not depreciated.

Estimated useful lives of the assets are as follows:

Asset classification	Useful Life	Depreciation rate
Buildings	20 years	5%
Network equipment	3 - 25 years	4% - 33.3%
Computer equipment	3 years	33.3%
Office furniture and equipment	1 - 5 years	20% - 100%
Motor vehicles	5 years	20%
Customer premises equipment	5 - 8 years	12.5% - 20%
Leasehold improvements	Over the period of the lease	Over the period of the lease

f) Taxation

Income tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Income Tax Act, 2004.

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Excise duty

Excise duty is defined in accordance with Section 124 of the Excise (Management and Tariff) Act 2004. It is at 17% on all electronic communication services with the exception of inbound roaming and a few other items. It is included in the face value of the voucher & electronic recharges on sale.

Excise duty is charged at 10% on mobile money transfer charges during the year. Excise Duty is accounted for as payable amount in the balance sheet in the month of a liability where as it is paid before the end of the subsequent month of liability to the Tanzania Revenue Authority. Unlike VAT, Excise duty is not recoverable on purchases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f) Taxation (continued)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

- i. When the value added tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. Receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to the tax authority is included as part of receivables or payables in the statement of financial position.

Levy

Revenues, are recognized net of the amount of levy.

The amount of levy recovered from customers, and payable to the tax authority is included as part of trade and other payables in the statement of financial position

g) Revenue recognition

Revenue arises from billing customers for P2P (person to person on-net and off-net) transactions; cash out (withdrawal) transactions, Airtel Money to bank transactions, collections of funds for customers purchasing goods and services using Airtel Money and commissions on sale of airtime and business revenue arising from bulk payment transactions.

Revenue is recognised in line with IFRS 15 5-Step Model.

The five steps in the Model are as follows:

- o Identify the contract with the customer
- o Identify the performance obligations in the contract
- o Determine the transaction price
- o Allocate the transaction price to the performance obligations in the contracts
- o Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payments and excluding taxes or duty (Value Added Tax, excise duty and levies). The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transactions have been resolved.

h) Cash and cash equivalents

Cash on hand, Airtel Money electronic money, demand and time deposits with banks whose original maturities do not exceed three months are classified as cash and cash equivalents in the statement of cash flows. Bank overdrafts are deducted from these balances to arrive at cash and cash equivalents.

i) Dividends

Dividends on ordinary shares are charged to equity in the year in which they are declared. Proposed dividends are shown as a separate component of equity until declared. Details of dividend are set out in note 19.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j) Employment benefits

Retirement benefit obligations

All Company employees are members of PSSSF Pension Fund ("PSSSF"), which are defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company and employees both contribute 10% of the employees' basic salaries to the PSSSF respectively. The contributions are recognized as employee benefit expense when they are due.

Other entitlements. The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

k) Fair value measurement

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

l) Current versus non-current classification

The Company presents assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is current when it is either:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Going concern

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b) Taxation

The Company is subjected to a number of taxes and levies by various Government and quasi-government regulations bodies. As a rule of thumb, the Company recognizes liabilities for the anticipated tax/levies payable with at most care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other, that the initially recorded liability was erroneous; such differences will affect the income and liabilities in the period in which such differences are determined.

c) Fair values on financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities.

d) Property, Plant and Equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment and their residual values. The rates used are set out in Note 3 (e).

e) Impairment of financial assets

The expected credit loss (ECL) is mainly based on the ageing of the receivable balances and historical experience. The receivables are assessed on an individual basis or grouped into homogeneous groups and assessed for impairment collectively, depending on their significance. Moreover, trade receivables are written off on a case to-case basis if deemed not to be collectible on the assessment of the underlying facts and circumstances in note 15.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

The Company uses a provision matrix to measure the expected credit loss of trade receivables. Refer to note 15 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

Where any impairment is established, the Company records it in the profit or loss the extent that is not expected to be recovered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

f) Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flow.

5. FINANCIAL RISK MANAGEMENT

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks.

Risk management is carried out by management under policies approved by the Board of Directors.

Market risk

i) Foreign exchange risk

Foreign exchange risk arises from financial instruments held in foreign currencies. The Company's exposure to foreign exchange risk arises from settlement of International Money transfers, which are settled in foreign currencies, primarily the US dollar.

The following table demonstrate the sensitivity to possible changes in the exchange rate between the Tanzanian shilling and foreign currencies (Mainly US dollar, other currencies are considered to be immaterial), with all other variables held constant, of the Company's profit before tax (due to changes in carrying amount of monetary assets and liabilities).

		Effect on profit/loss after tax TZS '000
Net effect based on the year end as at	10%	(27,887)
31 December 2023	-10%	27,887
Net effect based on the year end as at	10%	467,256
31 December 2022	-10%	(467,256)

The sensitivity analysis has been determined based on net exposure at 31 December 2023 and 31 December 2022. The change of 10% is what is used when determining the foreign currency transaction risk reported internally to key management personnel to assess reasonably possible changes in foreign exchange rates.

The table below summarizes the Company's exposure to foreign currency exchange rate risk at 31 December 2023 and 2022. Included in the table are the Company's financial instruments, categorized by currency (all amounts expressed in thousands of Tanzanian Shillings):

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

i) Foreign exchange risk (Continued)

At 31 December 2023	USD	Euro	Others
Financial assets			
Trade and other receivables	4,649,547	-	-
Cash at Bank	1,224,389	-	-
Total Financial Asset	<u>5,873,936</u>	<u>-</u>	<u>-</u>
Financial liabilities			
Trade and other payables	<u>(6,152,805)</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>(278,869)</u>	<u>-</u>	<u>-</u>
At 31 December 2022	USD	Euro	Others
Financial assets			
Trade and other receivables	4,611,646	-	-
Cash at Bank	575,249	-	-
Total Financial Asset	<u>5,186,895</u>	<u>-</u>	<u>-</u>
Financial liabilities			
Trade and other payables	<u>(514,333)</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>4,672,562</u>	<u>-</u>	<u>-</u>

ii) Price risk

The Company does not hold any financial instruments subject to price risk.

iii) Interest rate risk

Interest rate exposure arises from interest rate movements. However, the Company does not have interest bearing financial instruments.

iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from placements (bank balances) and balances with other counterparties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

iv) Credit risk (Continued)

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2023 is made up as follows:

	Total TZS '000	Fully performing TZS '000	Past due but not impaired TZS '000	Impaired TZS '000
Trade receivables	3,459,153	3,455,941	-	3,212
Due from related parties	23,157,584	23,157,584	-	-
Cash and bank balances	39,817,007	39,817,007	-	-
	<u>66,433,744</u>	<u>66,430,532</u>	<u>-</u>	<u>3,212</u>

The amount that best represents the Company's maximum exposure to credit risk as at 31 December 2022 is made up as follows:

	Total TZS '000	Fully performing TZS '000	Past due but not impaired TZS '000	Impaired TZS '000
Trade receivables	6,702,009	4,508,852	-	2,193,157
Due from related parties	7,958,141	7,958,141	-	-
Cash and bank balances	24,544,636	24,544,636	-	-
	<u>39,204,786</u>	<u>37,011,629</u>	<u>-</u>	<u>2,193,157</u>

v) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2023:

	Carrying amount TZS '000	Less than 1 year TZS '000
Financial assets		
Trade receivables	3,455,941	3,455,941
Due from related parties	23,157,584	23,157,584
Cash and bank balances	39,817,007	39,817,007
	<u>66,430,532</u>	<u>66,430,532</u>
Financial liabilities		
Trade payables	(9,431,756)	(9,431,756)
Due to employees	(387,873)	(387,873)
Due to related parties	(10,380,559)	(10,380,559)
Equipment suppliers payable	(55,697)	(55,697)
Other payables	(65,369)	(65,369)
	<u>(20,321,254)</u>	<u>(20,321,254)</u>
Net liquidity excess	<u>46,109,277</u>	<u>46,109,277</u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

v) Liquidity risk (*Continued*)

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2022:

	Carrying amount TZS '000	Less than 1 year TZS '000
Financial assets		
Trade receivables	4,508,852	4,508,852
Due from related parties	7,958,141	7,958,141
Cash and bank balances	<u>24,544,636</u>	<u>24,544,636</u>
	<u>37,011,629</u>	<u>37,011,629</u>
Financial liabilities		
Trade payables	(2,211,658)	(2,211,658)
Due to employees	(521,539)	(521,539)
Due to related parties	(12,387,344)	(12,387,344)
Equipment suppliers payable	(52,193)	(52,193)
Other payables	<u>(44,516)</u>	<u>(44,516)</u>
	<u>(15,217,250)</u>	<u>(15,217,250)</u>
Net liquidity excess	<u><u>21,794,379</u></u>	<u><u>21,794,379</u></u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

vi) Categorization of financial instruments

As at 31 December 2023	Financial assets at amortised cost TZS '000	Financial liabilities at amortized costs TZS '000	Non-financial assets and liabilities TZS '000	Equity TZS '000	Total TZS '000
Non-current assets					
Property plant and equipment	-	-	9,107,750	-	9,107,750
Deferred tax asset	-	-	2,665,811	-	2,665,811
	-	-	11,773,561	-	11,773,561
Current assets					
Trade and other receivables	26,613,525	-	2,760,400	-	29,373,925
Trade receivables	3,455,941	-	-	-	3,455,941
Prepayments	-	-	926,482	-	926,482
Other receivable	-	-	1,833,918	-	1,833,918
Due from related party	23,157,584	-	-	-	23,157,584
Cash and cash equivalents	39,817,007	-	-	-	39,817,007
	66,430,532	-	2,760,400	-	69,190,932
Total assets	66,430,532	-	14,533,961	-	80,964,493
Equity and liabilities					
Equity					
Ordinary shares	-	-	-	500,000	500,000
Retained earnings	-	-	-	28,892,048	28,892,048
Total equity	-	-	-	29,392,048	29,392,048
Current liabilities					
Trade and other payables	-	20,321,254	24,775,171	-	45,096,425
Trade payables	-	9,431,756	-	-	9,431,756
Accrued expenses	-	-	13,484,876	-	13,484,876
Due to related party	-	10,380,559	-	-	10,380,559
Dues to employees	-	387,873	-	-	387,873
Withholding tax payables	-	-	1,534,286	-	1,534,286
VAT payable	-	-	4,525,212	-	4,525,212
Excise duty payables	-	-	2,153,170	-	2,153,170
Levy	-	-	2,351,641	-	2,351,641
Security deposit	-	-	725,986	-	725,986
Equipment supply payable	-	55,697	-	-	55,697
Other payables	-	65,369	-	-	65,369
Income tax payable	-	-	6,476,020	-	6,476,020
Total liabilities	-	20,321,254	31,251,191	-	51,572,445
Total equity and liabilities	-	20,321,254	31,251,191	29,269,358	80,964,493

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

vi) Categorisation of financial instruments (continued)

As at 31 December 2022	Financial assets at amortised cost TZS '000	Financial liabilities at amortized costs TZS '000	Non-financial assets and liabilities TZS '000	Equity TZS '000	Total TZS '000
Non-current assets					
Property plant and equipment	-	-	10,730,085	-	10,730,085
Deferred tax asset	-	-	2,560,680	-	2,560,680
	-	-	13,290,765	-	13,290,765
Current assets					
Trade and other receivables	12,466,993	-	701,560	-	13,168,553
Trade receivables	4,508,852	-	-	-	4,508,852
Prepayments	-	-	701,560	-	701,560
Due from related party	7,958,141	-	-	-	7,958,141
Cash and cash equivalents	24,544,636	-	-	-	24,544,636
	37,011,629	-	701,560	-	37,713,189
Total assets	37,011,629	-	13,992,325	-	51,003,954
Equity and liabilities					
Equity					
Ordinary shares	-	-	-	1,000	1,000
Retained earnings	-	-	-	13,183,057	13,183,057
Total equity	-	-	-	13,184,057	13,184,057
Current liabilities					
Trade and other payables	-	15,217,250	19,070,463	-	34,287,714
Trade payables	-	2,211,658	-	-	2,211,658
Accrued expenses	-	-	8,960,099	-	8,960,099
Due to related party	-	12,387,344	-	-	12,387,344
Dues to employees	-	521,539	-	-	521,539
Withholding tax payables	-	-	1,482,553	-	1,482,553
VAT payable	-	-	3,103,795	-	3,103,795
Excise duty payables	-	-	1,510,166	-	1,510,166
Levy	-	-	3,272,141	-	3,272,141
Security deposit	-	-	741,708	-	741,708
Equipment supply payable	-	52,193	-	-	52,193
Other payables	-	44,516	-	-	44,516
Income tax payable	-	-	3,532,184	-	3,532,184
Total liabilities	-	15,217,250	22,602,647	-	37,819,898
Total equity and liabilities	-	15,217,250	22,602,647	13,184,057	51,003,955

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

vii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Company analyses and assesses the gearing ratio to determine the level and its optimality.

viii) Fair value

The fair value of the Company's financial instruments reasonably approximates the carrying amounts.

	2023 TZS'000	2022 TZS'000
6. SERVICE REVENUE		
Money transfer	193,166,731	160,071,744
Bill payments	34,694,335	13,138,170
Easy recharge commission	29,869,905	24,993,965
Other fees and charges	14,776,574	11,405,826
	<u>272,507,545</u>	<u>209,609,705</u>
7. COMMISSION SALES AND MARKETING EXPENSES		
Channel commission	106,128,806	84,651,470
Interoperability cost and others	12,707,537	8,302,404
Sales and distribution expenses	4,651,121	4,283,632
Marketing expenses	2,058,574	3,042,695
	<u>125,546,038</u>	<u>100,280,201</u>
8. OTHER EXPENSES		
a) OTHER EXPENSES		
Management fees	8,848,620	6,107,948
Other operating expenses	1,371,362	329,197
Customer care expenses	2,619,604	2,687,561
Information technology and network costs	6,602,880	7,303,421
Legal and professional charges	529,649	119,719
Impairment (reversal)/provision - trade receivables	(2,189,945)	2,193,157
	<u>17,782,170</u>	<u>18,741,003</u>
b) EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	2,411,193	2,213,150
Social security cost – defined contribution scheme	204,605	216,520
Other employee emoluments and benefits	476,555	342,623
	<u>3,092,353</u>	<u>2,772,293</u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023	2022
BEN	TZS'000	TZS'000
9. DEPRECIATION AND AMORTIZATION		
Depreciation on owned assets	<u>3,467,663</u>	<u>3,659,973</u>
10. FINANCE COST		
Bank charges	38,294	23,319
Foreign exchange expense	<u>508,162</u>	<u>89,997</u>
	<u>546,456</u>	<u>113,316</u>
11. FINANCE INCOME		
Interest on bank deposits	<u>45,177</u>	-
	<u>45,177</u>	-
12. INCOME TAX		
(a) Income tax expense		
Current tax:		
- Corporate income tax in respect of current year	35,199,038	26,900,883
- Corporate income tax in respect of prior year	-	<u>(483,743)</u>
	<u>35,199,038</u>	<u>26,417,140</u>
Deferred tax:		
- Deferred tax credit in respect of prior period	-	96,228
- Deferred tax credit in respect of current year	<u>(105,131)</u>	<u>(1,121,157)</u>
	<u>35,093,907</u>	<u>25,392,211</u>
(b) Income tax reconciliation		
Profit before tax	<u>116,952,898</u>	<u>85,925,267</u>
Applicable tax rate of 30%	35,085,869	25,777,580
Tax effect of		
- Non-deductible expenditure	8,038	2,146
- Deferred tax credit in respect of prior period	-	96,228
- Corporate income tax in respect of prior year	-	<u>(483,743)</u>
	<u>35,093,907</u>	<u>25,392,211</u>
(c) Current income tax payable		
At 1 January	3,532,184	2,499,364
Current tax charge (note 13(a))	35,199,038	26,417,140
Tax paid	(30,008,457)	(24,015,622)
Withholding tax recovered	<u>(2,246,745)</u>	<u>(1,368,698)</u>
	<u>6,476,020</u>	<u>3,532,184</u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. INCOME TAX (CONTINUED)

(d) Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% on all temporary differences using the liability method. The Company has a net deferred income tax asset as at 31 December 2023 amounting to TZS 2,665,811 (2022: TZS 2,560,680).

The temporary differences making up the deferred income tax are as presented below:

	2023 TZS'000	2022 TZS'000
Accelerated capital allowances	7,280,908	5,896,060
Provision for bad debts	3,212	2,193,157
Bonus accrual	298,387	422,640
Provision for annual leave	47,417	61,140
Other provisions	986,626	-
Unrealized foreign exchange difference	269,487	(37,396)
Net temporary differences	<u>8,886,037</u>	<u>8,535,601</u>
Deferred tax asset at 30%	<u>2,665,811</u>	<u>2,560,680</u>

13. PROPERTY, PLANT & EQUIPMENT

	Office equipment TZS'000	Capital work in progress TZS'000	Total TZS'000
Year ended 31 December 2023			
Cost			
At 1 January 2023	21,083,988	1,960,574	23,044,562
Additions	1,845,328	-	1,845,328
Transfer in/(out)	151,623	(151,623)	-
At 31 December 2023	<u>23,080,939</u>	<u>1,808,951</u>	<u>24,889,890</u>
Depreciation			
At 1 January 2023	12,314,477	-	12,314,477
Charge for the year	3,467,663	-	3,467,663
At 31 December 2023	<u>15,782,140</u>	<u>-</u>	<u>15,782,140</u>
Net book value			
At 31 December 2023	<u>7,298,798</u>	<u>1,808,951</u>	<u>9,107,750</u>
Year ended 31 December 2022			
Cost			
At 1 January 2022	19,204,480	522,424	19,726,904
Additions	1,879,507	1,438,150	3,317,657
At 31 December 2022	<u>21,083,987</u>	<u>1,960,574</u>	<u>23,044,561</u>
Depreciation			
At 1 January 2022	8,654,504	-	8,654,504
Charge for the year	3,659,973	-	3,659,973
At 31 December 2022	<u>12,314,477</u>	<u>-</u>	<u>12,314,477</u>
Net book value			
At 31 December 2022	<u>8,769,510</u>	<u>1,960,574</u>	<u>10,730,084</u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. RELATED PARTIES DISCLOSURE

Related party relationships exist between the Company, its shareholders, other companies under common ownership and the Directors of the Company.

The following are balances with related parties:

a) Balance due from related parties

Name	Nature of transaction	Relationship		
Airtel Tanzania PLC	Management services and payment on behalf	Fellow Subsidiary	18,508,037	3,346,495
Airtel Mobile Commerce Limited (Malawi)	Cross border money transfer	Fellow Subsidiary	3,887,596	3,849,105
Airtel Mobile Commerce (Rwanda) Limited	Cross border money transfer	Fellow Subsidiary	15,387	13,045
Airtel Mobile Commerce Zambia Limited	Cross border money transfer	Fellow Subsidiary	746,564	749,496
			<u>23,157,584</u>	<u>7,958,141</u>

b) Balance due to related parties

Name	Nature of transaction	Relationship		
Airtel Mobile Commerce (Kenya) Limited	Cross border money transfer	Fellow Subsidiary	314,209	216,013
Airtel Mobile Commerce Uganda Limited	Cross border money transfer	Fellow Subsidiary	36,743	287,825
Airtel Tanzania PLC	Dividend and Cross Charge payable	Fellow Subsidiary	4,226,755	10,093,601
Airtel Mobile Commerce B.V.	Management fee	Fellow Subsidiary	5,801,852	1,788,905
Airtel Mobile Commerce Tanzania Limited	Share capital payable	Fellow Subsidiary	1,000	1,000
			<u>10,380,559</u>	<u>12,387,344</u>

c) Key management compensation

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director of the Company.

	2023	2022
	TZS'000	TZS'000
Salaries and other short-term employment benefits	<u>1,050,667</u>	<u>1,050,667</u>

d) Directors' remuneration

The Directors of the Company were paid fees and sitting allowances amounting to TZS 45.7 million during the year (2022: 56.5 million)

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2023 TZS'000	2022 TZS'000
15. TRADE AND OTHER RECEIVABLES		
Trade receivables	3,459,153	6,702,009
Other Receivable	1,833,918	-
Due from related parties (14(a))	23,157,584	7,958,141
	<u>28,450,655</u>	<u>14,660,150</u>
Expected credit loss	(3,212)	(2,193,157)
	<u>28,447,443</u>	<u>12,466,993</u>
Prepaid expenses	926,482	701,560
	<u>29,373,925</u>	<u>13,168,553</u>
16. CASH AND CASH EQUIVALENTS		
Balance held in wallets	29,489,730	23,151,267
Cash at bank	2,797,771	1,393,369
Fixed deposit	7,529,506	-
	<u>39,817,007</u>	<u>24,544,636</u>
17. SHARE CAPITAL		
Authorised, Issued and fully paid up Capital:		
500,000 ordinary shares (2022: 1000 shares) of TZS 1,000 each	<u>500,000</u>	<u>1,000</u>
<p>Airtel Money shareholding structure comprised of 500,000 authorized shares (2022: 1000 shares) of TZS 1,000 each.</p> <p>Out of those 500,000 shares, 1,000 shares of TZS 1000/ - each were issued and fully paid up shares (i) 999 shares to Airtel Tanzania PLC (99.9%) and 1 share to Bharti Airtel Tanzania B.V (0.1%)</p> <p>In 2023 Shareholders of Airtel Money Tanzania Limited decided to restructure in such that after restructuring, Airtel Money Tanzania Limited shareholding structure is such that; Treasury Registrar of Government of Tanzania ("GoT") has 244,510 of all the shares of AMTL (48.9%); Airtel Mobile Commerce Tanzania BV has 254,490 of all the AMTL shares (50.9%) and Airtel Tanzania Plc has 1,000 of all the shares of AMTL (0.2%). The restructuring was completed in the month of June 2023.</p>		
18. TRADE AND OTHER PAYABLES		
Trade payables	9,431,756	2,211,658
Accrued expenses	13,484,876	8,960,099
Dues to employees	387,873	521,539
Due to related party (note 14(b))	10,380,559	12,387,344
Equipment supply payables	55,697	52,193
Excise duty payables	2,153,170	1,510,166
Withholding tax payable	1,534,286	1,482,553
VAT payable	4,525,212	3,103,795
Levy payable	2,351,641	3,272,141
Security deposits	725,986	741,708
Other payables	65,369	44,516
	<u>45,096,425</u>	<u>34,287,712</u>

AIRTEL MONEY TANZANIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. DIVIDEND

During the year Directors declared an interim dividend in respect of the financial year ended 31 December 2023 of TZS 53,000 million. The Directors propose the payment of a final dividend of TZS 20,700 million in respect of the year ended 31 December 2023, resulting in total dividend for the year ended 31 December 2023 amounting to TZS 73,700 million. The proposed final dividend in respect of financial year ended 31 December 2023 amounting to TZS 20,700 million is subject to approval by the shareholders.

During the year 2023, out of TZS 73,700 million dividend declared with respect to the financial year ended 31 December 2023, the Company paid interim dividend TZS 53,000 million with respect to the financial year 31 December 2023 and TZS 13,150 million final dividend with respect to the financial year ended 31 December 2022, Total Dividend paid during the financial year 31 December 2023 TZS 66,150.

20. CONTINGENT LIABILITIES

There were no contingencies as at 31 December 2023 which may possibly result in loss to the Company (2022: Nil).

21. COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

Undelivered purchase orders	<u>6,869</u>	<u>1,420</u>
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Most of the capital commitments will be funded through the available credit facilities.

22. ULTIMATE HOLDING COMPANY

Airtel Money Tanzania Limited is part of the Bharti Airtel Group of Companies. The Company's direct shareholders are Airtel Mobile Commerce Tanzania B.V., Treasury Registrar Government of Tanzania and Airtel Tanzania PLC. Airtel Tanzania PLC incorporated and domiciled in Tanzania and Airtel Mobile Commerce Tanzania B.V. incorporated and domiciled in the Netherlands. Ultimate controlling entity effectively from November 3, 2017 is Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Mittal's family trust effectively controlling the Company. The step-up parent company that produces consolidated financial statements for public use within the Group is Bharti Airtel Limited, a company incorporated and domiciled in India.

23. OTHER MATTERS

On 30 June 2023 The Government issued notice to the public to amend the National Payment System (Electronic Money Transactions levy) (Amendment Regulations) to remove levy from P2P (Person to Person) transactions. Levy is remained only on Cash withdrawal transactions. The maximum levy chargeable was set at TZS 2,000, equivalent to 20% of the levy charged at introduction. This decision reduces further the end-user charges, and is expected to meaningfully revive and accelerate our contribution to the financial inclusion agenda, through the use of mobile financial services.

24. COMPARATIVE FIGURES

Where necessary comparative figure have been adjusted to conform to change in presentation in current year.

25. EVENTS SUBSEQUENT TO THE YEAR END

At the date of signing the financial statements, the Directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in these financial statements, which significantly affected the financial position of the Company and results of its operations.