

AIRTEL TANZANIA PLC

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

AIRTEL TANZANIA PLC

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

TABLE OF CONTENTS	Pages
Corporate information	1 - 2
Report by Those Charged with Governance	3 - 20
Statement of Directors' Responsibilities	21
Declaration of the Head of Finance	22
Independent Auditor's Report	23 – 25
Financial statements:	
Statement of profit or loss and other comprehensive income	26
Statement of financial position	27
Statement of changes in equity	28
Statement of cash flows	29
Notes to the financial statements	30 – 74

AIRTEL TANZANIA PLC

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	Airtel House Block 41, Kinondoni Corner of A.H. Mwinyi Road & Kawawa Road P.O. Box 9623 Dar es Salaam
CHIEF EXECUTIVE OFFICER	Charles Kamoto Airtel House Block 41, Kinondoni Corner of A.H Mwinyi Road & Kawawa Road P.O. Box 9623 Dar es Salaam
COMPANY SECRETARY	David Marco Lema Airtel House Block 41, Kinondoni Corner of A.H Mwinyi Road & Kawawa Road P.O. Box 9623 Dar es Salaam
AUDITORS	Deloitte & Touche Certified Public Accountants (Tanzania) 3 rd Floor, Aris House, Plot No 152 Haile Selassie Road, Oysterbay P.O. Box 1559 Dar es Salaam
LAWYERS	Rex Advocates Rex House, 344 Ghuba, Toure Drive Cnr Shaaban Robert Street and Garden Avenue P.O. Box 7495 Dar es Salaam GRK Advocates Plot No 81, Wami Street Mikocheni, P.O. Box 70681 Dar es Salaam George & Robert, Attorneys at Law Plot No. 309/2, AGM Area, Njiro P.O. Box 12023 Arusha IMMMA Advocates IMMMA House, Plot No.357 United Nations Road, Upanga P.O. Box 72484 Dar es Salaam Lawhill Advocates Plot No. 198, Lawhill House, TZ, House No. 12 Lukuledi Street P.O. Box 105646 Dar es Salaam

AIRTEL TANZANIA PLC

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL BANKERS

National Bank of Commerce Limited
NBC House, Azikiwe Street/Sokoine Drive
P.O. Box 1863
Dar es Salaam

Diamond Trust Bank Tanzania Limited
Head Office: Suite 901, 9th Floor, Harbour View Towers
P.O. Box 115
Dar es Salaam

Citibank Tanzania Limited
Citibank House, Plot no 1962, Toure Drive, Oysterbay
P.O. Box 71625
Dar es Salaam

Standard Chartered Bank Tanzania Limited
3rd floor, International House,
Garden avenue / Shaaban Robert Street
P.O. Box 9011
Dar es Salaam

NMB Bank PLC
Head Office: Ohio/Ali Hassan Mwinyi Road
P.O. Box 9213
Dar es Salaam

CRDB Bank PLC
Head Office, Palm Beach
P.O. Box 268
Dar es Salaam

ABSA Bank Tanzania Limited
Head Office, Ohio Street
P.O. Box 2475
Dar es Salaam

Stanbic Bank Tanzania Limited
Head Office, Kinondoni/Ali Hassan Mwinyi road
P.O. Box 72647
Dar es Salaam

United Bank for Africa Limited
30C/30D Nyerere road
P.O. Box 80514
Dar es Salaam

REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2024

1. INTRODUCTION

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024 which disclose the state of financial affairs of Airtel Tanzania PLC ("the Company" or "Airtel Tanzania").

The mission of the Company is to provide globally admired technologies and services to give Africa an easy and dependable way to connect to the world.

The vision of the Company is "connected people are inspired people". The Company connects Africa's people to each other, empowering them to create opportunities, dream big, and live well.

The Company was incorporated in Tanzania on 7 May 2001 under Companies ordinance which was later replaced by the Companies Act, 2002 with certificate of incorporation number 41291.

2. AIRTEL TANZANIA PLC PROFILE

The Company provides a wide range of services for consumers and enterprise including voice, data, messaging, and enterprise solutions to over 17.9 million customers in Tanzania (2023: 16.4 million customers).

3. NATURE OF BUSINESS OPERATIONS

The Company conducts the business of both a mobile network operator and mobile financial services provider in Tanzania. The Company provides other communications services, including but not limited to those related with fixed line connectivity.

The Company also offers comprehensive portfolio of access technologies and data solutions to help organizations of all sizes achieve the agility they need to compete successfully in a connected world, as well as investment on the future-ready human resources, to support Company medium-to long-term requirements.

4. CORE PURPOSE

Company core purpose is to Connect the unconnected, include the financially excluded and bridge the digital divide. By providing essential services to customers and societies across the country, Airtel Tanzania is unlocking the potential for people, businesses and economies to grow.

An underpenetrated telecoms market, a young population and rising smartphone affordability, along with low data penetration, give the Company growth opportunities in both voice and data. At the same time, low penetration of traditional banking services provides the Company with the opportunity to meet the needs of unbanked customers through Company dedicated mobile money platform, Airtel Money.

Company voice, data and mobile money services are reaching more people than ever and transforming customers' lives. By extending Company distribution network in both rural and semi-urban areas and providing resilient, far-reaching coverage, the Company has enabled millions of people to access telecoms and banking services. By leading the way in the rollout of 4G networks and enabling people to progress from 2G to 3G to 4G, the Company has helped country in driving digitalization. The Company is expanding footprint through retailers, agents and exclusive franchises, supplemented by unique operations, that has helped the Company deliver services across the market and helped to build a new financial ecosystem that is full of opportunities.

The Company's focus is to increase the number of mobile money users through partnerships and product innovation has helped drive the take up of mobile money services, boosting financial inclusion. The Company's dynamic business model is underpinned by sustainability strategy and delivers value to stakeholders while transforming lives through digitalization and financial inclusion.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

5. THE COMPANY'S STRATEGIC PRIORITIES

The Company's strategic priorities are designed to drive growth through new businesses while protecting core business with the priorities grouped into the following key strategic pillars:

- i. Transforming lives;
- ii. Operating in market full of opportunities;
- iii. Delivering on the Company's strategy through excellent execution;
- iv. Keeping the Company's sustainability promises; and
- v. Creating values for the Company's stakeholders

The Company is among leading mobile network operator (MNO) in Tanzania with a strong purpose-led business model and a compelling track-record of effective management and quality execution in delivering on strategy. Operating in a dynamic and rapidly digitising economy, the Company has noted exciting opportunities to generate sustained revenue growth over the medium and long-term, while making a substantial contribution to the country's socioeconomic development.

6. 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.

a. Revenue

- i. **Service revenue** which comprises of airtime, data revenue, value added services, interconnect, roaming and subscription revenue, increased by 17.8% to TZS 777,607 million. The growth was driven by a strong result from mobile data and value-added services which contributed 21.8% and 35.5% respectively.
- ii. **Airtime revenue** increased by 12.0% to TZS 315,171 million contributing by average revenue per user (ARPU) growth and minutes growth.
- iii. **Mobile data revenue** was pivotal to the Company's overall service revenue performance and grew by 21.8% to TZS 303,992 million. The monthly average usage per customer increased by 43.9% from 4.1 gigabytes to 5.9 gigabytes driven by extensive 4G upgrades that has been done across the country as well as home broadband segment that has been one of a key focus. Data users grew by 11.2% to 10.1 million equivalents to 46.4% penetration of data customers, with growth supported by investment in device subsidy and expanding share of open market device sales.
- iv. **Digital and Value-Added Services (VAS) revenue** comprising of airtime Advance Credit Service (ACS) and value-added services (VAS), increased by 35.5% to TZS 88,772 million, major increase is from ACS which was major focus to increase ACS through process improvements to allow most of the base to be eligible for loan service.
- v. **Mobile interconnect revenue** decreased by 1.7% to TZS 49,488 million. The decrease was primarily due to drop-in mobile termination rate (MTR) from TZS 1.86 to TZS 1.76 per minute starting January 2024 in line with the regulatory glide path.

b. Total expenses

Total expenses excluding depreciation and amortisation increased by 26% to TZS 481,216 million. Network expenses increased by 16.5% in line with the increase in revenue, Sales and Marketing expenses increased by 35.3% due to competitive pressure led to higher commission to the distribution channels as well as interconnect costs. Increase in network costs mainly from network expansion. Staff expenses increased as a result to enhancing distribution in the market, hence more staffs were employed.

c. EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 12.1% to TZS 323,836 million, because of good 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.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

6. OPERATING AND FINANCIAL REVIEW (CONTINUED)

d. Profit after tax

Profit for the year decreased 53.8% to TZS 52,684 million as last year's income includes dividend income amounting to TZS 28,808 million and additional hit in this year due to currency fluctuation of TZS 27,865 on normalization operating profit after tax decreased by 4.6%.

e. Capital expenditure

During the year, the Company's capital expenditure was TZS 172,680 million. (2023: TZS 164,455 million). Investment in the latest technologies is critical for capacity expansion, supporting new services and overall improvement in customer experience. In the third quarter of the year, the Company started rolling out 5G sites. In addition to the 5G roll out, the Company invested on cable landing station, widening broadband coverage, capacity enhancement, and modernization of IT infrastructure. The Company rolled out 561 incremental 4G sites, 505 additional 3G sites and 302 additional 2G sites to further extend network coverage, ending with 3,300 4G sites and 116 5G sites across the country. The Company also deployed 147 kilometers of fiber, closing the year with 3,292 kilometers of fiber in network. Investment in the data network supported 61.6% increase in total traffic and a shift in data traffic from 3G to 4G. The Company's 4G network carried close to 85.3% of total data traffic compared to less than 70.5% in prior year.

f. Tax

The tax expense of TZS 20,610 million (2023: a tax credit of TZS 43,092 million). In prior year, tax credit was on account of change in estimate of deferred tax balance sheet approach from 5 years to 10 years. In current year, majorly tax expense is in on account of foreign exchange fluctuation in last quarter.

g. Cash and cash equivalents

Decreased by 51% to TZS 10,540 million. Fixed deposit of TZS 3,012 Million matured during the year. There is decrease due to payment of dividend and payment to normal course of partners.

h. Retained earnings

Increased by 10% to TZS 362,609 million is mainly driven by improved profitability.

i. Lease liabilities:

Increased by 11.7% to TZS 557,814 million is mainly driven by new additions in line with the network expansion, annual contractual price adjustments and the interest portion of new leased sites for the year.

7. BUSINESS ENVIRONMENT

The people across Tanzania market are 'mobile first', with mobile services the first and often only way they must access telecoms, internet and banking services. And among a rapidly growing population, half of whom will be under 25 years old by 2030, there is huge scope to increase the reach and penetration of effective voice, data and mobile money services, and to include more people in the digital economy. The need for accessible, affordable services has never been greater – as demand continued to rise in.

Tanzania market is becoming one of the fastest growing economies in Africa, with regional GDP growth reaching 5.4% this year despite macroeconomic disruption in the global economy. There are 68 million people in region, and for that relatively young population products and services are a gateway to financial and digital opportunity.

The Company aim is to unlock commercial and digital benefits for all customers, their communities, and businesses. In a year when inflation has put pressure on every customer's budget, the Company have offered more value to customers through 'more-for-more' product offerings. At the same time, the Company has engaged regulators to enable more competitive pricing.

The Company has continued to improve network, simplify products and increase customer touchpoints for services. Population coverage as at the end of the year stood at 90% . The Company has added 550+ 4G sites in the past year while modernizing additional sites so the Company can offer better connectivity and faster speed for its customers. While the Company continue to benefit from increased home broadband and enterprise custom, it has also invested in 5G spectrum to ensure network is ready for the additional demand for data.

Distribution remains a crucial competitive advantage, and the Company ended the year with an increase of 23.7% of activating outlets compared to last financial year.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8. REGULATORY AND POLICY ENVIRONMENT

The telecommunications Industry in Tanzania and in all other markets is facing intensified regulatory scrutiny. The regulators have increased scrutiny due to the significant contribution of the telecoms sector to the socio-economic development. There have been 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 may have significant impact to the customers and the business.

The most significant recent regulatory and policy developments are listed below:

The telecommunications Industry in Tanzania and in all other markets continues to face regulatory scrutiny. The regulators have increased scrutiny due to the significant contribution of the telecoms sector to socio-economic development and high competition. There are two main regulators – the Tanzania Communications Regulatory Authority (TCRA) for GSM services, and the Bank of Tanzania (BoT) covering digital financial services.

The most significant recent regulatory and policy developments are as listed below:

a. Atomic energy fees and charges:

Atomic Energy (Protection from Non-Ionizing Radiation) regulations, 2023, became effective in 2024. Airtel required to pay approximately TZS 900mn fees per year. After intensive discussions between Tanzania mobile network operator association (TAMNOA), Tanzania atomic energy commission (TAEC) and Tanzania communication regulatory authority (TCRA), Mobile network operators (MNOs) were exempted with regulation 7(3) (d) read together with 9th Schedule of the Atomic Energy (Protection from Ionizing and non-Ionizing radiation) Regulations 2023. The base stations are exempt from licensing requirements provided that, they meet the radiation threshold of power density. Tanzania Communication Regulatory Authority (TCRA) conducted assessments of RF-EMF levels from base station sites and confirmed that all measured levels were below the human exposure limits provided in the guidelines of the International Commission on Non-Ionizing Radiation Protection (ICNIRP).

b. New Regulations:

Ministry of Communication and Information Technology intends to amend EPOCA regulations; Notification received in **October 2024**. They include:

- (i) Quality of Services Regulations, 2018.
- (ii) Licensing Regulations, 2018.
- (iii) Postal Regulations, 2018.
- (iv) Computer Emergency Response Team Regulations, 2018
- (v) SIM Card Registration Regulations, 2023
- (vi) Online Content Regulations, 2018.

Drafts have been shared and industry consultation meeting was held on 4th November 2024. The new proposed changes are in alignment with the changes in the industry as recommended.

c. Eco Levy

The impact of implementation of Eco levy was highly impactful in year 2024 when the government through TCRA effectively implemented the requirement to pay eco levy provided under the Electronic and Postal Communications (Electronic Communications Equipment Standards and E-Waste Management) Regulations, 2020. The regulations provides obligations to every importers of electronic equipment to pay ECO levy for each imported electronic communication equipment in respect of handling their end of life processes.

The levy charged has an immense effect on telecommunication business considering the industry is a higher importer and consumer of electronic equipment.

TAMNOA continues to engage TCRA to consider reviewing the levy by charging per equipment instead of parts.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

8. REGULATORY AND POLICY ENVIRONMENT (CONTINUED)

The Company has responded to above 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 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.
- e. The Company maintains 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).

9. COMPETITION AND MARKET OPPORTUNITIES

The Tanzanian telecommunications market is a vibrant and competitive landscape, characterized by a dynamic interplay of established players and emerging contenders vying for market share and innovation leadership. With a rapidly growing economy and an increasingly tech-savvy population, the demand for telecommunications services has surged, fueling intense competition among providers eager to capitalize on this burgeoning market.

At the forefront of this competitive arena are the major telecommunications giants, each wielding considerable resources and infrastructure to dominate the sector with continuous investment in infrastructure to maintain their competitive edge and expand their market reach. As Airtel Tanzania navigates the competitive landscape of the Tanzanian telecommunications market, the Company finds itself amidst a dynamic ecosystem characterized by both challenges and opportunities. With a commitment to innovation, customer-centricity, and expanding connectivity across the nation, Airtel Tanzania strives to maintain its position as a leading player in the industry.

However, amidst the dominance of these established players, a wave of smaller, agile telecom companies has emerged, challenging the status quo and injecting fresh competition into the market. These up-and-coming firms often specialize in niche services, such as loan provisioning or internet provision in rural and sub-urban areas, catering to specific segments of the population underserved by the larger players. Their agility and innovative business models enable them to swiftly adapt to evolving consumer needs and preferences, posing a formidable challenge to the established incumbents.

In Tanzania, Government initiatives are aimed at fostering a more inclusive and competitive telecommunications market. Policies promoting infrastructure sharing, spectrum allocation, and fair competition have encouraged new entrants to enter the fray, driving innovation and improving affordability and accessibility of services for consumers.

In this hyper competitive environment, differentiation is the only key to success. Airtel constantly innovating, introducing new services, and enhancing existing offerings to stand out in a crowded market. From high-speed internet connectivity and digital entertainment platforms to mobile financial services and Internet of Things (IoT) solutions, the Company is continually diversifying their portfolios to meet the diverse needs of Tanzanian consumers.

Furthermore, Airtel Tanzania is committed to driving digital inclusion and bridging the digital divide within Tanzanian society. Through initiatives such as the provision of affordable smartphones, digital literacy programs, and partnerships with government agencies and NGOs, Airtel Tanzania seeks to empower marginalized communities and unlock the transformative power of connectivity for all.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

9. COMPETITION AND MARKET OPPORTUNITIES (CONTINUED)

The Company has addressed issues related to markets and competition by implementing measures below:

- Spectrum assets with multiple layers of data capacity, including new 5G technology in six markets;
- A modernized network offering 2G, 3G, 4G and 5G, largely on efficient single RAN technology;
- 3300+ network towers and data capacity of 1,300+ terabytes per day;
- 3292+ km of fibre across the country;
- Compliance with regulatory frameworks;
- A sound capital allocation strategy and financial management that targets revenue growth ahead of the market and underlying EBITDA margin improvement;
- Mobile network partnerships that outsource the management and operation of network infrastructure
- A strong management structure in market that can leverage Group expertise;
- Sustainability strategy which underpins everything what the Company does, aligned with the UN SDGs and supported by goals and active policies to respect human rights, drive positive social impacts, protect the natural environment and conserve resources;
- Sound and transparent governance; and
- A network of partners, including mobile brands, IT companies and telecoms infrastructure providers.

10. KEY RELATIONSHIPS

The Company's 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. The table below briefly outline those stakeholder groups who have a substantive impact on ability to create value; the Company outline their contribution to value creation, means of engaging with them, and the stakeholders' identified priority interests relating to business activities:

Stakeholder and value	Means of engagement	Priority interests
Customers: Provide the basis for revenue growth by purchasing products and services.	<ul style="list-style-type: none"> • Self-Care channels through Airtel App, USSD & IVR. • Social Media. • Company website. • Call centres, Retail Shops, Airtel Money branches & 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 and 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.
Government and regulators: Provide access to spectrum and operating licenses, the basis for creating value.	<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.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. KEY RELATIONSHIPS (CONTINUED)

Stakeholder and value	Means of engagement	Priority interests
Investors and shareholders: Provide the financial capital needed to sustain and grow.	<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 Meetings (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.
Employees: Provide the skills and inputs needed to realize vision.	<ul style="list-style-type: none"> • Intranet portal for employees, 'Hive' • Newsletter and the Company's 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 and Leadership Conclave'. • Health and welfare consultations as needed. • Quarterly townhall meetings. 	<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 and 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 etc. • OHS programmes – Fire awareness, first aiders. • Safe working environment.
Suppliers: Ensuring availability of goods and services for customer needs in line with business aspirations	<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

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10. KEY RELATIONSHIPS (CONTINUED)

Stakeholder and value	Means of engagement	Priority interests
Communities: Provide a social license to operate and strengthen the socioeconomic context.	<ul style="list-style-type: none"> • Public participation where new base stations are needed. • Airtel Tanzania 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.
Business partners: Custodians of brand, and key to delivering the best customer experience.	<ul style="list-style-type: none"> • Store, franchise 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. • Top management involvement with customers. • Making it simpler and quicker to deal with us. • Being heard as partners.
Media: Have a potentially significant influence on other stakeholders' perceptions.	<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)

10. VALUE CREATION AND SUSTAINABILITY

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

i. People, culture and governance: Human and intellectual capital

Critical inputs	Company activities to sustain value	Results of Company activities
<ul style="list-style-type: none"> • 789 GSM employees (218 permanent and 571 contractual staff) against 734 employees during the prior year • A vibrant GSM Board 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 Agreements. 	<ul style="list-style-type: none"> • A robust sustainability strategy to enhance diversity and inclusion at workplace. • TZS 350 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 existing 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 42 billion in wages and benefits (TCTC) for GSM staff. • 21% female representation in senior managerial levels. • Increased employee's satisfaction rate. • Outstanding in OSHA compliance (Best working environment award for the last two years). • 89% engagement index score in Willis Towers Watson survey. • Lowest staff turnover at Average of 6% 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, the Company 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 the 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 programs, there is a robust reward and compensation process that ensures employees are correctly, rewarded and timely recognition for their commitment and efforts. Weighing the Company's financial gains against the human capital and social costs is a continuing potential trade-off.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

10.VALUE CREATION AND SUSTAINABILITY (CONTINUED)

ii. Network and IT infrastructure: Manufactured capital

Critical inputs	Company activities to sustain value	Results of Company activities
<ul style="list-style-type: none"> • 3,367 base stations (11.53%) increase • 3292 km of self-built fiber (up 4.67%) • 80KM Fiber for FTTX self Built • TZS 172,686 millions investment in network (Up 5%) 	<p>Sustaining Network and IT leadership through the following streams:</p> <ul style="list-style-type: none"> • Adaptability: 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. • Data-driven Decision Making: Net-IT infrastructure facilitates the collection, storage, and analysis of data. This helps in making informed decisions based on insights derived from data analytics. • Security and Compliance: Company secured Net-IT infrastructure helps in mitigating risks associated with cyber threats and data breaches. This is crucial for maintaining the trust of customers, partners, and stakeholders and comply with industry regulations and data protection laws. <p>Customer Experience:</p> <ul style="list-style-type: none"> • 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. • Time-to-Market: Company Net-IT infrastructure accelerates the development and deployment of new products and services, reducing time-to-market. 	<p>Positive results in most areas:</p> <ul style="list-style-type: none"> • Positive results in most areas. • TZS 172,686 million CAPEX investment to address network and IT plans. • About 337 new sites added 224 sites modernized and upgraded to 4G. • 66 new 5G sites. • Network resilience supporting growth in data carried in network, with close to 80% carried in 4G network. • Improvement in NPS. • Decrease in the CMS from 27.2% to 23.4%.
<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 it is committed to reduce 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)

10. VALUE CREATION AND SUSTAINABILITY (CONTINUED)

iii. Natural Resources: Natural capital

Critical inputs	Activities to sustain value	Outcomes
<ul style="list-style-type: none"> • 700, 900, 1800, 2100, 2600MHz bands for Mobile, and 3 500 for 5G • 6.01 GWh electricity • 6,8407.11 kiloliters of fuel 	<ul style="list-style-type: none"> • Strong focus on energy efficiency and GHG mitigation in our data centers including the use of solar energy. • Connect off grid sites to grid to reduce generator runtime. • Install Lithium Batteries Tower sites to reduce Generator runtime during mains power outage. • Conversion of Indoor to outdoor sites to reduce energy consumption. 	<ul style="list-style-type: none"> • Estimated 32 789 tonnes CO² emissions from electricity, diesel and refrigerants usage (scope 1&2) (down 10.2%). • 759.4 tonnes of total GWP refrigerants and fire suppressants replenished (down 28.0%) proportionate increase in energy consumption relative to increase in network elements including new technologies.
<p>Trade-offs: The Company is excited to embark on a transformative project that involves conversion of telecommunication towers from off-grid power solutions to grid-connected systems across various geographic areas of Tanzania. In 2024 Airtel has converted 112 sites to grid. This initiative is driven by commitment to environmental sustainability, cost efficiency, and a greener future for the communities Company serve and harness cleaner energy while fostering operational efficiency and cost serving.</p>		

11. 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 financial results of the year are set out on page 26 and dividend on note 35 of the financial statements. The Directors propose the payment of a final dividend of TZS 5,000 million (TZS 20.73 per issued share) in respect of the year ended 31 December 2024 (2023: TZS 20,000 million).

The Board will recommend a final dividend, in relation to the financial year ended 31 December 2024, for approval by the shareholders at the annual general meeting.

12. SOLVENCY AND LIQUIDITY OF THE COMPANY

The Board considers the Company to be solvent, within the meaning ascribed by the Companies Act, No 12 of 2002 of Tanzania. The Company had net current liabilities of TZS 283,310 million as at 31 December 2024 (2023: net current liabilities of TZS 272,967 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.

13. CAPITAL STRUCTURE AND SHAREHOLDING

The Company had two shareholders throughout the year to 31 December 2024 (2023: two shareholders). No Director had any interest in the shares of the Company.

The issued and paid up ordinary share of the Company as at 31 December 2024 were held as follows:

<u>Shareholder Name</u>	<u>Percentage</u>	<u>Number of shares</u>	<u>Domicile</u>
Bharti Airtel Tanzania B.V.	51%	123,000,000	Netherlands
Government of the United Republic of Tanzania	49%	118,176,471	Tanzania
	100%	241,176,471	

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

14. CAPITAL EXPENDITURE AND COMMITMENTS.

Information on the Company's property and equipment and intangible assets investment is presented in Notes 17 and 18 to the financial statements.

Information about the Company's commitments is presented in Note 32 to the financial statements.

15. BUSINESS CONTINUITY

The Company continue to focus on delivering best-in-class service, 4G & 5G networks in market. The Company's goal is to be the market leader in Tanzania, while continuing to include more people in network, particularly in underserved rural areas. This year, the Company made significant investments in network, technology and spectrum, while maintaining services in the face of challenges that included fuel price inflation and fuel shortages – also made progress in initiatives with suppliers to increase the use of renewable energy and reduce fuel dependency. The following are some of the key measures have taken to ensure business continuity:

- Strengthening distribution infrastructure to win more quality customers by increasing depth and width, with a particular focus on rural areas.
- Enhancing the customer's experience through simplified digital customer onboarding processes, including the Know Your Customer (KYC) process.
- Cross-selling new digital services to existing customer base.
- Broadening offer to enhance usage and ARPU, while further granulating Company approach to distribution so we can focus faster and more responsively on the needs and issues of customers in smaller geographies, increasing net customer reach.

16. BORROWINGS

The Company borrowings as at 31 December 2024 was TZS 166,376 million (2023: TZS 131,196 million). Further information on the Company's borrowing is presented in Notes 26 to the financial statements.

17. POLITICAL AND CHARITABLE DONATIONS

The Company did not make any political or charitable donations during the year (2023: None).

18. PARENT AND ULTIMATE PARENT

The Company is part of the Bharti Airtel Group of companies. The Company's direct shareholders are Bharti Airtel Tanzania B.V., a company incorporated and domiciled in the Netherlands and the Government of the United Republic of Tanzania. Ultimate controlling entity effectively from 3 November 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.

19. 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 33 to the financial statements.

20. COUNTRY OF INCORPORATION

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

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

21. DIRECTORS AND COMPANY SECRETARY

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

Name	Position	Qualifications	Age	Nationality	Date appointed	Date Resigned	Appointed by
Dinesh Balsingh	Managing Director*	Masters in Business Administration	50	Indian	12 February 2022	1 November 2024	Bharti Airtel Tanzania B.V
Mukesh Bhavnani	Member**	Masters in Law	68	Indian	15 July 2019	N/A	Bharti Airtel Tanzania B.V.
Lekinyi Ngariapusi Mollel	Member**	Masters in Economics	51	Tanzanian	11 June 2019	N/A	Treasury Registrar
Vaideep Paul	Member**	Bachelors of Commerce, Chartered Accountant	62	Indian	1 May 2015	N/A	Bharti Airtel Tanzania B.V.
John Marato Sausi	Member**	Masters in Computer Science	45	Tanzanian	11 June 2019	N/A	Treasury Registrar
Apporva Mehrotra	Member**	Masters in Business Administration (Marketing) & Bachelor in Psychology	53	Indian	11 October 2022	N/A	Bharti Airtel Tanzania B.V.
Eliudi Betri Sanga	Chairman**	Master's degree in development administration	62	Tanzanian	15 January 2023	N/A	Treasury Registrar
Charles Kamoto	Managing* Director	Master Business Administration	50	Malawian	1 November 2024	N/A	Bharti Airtel Tanzania B.V.

* Executive

** Non-executive

The Company Secretary as at 31 December 2024 was David Marco Lema.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

22. CORPORATE GOVERNANCE

The Board of Directors ("the Board") consists of one Executive Director and six 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;
- Update on progress of Company towers sale;
- Network needs including spectrum and related resources; and
- Financing of the Company.

The Company is committed to the principles of effective corporate governance. The Directors also recognise the importance of integrity, transparency and accountability. During the year, the Board had a Board Audit Committee which constitutes two Executive Directors and one Non-Executive Director, to ensure a high standard of corporate governance throughout the Company. The Board Audit Committee is required to meet four times a year. The Board Audit Committee met four times during the year.

Board Audit and Risk Committee (ARC)

The Company has an ARC that 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; and
- Reviewing and monitoring the management and reporting of tax-related matters.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

22. CORPORATE GOVERNANCE (CONTINUED)

The Board Audit and Risk Committee reports directly to the Board Audit Committee and it comprises of two Non-Executive Directors. the committee met two times during the year.

Audit, Risk and Compliance Committee

Name	Nationality	Qualification and Experience
Mr. Lekinyi Ngariapusi Mollel	Tanzanian	<ul style="list-style-type: none"> • Masters of Commerce in Applied Economics from the University of Cape Town, South Africa (2009); • Masters of Science Degrees in Economics from the University of Zimbabwe (2005) and a Bachelor of Arts with Honours degree in Economics from the University of Dar es Salaam, Tanzania (1997); and • Over 26 years of experience in debt management and monetary policy attained while working with the Ministry of Finance Tanzania, Bank of Tanzania, and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), Harare Zimbabwe.
Mr. Jaideep Paul	Indian	<ul style="list-style-type: none"> • A qualified Chartered Accountant and holder of a Bachelor's Degree in Commerce (Honors) from the University of Calcutta; • 30 years of experience across various industries, including 20 years in telecommunications; • He started his career at PriceWaterhouse in 1989; • He became a Chief Financial Officer for Airtel Africa in 2014, he was before a CFO at Airtel Nigeria, Fairtrade LLC Muscat, and Bharti Retail; • Held senior financial roles at Bharti Airtel Mumbai Circle and Bharti Airtel Delhi Circle, HCL, Telstra V-Com and Caltex; and • He is a Board member of Bharti Airtel International (Netherlands) BV, Bharti Airtel Africa BV, Airtel Networks Limited, Audit and Risk Committee (Airtel Africa) and Airtel Africa Sustainability Committee (Airtel Africa).
Mr. Apporva Mehrotra	Indian	<ul style="list-style-type: none"> • Holds a Master's Degree in Management Studies from University of Mumbai (1992-94); • A Graduate in Psychology from University of Allahabad (1988-91); • Went to Indian School of Business, Advanced Leadership Development Program (2009); • Indian Institute of Management, Integrated Management Program (2013); • INSEAD, Bharti Airtel Strategic Leadership Program (2018); • Overall experience of over 25 years in Sales, Marketing, General Management, P&L Management, across Fintech, Telecom, Consumer Durables & FMCG industries; • Managing Director at Airtel Networks Zambia PLC – Up to 2022 for 2018; and • Business Head of Airtel Africa, East Africa Region from 2022.

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

22. CORPORATE GOVERNANCE (CONTINUED)

Outlined below is the attendance of committee members during the meetings held in the year:

Name	Position	Date of appointment	26 Feb 2024	01 Jun 2024	26 Aug 2024	12 Nov 2024	
Mr.Lekinyi Ngariapusi Mollel	Chairperson	NA	✓	✓	✓	✓	100%
Mr. Jaideep Paul	Member	NA	✓	✓	✓	✓	100%
Mr.Apoorva Mehrotra	Member	21 Nov 2024	NA	NA	NA	NA	NA

23. CORPORATE SOCIAL RESPONSIBILITY REPORT (CSR)

The Company 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 or Environment.

As per CSR policy, the Company does not make any political and religious donations. The Company's policy is aligned CSR to overall business strategy to build brand affinity and increase sustainability.

The Company runs the following CSR programs:

i. 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. Airtel partnered with Tanzania Vocational Education and Training Authority (VETA) to increase access to vocational learning in the country. By using mobile phones through data, Airtel and VETA provides 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, SOMO a Swahili word meaning subject 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 59,757 downloads.

There are over 27,687 registered users and 17 vocational courses offered through VSOMO app. Airtel & VETA increased collaboration to more than 10 partners for VSOMO Project implementation. Partners involved include GIZ, Koica, Prime Minister's Office (PMO), OCODE, Forum for International Cooperation (FIC), Enabel, Swiss Development Corporation (SDC), Zurich University, EPFL and MagilaTech. Over 4,100 students have been certified by VETA through VSOMO. The Vsomo App operates in both Swahili and English.

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 drive 'Airtel Fursa Lab: through Airtel **FURSA** project, (Fursa a Swahili word meaning opportunity), 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 5,332 people including students in primary and secondary schools, teachers, and entrepreneurs in Dar es salaam to upskill and uplift their business.

The youth are empowered with digital skills through Fursa Lab and can now resolve issues affecting their businesses.

A total of 5,332 beneficiaries aged between 18 and 35 years in the following distribution:

- 2880 male beneficiaries; and
- 2452 female beneficiaries

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

24. CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)

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, the Company 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.

Major Airtel Smart WASOMI 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:

The milestone in this CSR project:

- i. 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/>
- ii. Mapping and assessment of internet connectivity infrastructures to 4,200 Government owned secondary schools
- iii. Airtel donated about 450 high speed router and started its installations across schools. 200 schools were connected.
- iv. A total of 2,368 teachers have been trained, (442 in Zanzibar, 974 in Mbeya, 692 in Dodoma, 150 in Arusha, 60 in Dar es Salaam, 50 in Kilimanjaro as of December 2024).
- v. The Government has distributed 300,000 tablets to teachers- teachers who uses Airtel SIM cards they enjoy the 2 sites for free.

The Company plan is to support 3,000 schools for the next 5 years in line with CEO pledge to her excellence the president of Tanzania commitment in their meeting in February,2022.

ii. Health – (Good health and well-being)

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, the Company has partnered with **Tanzania Youth Alliance (TAYOA)** providing them with Toll-free number 117 for online consultations on HIV reductions to save life.

- About 521,149 reached through interactive voice responses.
- 40896 Airtel callers reached through direct (one on one) telephone counselling; and 210,071 individuals reached through SMS services on different HIV-related topics, including adherence to ART and prevention of mother-to-child transmission of HIV.
- Notably, most of these individuals (73%) were young people aged 19-24.

iii. Environmental protection – (Climate Action)

Airtel Tanzania Project Green Every Little Step Counts

This is ongoing project which as part of Airtel Africa's sustainability strategy on environmental stewardship, Airtel Tanzania celebrated this anniversary and launched green initiative project.

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

- E-waste Awareness session.
- Launched of E-waste recycling campaign.
- 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.

AIRTEL TANZANIA PLC

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

24. DEFERRED TAX RECOGNITION

The Company had a deferred tax asset of TZS 128,053 million as at 31 December 2024 (2023: TZS 176,327 million). Further disclosures of the deferred tax asset has been included under note 20.

25. 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.

26. 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).

Financial statements

The financial statements for the year ended 31 December 2024 were approved and authorized for issue by the Board on 11 March 2025.

By order of the board

ELIJAH BETRI GANJA
Director

CHARLES MUSTAFA KARETO
Director


Signature


Signature

AIRTEL TANZANIA PLC

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 IFRS Accounting Standards as issued by International Accounting Standards Board 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 IFRS Accounting Standards as issued by International Accounting Standards Board 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 the 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 11 March 2025 and signed on behalf by:

ELIUDI BEIRI SANGA
Name of Director


Signature

CHARLES MUSTAFA KARETO
Name of Director


Signature

AIRTEL TANZANIA PLC

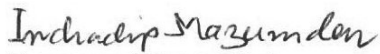
DECLARATION OF THE HEAD OF FINANCE

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 a Company showing true and fair view of the Company's financial 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 an earlier page.

I, Indradip Mazumdar, being the Finance Director of Airtel Tanzania Plc hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2024 have been prepared in compliance with IFRS Accounting Standards as issued by International Accounting Standards Board and statutory requirements.

I thus confirm that the financial statements comply with IFRS Accounting Standards as issued by International Accounting Standards Board and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



Indradip Mazumdar

Finance Director

NBAA Membership No: TACPA 4729

11.03.2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIRTEL TANZANIA PLC

Report on the Financial Statements

Opinion

We have audited the financial statements of Airtel Tanzania PLC ("the Company"), set out on pages 26 to 74, which comprise the statement of financial position at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board 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 Accounts and Auditors (NBAA) Code of Ethics which is consistent with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Tanzania and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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. The other information comprises the information included in the Company information, the Report by Those Charged with Governance, Statement of Directors' Responsibilities and the Declaration of the Head of Finance but 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.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information(Continued)

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.

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 IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Companies Act, 2002; and for such internal controls as Directors determine are necessary to enable the preparation of the 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 of the Company, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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 - PP 3214

Dar es Salaam

31 March2025

AIRTEL TANZANIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

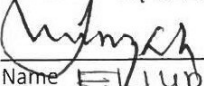
	Notes	2024 TZS 'M'	2023 TZS 'M'
Service revenues	7	805,012	670,716
Other income		<u>39</u>	<u>70</u>
		805,051	670,786
Network operations cost	8	(192,746)	(162,062)
Access charges	9	(45,451)	(42,447)
License fees and spectrum charges		(33,088)	(26,055)
Other expenses	10	(53,862)	(33,494)
Employee benefit expenses	11	(42,668)	(34,031)
Sales and marketing expense	12	(113,400)	(83,815)
Depreciation and amortization	13	<u>(180,018)</u>	<u>(153,320)</u>
Operating profit		143,818	135,562
Finance cost	15(a)	(70,939)	(93,537)
Finance income	15(b)	<u>415</u>	<u>28,808</u>
Profit before tax		73,294	70,833
Income tax (expense)/credit	16(a)	<u>(20,610)</u>	<u>43,092</u>
Profit after tax		52,684	113,925
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>52,684</u>	<u>113,925</u>

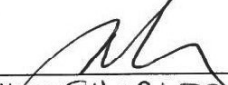
AIRTEL TANZANIA PLC

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	Notes	2024 TZS 'M'	2023 TZS 'M'
Assets			
Non-current assets			
Non-financial assets			
Property, plant and equipment	17	530,136	490,594
Capital-work-in-progress	17	87,307	64,102
Intangible assets	18	227,426	250,737
Right-of-use asset	19	375,170	288,761
Deferred tax asset	20	128,053	138,784
Other non financial assets	23(c)	48,572	48,390
		<u>1,396,664</u>	<u>1,281,368</u>
Financial Assets			
Investment	21	<u>1</u>	<u>1</u>
Current assets			
Non-financial assets			
Inventories	22	3,854	8,756
Other non-financial assets	23(b)	<u>114,147</u>	<u>90,215</u>
		<u>118,001</u>	<u>98,971</u>
Financial assets			
Trade receivables	23(a)	45,044	54,231
Bank and cash balances	24	<u>10,540</u>	<u>21,631</u>
		<u>55,584</u>	<u>75,862</u>
Total assets		<u>1,570,250</u>	<u>1,456,202</u>
Equity and liabilities			
Equity			
Ordinary shares	25	48,235	48,235
Share premium	25	1,520	1,520
Retained earnings		<u>362,609</u>	<u>329,925</u>
Shareholders' surplus		<u>412,364</u>	<u>379,680</u>
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	26(a)	139,654	107,438
Lease liabilities	30	492,445	447,817
Others financial liabilities	28(b)	<u>51,508</u>	<u>61,838</u>
		<u>683,607</u>	<u>617,093</u>
Non-financial liabilities			
Provisions		335	334
Other non-financial liabilities	28(d)	<u>10,506</u>	<u>5,351</u>
		<u>10,841</u>	<u>5,685</u>
Total non-current liabilities			
Current liabilities			
Financial liabilities			
Borrowings	26(b)	25,612	22,398
Bank overdraft	29	34,887	14,634
Lease liabilities	30	65,368	51,478
Trade and other payables	28(a)	<u>252,857</u>	<u>288,315</u>
		<u>378,724</u>	<u>376,825</u>
Non-financial liabilities			
Provisions	27	6,543	5,942
Income tax payable	16(c)	304	1,971
Other non-financial liabilities	28(c)	<u>77,867</u>	<u>69,006</u>
		<u>84,714</u>	<u>76,919</u>
Total liabilities		<u>1,157,886</u>	<u>1,076,522</u>
Total equity and liabilities		<u>1,570,250</u>	<u>1,456,202</u>

The financial statements on pages 26 to 74 were approved and authorized for issue by the Board of Directors on 11 March 2025 and were signed on its behalf by:


Name E. HUDI BETRI SANGA
Title BOARD CHAIRMAN


Name CHARLES MUSTAFA KANDO
Title MANAGING DIRECTOR

AIRTEL TANZANIA PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital TZS 'M'	Share premium TZS 'M'	Retained earnings TZS 'M'	Total TZS 'M'
At 1 January 2023		48,235	1,520	246,147	295,902
Profit for the year		-	-	113,925	113,925
Dividend	35	-	-	(30,147)	(30,147)
At 31 December 2023		<u>48,235</u>	<u>1,520</u>	<u>329,925</u>	<u>379,680</u>
At 1 January 2024		48,235	1,520	329,925	379,680
Profit for the year		-	-	52,684	52,684
Dividend*	35	-	-	(20,000)	(20,000)
At 31 December 2024		<u>48,235</u>	<u>1,520</u>	<u>362,609</u>	<u>412,364</u>

*It comprises of TZS 20,000 million final dividend declared for the year ended 31 December 2023.

AIRTEL TANZANIA PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS 'M'	2023 TZS 'M'
Operating activities			
Profit before tax		73,294	70,833
Adjustment for:			
Depreciation of property, plant and equipment	13	108,736	97,258
Amortisation of intangible assets	13	23,311	16,978
Depreciation of right of use	13	47,971	39,084
Amortization of debt origination cost	26(c)	571	110
Movement in provisions		602	436
Foreign exchange (gain)/loss on lease liability	30	(17,354)	31,319
Interest expense – lease liability	30	31,572	26,145
Finance income	15(b)	(230)	(582)
Operating cash inflows before movement in working capital		<u>268,473</u>	<u>281,581</u>
<i>Movement in working capital:</i>			
Increase in other financial and non-financial assets		(15,250)	(20,777)
Decrease/(increase) in inventories		4,902	(8,508)
(Decrease)/Increase in other financial and non-financial liabilities		<u>(3,813)</u>	<u>47,992</u>
		254,312	300,288
Current income tax paid	16(c)	(10,951)	(14,509)
Withholding tax recovered	16(c)	(578)	(282)
Withholding tax on dividend income	16(b)	<u>(19)</u>	<u>(1,415)</u>
Net cash flow generated from operating activities		<u>242,764</u>	<u>284,082</u>
Investing activities			
Purchase of property, plant and equipment		(199,438)	(152,090)
Purchase of intangible assets		-	(2,174)
Interest received	15(b)	<u>230</u>	<u>582</u>
Net cash flow from investing activities		<u>(199,208)</u>	<u>(153,682)</u>
Financing activities			
Dividend paid	35	(20,000)	(30,147)
Payment for Spectrum fees		-	(70,056)
Proceeds from borrowings	26(c)	57,475	79,409
Repayment of borrowings	26(c)	(22,295)	(18,213)
Repayment of lease liability	30	<u>(90,080)</u>	<u>(79,070)</u>
Net cash flow from financing activities		<u>(74,900)</u>	<u>(118,077)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(31,344)</u>	<u>12,323</u>
Cash and cash equivalents at beginning of the year		<u>6,997</u>	<u>(5,326)</u>
Cash and cash equivalents at end of the year	24	<u>(24,347)</u>	<u>6,997</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Airtel Tanzania PLC ("the Company") is incorporated in the United Republic of Tanzania under the Companies Act, 2002 as a private limited liability Company, and is domiciled in Tanzania. The address of its registered office and principal place of business is indicated on page 1.

These are separate financial statements of Airtel Tanzania PLC which do not include financial statements Airtel Money Tanzania Limited.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

a) New standards and amendments to published standards effective for the year ended 31 December 2024

The following were new and revised IFRSs that have been effective in the current year. The Company's application of the new and revised standards did not have significant impact to these financial statements

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
---	--

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	<p>The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.</p> <p>Lease Liability in a Sale and Leaseback requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.</p>
---	---

Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
--	---

The amendments

- Specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period (the reporting date) for the purposes of classifying a liability as current or non-current; and
- for non-current liabilities subject to conditions, an entity is required to disclose information about:
 - i. the conditions (for example, the nature of and date by which the entity must comply with the condition);
 - ii. whether the entity would comply with the conditions based on its circumstances at the reporting date; and
 - iii. whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)**a) New standards and amendments to published standards effective for the year ended 31 December 2024 (continued)**

International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)	<p>The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.</p> <p>The amendments are:</p> <ul style="list-style-type: none"> • An exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception. • A disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes. • A disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation. • The requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	<p>The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Entities will have to disclose the effects of supplier finance arrangements on their liabilities, cash flows and exposure to liquidity risk.</p>

b) New standards and amendments and interpretation in issue but not effective for the year ended 31 December 2024

Standard or amendment	Description	Effective date
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2025
IFRS S2	Climate-related Disclosures	1 January 2025
IFRS 18	Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments IFRS 9 and IFRS 7	Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual IFRS improvement — Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

Application of IFRS S1 is optional however the National Board of Accountants and Auditors of Tanzania (NBAA) has mandated application of this standard in Tanzania. The NBAA has mandated application of the standard effective for accounting periods beginning on or after 1 January 2025. The Directors are still evaluating the impact of application of this standard to the financial statements.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

Application of IFRS S2 is optional however the National Board of Accountants and Auditors of Tanzania (NBAA) has mandated application of this standard in Tanzania. The NBAA has mandated application of the standard effective for accounting periods beginning on or after 1 January 2025. The Directors are still evaluating the impact of application of this standard to the financial statements.

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024 (continued)

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

IFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

A subsidiary has public accountability if:

- its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or
- it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance entities, securities brokers/dealers, mutual funds and investment banks often meet this second criterion).

Eligible entities can apply IFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply IFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted. If an entity elects to apply IFRS 19 for a reporting period earlier than the reporting period in which it first applies IFRS 18, it is required to apply a modified set of disclosure requirements set out in an appendix to IFRS 19. If an entity elects to apply IFRS 19 for an annual reporting period before it applied the amendments to IAS 21, it is not required to apply the disclosure requirements in IFRS 19 with regard to Lack of Exchangeability.

The Directors of the Company do not anticipate that IFRS 19 will be applied for purposes of the financial statements.

Lack of Exchangeability (Amendments to IAS 21)

The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:

- **Specify when a currency is exchangeable into another currency and when it is not** — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.
- **Specify how an entity determines the exchange rate to apply when a currency is not exchangeable** — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

c) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024 (continued)

Lack of Exchangeability (continued)

- **Require the disclosure of additional information when a currency is not exchangeable** — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

The amendments to IAS 21 are effective for accounting periods beginning on or after 1 January 2025 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The International Accounting Standards Board (IASB) has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'.

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

The amendments to IFRS 9 and IFRS 7 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

d) Impact of new and amended standards and interpretations in issue but not yet effective in the year ended 31 December 2024 (continued)

Annual Improvements to IFRS Accounting Standards — Volume 11

The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11

Standard	The amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge accounting by a first-time adopter. The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 <i>Financial Instruments</i> .
IFRS 7 Financial Instruments: Disclosures	Gain or loss on derecognition. The amendment addresses a potential confusion in paragraph B38 of IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 <i>Fair Value Measurement</i> was issued.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	Disclosure of deferred difference between fair value and transaction price. The amendment addresses an inconsistency between paragraph 28 of IFRS 7 and its accompanying implementation guidance that arose when a consequential amendment resulting from the issuance of IFRS 13 was made to paragraph 28, but not to the corresponding paragraph in the implementation guidance.
IFRS 7 Financial Instruments: Disclosures (implementation guidance only)	Introduction and credit risk disclosures. The amendment addresses a potential confusion by clarifying in paragraph IG1 that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 and by simplifying some explanations.
IFRS 9 Financial Instruments	Lessee derecognition of lease liabilities. The amendment addresses a potential lack of clarity in the application of the requirements in IFRS 9 to account for an extinguishment of a lessee's lease liability that arises because paragraph 2.1(b)(ii) of IFRS 9 includes a cross-reference to paragraph 3.3.1, but not also to paragraph 3.3.3 of IFRS 9.
IFRS 9 Financial Instruments	Transaction price. The amendment addresses a potential confusion arising from a reference in Appendix A to IFRS 9 to the definition of 'transaction price' in IFRS 15 <i>Revenue from Contracts with Customers</i> while term 'transaction price' is used in particular paragraphs of IFRS 9 with a meaning that is not necessarily consistent with the definition of that term in IFRS 15.
IFRS 10 Consolidated Financial Statements	Determination of a 'de facto agent'. The amendment addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf by aligning the language in both paragraphs.
IAS 7 Statement of Cash Flows	Cost method. The amendment addresses a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards.

The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026 and the Directors do not anticipate that its adoption will result into material impact on the financial statements.

d) Early adoption of standards

The Company did not early-adopt any new or revised standards in 2024.

3. SUMMARY OF MATERIAL ACCOUNTING POLICES

a) Basis of preparation

The Company financial statements are prepared in compliance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and comply with the Companies Act, 2002. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The Company financial statements are presented in Tanzanian Shillings ("TZS"), rounded to the nearest million ("M"), except where otherwise indicated.

The preparation of Company financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the Company's financial.

b) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and comply with the requirements of Companies Act, 2002.

For the Companies Act, 2002 reporting purposes, in these financial statements the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the financial statements as statement of profit or loss and other comprehensive income.

c) Revenue recognition

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

The five steps in the Model are as follows:

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

Revenues from operations consist of recurring revenues, such as billings to customers, monthly subscription fees, roaming and airtime usage fees, and non-recurring revenues such as one-time connection fees and telephone equipment and accessory sales. Recurring revenue is recognised when the related service is rendered.

Unbilled revenues for airtime usage and subscription fees resulting from service provided from the billing cycle date to the end of each month are estimated and recorded. Revenues from connection fees are recognised when the customer is connected and able to use the service. Other revenues, which arise from service contracts, sale of telephones and accessories or other services, are recognised in the month during which the services or goods are provided. Prepaid cards enable the forward purchase of a specified amount of airtime by customers. Revenues are recognised as and when the cards are used. Direct costs associated with these cards which include both the cost of manufacturing the cards as well as dealer margins, are recognised when incurred, that is upfront, while the airtime costs are recognised as and when the revenue is being recognised. Unused airtime is carried in the statement of financial position and is included under deferred revenue within trade and other payables.

Bundled revenues are unbundled when reporting revenue at fair value of the individual components. This is taken as the Pay As You Go (PAYG) rates which were prevailing in the highest peak usage period during the last quarter. These fair values shall remain stagnant for one quarter and are reviewed every quarter. However, if there is any major change (more than 5%) in the PAYG rate in a particular month, then the revised rate is taken during the quarter.

Costs to obtain or fulfil a contract with a customer

The Company defers costs to obtain or fulfil a contract with a customer over expected average customer life determined based on churn rate specific to such contracts.

3. SUMMARY OF MATERIAL ACCOUNTING POLICES (CONTINUED)**d) Foreign currency translation****Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Tanzania Shillings, rounded to the nearest million which is the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in Tanzanian Shillings using rates of exchange ruling at the dates of transaction. Foreign exchange gains/losses resulting from the settlement of such transactions and from translations at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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 Information Technology 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.

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) Intangible assets

Intangible assets comprise deferred spectrum fee and acquired licenses.

3. SUMMARY OF MATERIAL ACCOUNTING POLICES (CONTINUED)

f) Intangible assets (continued)

The Company recognize deferred spectrum license payments, for which it is under an obligation for payment till the expiry of the license period. Consequently, intangible is recognized at the present value of such future payments.

Acquired licenses are shown at historical costs. Licenses have a finite useful life and are carried at costs less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of license over their estimated useful lives. The amortisation charges are recognised in the statement of profit or loss.

Intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. If there is an indication that the carrying value of an intangible asset is greater than its recoverable amount, it is written down to its recoverable amount and the resultant impairment loss taken to the profit and loss account.

g) Leases

The company has applied IFRS 16 using the modified retrospective approach with effect from 1 January 2019. The company elected to apply the practical expedient included in IFRS 16 and therefore retained its existent assessment under IAS 17 and IFRIC 4 as to whether a contract entered or modified before 1 January 2019 contains a lease.

At inception of a contract, the Company assesses a contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

i. Company as a lessee

The Company recognises lease contracts as a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g) Leases (continued)

i. Company as a lessee (continued)

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain re-measurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property, plant and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. Company as a lessor

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

The Company enters into 'Indefeasible right to use' ('IRU') arrangements wherein the right to use the assets is given over the substantial part of the asset life. However, as the title to the assets and the significant risks associated with the operation and maintenance of these assets remains with the Company, such arrangements are recognised as operating lease. The contracted price is recognised as revenue during the tenure of the agreement. Unearned IRU revenue received in advance is presented as deferred revenue within liabilities in the statement of financial position.

o Plant and equipment

The Company leases passive infrastructure for providing telecommunication services under composite contracts which include lease of passive infrastructure and land on which the passive infrastructure is built as well as maintenance, security, provision of energy etc. services. These leases typically run for a period of 3 to 15 years. Some leases include an option to renew the lease mainly for an additional period of 3 to 10 years after the end of initial contract term.

A portion of certain lease payments change on account of changes in consumer price indices (CPI). Such payment terms are common in lease agreements in the countries where the Company operates. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

o Other leases

The Company's other leases comprise of lease of shops, showrooms, guest houses, warehouses, data centers, vehicles and Indefeasible right of use (IRU)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the first in first out basis and includes additional expenses with respect to the cost of transport and handling.

Net realizable value is the estimated selling price in the ordinary course of the business less estimated costs necessary to make the sale.

i) Employment benefits

Retirement benefit obligations

All Company employees are members of the PSSSF Pension Fund ("PSSSF"), which are defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. 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 recognised 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 recognised as an expense accrual.

Long term service award cost is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each interim reporting period. The obligation towards these benefits is recognised in the statement of financial position under provisions, at the present value of the defined benefit obligations. The present value of these obligations is determined by discounting the estimated future cash outflows, using an appropriate discount rate.

j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Asset retirement obligation (ARO)

This is a provision for costs expected in the future to dismantle telecommunication towers and restore the sites to their condition prior to installation of the Company's equipment. The costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of ARO are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

k) 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.

l) 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 Amortized cost. The Company determines the classification of its financial assets at initial recognition.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (continued)

(i) Financial assets (continued)

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 and short-term deposits (included under cash and cash equivalents), trade and other receivables, intercompany loan receivable and deferred consideration related to the managed services project.

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 recognised 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 amortized 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 recognised 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 derecognised 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**l) 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. 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 23.

The Company performs on-going credit evaluations of its customers' financial condition and monitors the creditworthiness 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 note 23 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 recognised 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 recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation 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 amortisation 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (continued)

(ii) Financial liabilities (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 recognised in profit or loss.

(iii) Offsetting of financial instruments

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 recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

m) Cash and cash equivalents

Cash on hand, 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.

n) Tax

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

n) tax (continued)

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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recover.

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 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 on the subsequent month of liability to the Tanzania Revenue Authority.

Unlike VAT, Excise duty is not recoverable on purchases.

Value added tax

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

- 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.
- 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 trade and other receivables or trade and other payables in the statement of financial position.

Levy

Revenues are recognized net of the amount of Levy.

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

o) Cost of sales

All costs directly linked to the selling of telecommunication services and equipment are classified under cost of sales. They exclude those period costs that would be incurred regardless of whether the Company make any sales.

For the Company, cost of goods sold includes interconnect costs, roaming costs, cost of handsets and accessories, leased line charges, license fees and regulatory charges, cost of cards and other direct costs associated to sales.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**p) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

q) 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 recognised 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

r) 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

a) Fair value of 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.

b) Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

c) Income tax

Significant judgement is required in determining the Company's overall tax provision and the recoverability of estimated tax losses. There are many transactions for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues, based on estimates of whether additional taxes will be due. Where the final outcome of tax matters is different from the amounts that were initially recorded, such differences will have an impact on the current and any deferred income tax provisions in the period in which the determination is made.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 losses on trade receivables

At each reporting date, the Company performs impairment analysis for trade and other receivables based on the respective individual customers or a group of related customers or group of minor receivables with homogeneous characteristics. Assessment of impairment is made based on the actual available data and past history. In assessing for impairment the Company considers the current ability of the debtors to pay based on the observed trend and any additional information that help management to determine whether there is a measurable decrease in the estimated future cash flows of an individual debtor or a group of debtors. Where any impairment is established, the Company records it in the profit or loss the extent that is not expected to be recovered. Refer to note 23 for more details on impairment of trade and other receivables.

f) Customers Acquisition Cost (CAC)

At each reporting date the customer acquisition cost is deferred basis the estimated average life of the customer. The Company periodically estimate the average life of customer, which is generally longer than 12 months basis churn rate as the best indicator.

g) 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.

Intangible assets, with indefinite life are tested for impairment annually as well as at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

h) Contingencies and provisions

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Company may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavorable outcome of litigation.

In determining the amount of the ARO provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the asset from the site and the expected timing of those costs.

5. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprises of interest bearing loans, lease liability and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The Company's activities expose it to a variety of financial risks including liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company does not have significant exposure to price risk since no price sensitive financial instruments are held.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's overall risk management program focuses on the unpredictability of financial market and seeks to minimize potential adverse effects on its financial performance, but the Company does not hedge any risks, other than foreign exchange risk through currency forwards. Risk management is carried out by the Finance Department under policies approved by the Company's Treasury Department.

The Company has in place the risk management framework which is reviewed periodically by the Board of Directors.

Market risks**(i) Foreign exchange risk**

The Company's exposure to foreign exchange risk arises from purchases, especially imports of network equipment, and borrowings that are denominated in foreign currencies, primarily the US dollar. The Company also has financial assets and financial liabilities denominated in foreign currencies and therefore it is exposed to the fluctuation of exchange rates between various currencies.

The Company mitigate foreign exchange risk by hedging through currency forwards, making prompt payment and buying foreign currencies whenever the rates move in its favor. Furthermore, currency exposure arising from liabilities denominated in foreign currencies is managed primarily through holding of certain bank balances in the relevant foreign currencies.

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 after tax TZS 'M'
Net effect based on the year end as at	-10%	(65,120)
31 December 2024	10%	65,120
Net effect based on the year end as at	-10%	(62,487)
31 December 2023	10%	62,487

The sensitivity analysis has been determined based on net exposure at 31 December 2024. 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 2024 and 2023. Included in the table are the Company's financial instruments, categorized by currency (all amounts expressed in millions of Tanzanian Shillings):

	2024 TZS 'M' USD	2024 TZS 'M' Euro	2024 TZS 'M' Others
At 31 December 2024			
Financial assets			
Trade and other receivables	56,507	-	-
Cash and cash equivalents	1,858	-	-
	<u>58,365</u>	<u>-</u>	<u>-</u>
Financial liabilities			
Trade and other payables	183,928	-	-
Lease liability	512,681	-	-
Bank overdraft	-	-	-
Others financial liabilities	12,959	-	-
	<u>709,568</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>(651,203)</u>	<u>-</u>	<u>-</u>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**Market risks (continued)****(i) Foreign exchange risk (continued)**

	2023 TZS 'M' USD	2023 TZS 'M' Euro	2023 TZS 'M' Others
At 31 December 2023			
Financial assets			
Trade and other receivables	65,521	-	-
Cash and cash equivalents	1,020	-	-
	<u>66,541</u>	<u>-</u>	<u>-</u>
Financial liabilities			
Trade and other payables	224,121	-	-
Lease Liability	461,391	-	-
Bank overdraft	4,974	-	-
Others financial liabilities	924	-	-
	<u>691,410</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>(624,869)</u>	<u>-</u>	<u>-</u>

Exchange rates applicable were as follows:

	USD: TZS
On 1 January 2024	2,510
On 31 December 2024	2,445
On 1 January 2023	2,334
On 31 December 2023	2,510

(ii) Interest rate risk

The Company's financial instruments that are interest bearing are borrowings due to related and third parties. Interest rates on term loans change with Treasury bill rates, which fluctuates from time to time. Exposure to interest rate risk is not hedged, but from time to time the Company negotiates with the lenders on its prime lending rate.

Where necessary the Company refinances its borrowings in order to ensure its borrowing terms remain competitive. Refer to note 26 for more details on loans and borrowings.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit or loss of a defined interest rate shift.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**Credit risk**

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation causing the other party to incur financial loss. Financial assets, which potentially subject the Company to credit risk, consist mainly of deposits held by banks as well as trade and other receivables. The Company manages the risk by banking with reputable regulated financial institutions. Credit risk with respect to accounts receivables is limited due to thorough scrutiny before offering the service, barring from service when the debts become doubtful for post-paid customers whose debtors are collected using experienced collection agencies.

A large portion of the Company's revenue is however from prepaid airtime in which dealers and aggregators makes up a distribution network. Most of the Company's dealers and aggregators operate on cash basis with few cases on credit following successful application of the credit facility. All credit limits are supported by bank guarantees. The Company considers risk of default to be low in this case and the impact would not be significant since this makes up less than five percent of total

The amount that best represents the Company's maximum exposure to credit risk at year-end is made up as follows:

	2024 TZS 'M'	2023 TZS 'M'
Trade and other receivables	31,951	29,724
Receivables from related parties	27,033	39,081
Cash and bank balances	10,540	21,631
	<u>69,524</u>	<u>90,436</u>

No collateral is held for any of the above assets. Furthermore, the Company does not grade the credit quality of receivables. All the receivables that are neither past due or impaired are within their approved limits and no receivables have had their terms renegotiated.

None of the above assets are past due or impaired except for the amounts in trade receivables which are overdue for more than 90 days and for interconnect receivables more than 270 days.

	2024 TZS 'M'	2023 TZS 'M'
Amounts overdue:		
By up to 30 days	7,397	6,094
By up to 60 days	7,259	6,583
Over 60 days	44,328	56,128
Total overdue	<u>58,984</u>	<u>68,805</u>
Impairment provision	<u>13,940</u>	<u>14,574</u>

All receivables past due for more than 90 days and for interconnect more than 270 days are considered to be impaired and are carried at their estimated recoverable value.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)**Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damaging the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity reserves (comprises undrawn borrowing facility (Note 26) and cash and cash equivalent (Note 24)) on the basis of expected cash flows.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant:

	Less than 1 year TZS 'M'	Between 1 and 2 years TZS 'M'	Greater than 2 years TZS 'M'	Total TZS 'M'
At 31 December 2024				
Borrowings	25,612	82,229	57,425	165,266
Bank overdraft	34,887	-	-	34,887
Trade and other payables	252,857	-	-	252,857
Other financial liabilities	-	13,642	37,866	51,508
Lease liabilities	65,368	66,100	426,345	557,813
Total financial liabilities	378,724	161,971	521,636	1,062,331
At 31 December 2023				
Borrowings	22,398	23,450	83,988	129,836
Bank overdraft	14,634	-	-	14,634
Trade and other payables	288,315	-	-	288,315
Other financial liabilities	-	61,838	-	61,838
Lease liabilities	51,478	85,877	361,940	499,295
Total financial liabilities	376,825	171,165	445,928	993,918

Fair value

The Company has no assets or liabilities whose carrying values are based on fair value. The carrying amount of the Company's financial instruments reasonably approximate their fair values due to the short term nature of the instruments or the fact that interest bearing financial instruments have interest rates that reasonably approximate market rates.

5.FINANCIAL RISK MANAGEMENT (CONTINUED)**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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividend paid to its shareholders.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is defined as total borrowings (including current and non-current borrowings and bank overdrafts as shown in the statement of financial position) less cash and cash equivalents.

Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2024	2023
	TZS 'M'	TZS 'M'
Borrowings (note 26)	165,266	129,836
Bank overdrafts (note 29)	34,887	14,634
Lease liabilities (note 30)	557,813	499,295
Less: Bank and cash balance (note 24)	<u>(7,985)</u>	<u>(21,632)</u>
Net debt	<u>749,981</u>	<u>622,133</u>
Total equity surplus	<u>412,364</u>	<u>379,680</u>
Gearing ratio	<u>1.82</u>	<u>1.64</u>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Categorization of financial instruments as at 31 December 2024

	Financial asset at amortized cost TZS 'M'	Financial liabilities at amortized costs TZS 'M'	Non-financial assets and liabilities TZS 'M'	Equity TZS 'M'	Total TZS 'M'
Non-current assets					
Property plant and equipment	-	-	530,136	-	530,136
Capital-work-in-progress	-	-	87,307	-	87,307
Intangible assets	-	-	227,426	-	227,426
Right of use	-	-	375,170	-	375,170
Deferred tax asset	-	-	128,053	-	128,053
Investments	1	-	-	-	1
Other non-financial assets	-	-	48,572	-	48,572
	<u>1</u>	<u>-</u>	<u>1,396,664</u>	<u>-</u>	<u>1,396,665</u>
Current assets					
Inventories	-	-	3,854	-	3,854
Trade and other receivables	45,044	-	-	-	45,044
Other current Assets	-	-	114,147	-	114,147
Trade receivables	18,011	-	-	-	18,011
Prepayments	-	-	108,165	-	108,165
Receivables from related parties	27,033	-	-	-	27,033
Service & sale tax recoverable	-	-	2,770	-	2,770
Other receivables	-	-	3,212	-	3,212
Cash and cash equivalents	10,540	-	-	-	10,540
	<u>55,584</u>	<u>-</u>	<u>118,001</u>	<u>-</u>	<u>173,585</u>
Total assets	<u>55,585</u>	<u>-</u>	<u>1,514,665</u>	<u>-</u>	<u>1,570,250</u>
Equity and liabilities					
Equity					
Ordinary shares	-	-	-	48,235	48,235
Share premium	-	-	-	1,520	1,520
Retained earnings	-	-	-	362,609	362,609
Total equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,364</u>	<u>412,364</u>
Non-current liabilities					
Borrowings	-	139,654	-	-	139,654
Lease liabilities	-	492,445	-	-	492,445
Provisions	-	-	335	-	335
Other non-financial liabilities	-	51,508	-	-	51,508
Other financial liabilities	-	-	10,506	-	10,506
Trade and other payables	-	-	6,009	-	6,009
Deferred revenue	-	-	4,497	-	4,497
Consortium deferred payment	-	7,101	-	-	7,101
Deferred spectrum fee	-	44,407	-	-	44,407
	<u>-</u>	<u>683,607</u>	<u>10,841</u>	<u>-</u>	<u>694,448</u>
Current liabilities					
Trade and other payables	-	252,857	-	-	252,857
Other current liabilities	-	-	77,867	-	77,867
Trade payables	-	17,422	-	-	17,422
Accrued expenses	-	36,598	-	-	36,598
Deferred revenue	-	-	30,762	-	30,762
Payables to related parties	-	127,639	-	-	127,639
Customers deposits	-	-	1,100	-	1,100
Roaming payables	-	-	-	-	-
Other tax payables	-	-	26,841	-	26,841
Equipment supply payables	-	60,004	-	-	60,004
Deferred spectrum fee	-	11,194	-	-	11,194
Other payables	-	-	19,164	-	19,164
Provisions	-	-	6,543	-	6,543
Borrowings	-	25,612	-	-	25,612
Bank overdraft	-	34,887	-	-	34,887
Current tax payable	-	-	304	-	304
Lease liabilities	-	65,368	-	-	65,368
	<u>-</u>	<u>378,724</u>	<u>84,714</u>	<u>-</u>	<u>463,438</u>
Total liabilities	<u>-</u>	<u>1,062,331</u>	<u>95,555</u>	<u>-</u>	<u>1,157,886</u>
Total equity and liabilities	<u>-</u>	<u>1,062,331</u>	<u>95,555</u>	<u>412,364</u>	<u>1,570,250</u>

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Categorization of financial instruments as at 31 December 2023

	Financial asset at amortized cost TZS 'M'	Financial liabilities at amortized costs TZS 'M'	Non-financial assets and liabilities TZS 'M'	Equity TZS 'M'	Total TZS 'M'
Non-current assets					
Property plant and equipment	-	-	490,594	-	490,594
Capital-work-in-progress	-	-	64,102	-	64,102
Intangible assets	-	-	250,737	-	250,737
Right of use	-	-	288,761	-	288,761
Deferred tax asset	-	-	138,784	-	138,784
Investments	1	-	-	-	1
Other non-financial assets	-	-	48,390	-	48,390
	<u>1</u>	<u>-</u>	<u>1,281,368</u>	<u>-</u>	<u>1,281,369</u>
Current assets					
Inventories	-	-	8,756	-	8,756
Trade and other receivables	54,231	-	-	-	54,231
Other current Assets	-	-	90,215	-	90,215
Trade receivables	15,150	-	-	-	15,150
Prepayments	-	-	67,379	-	67,379
Receivables from related parties	39,081	-	-	-	39,081
Service & sale tax recoverable	-	-	2,709	-	2,709
Other receivables	-	-	20,127	-	20,127
Cash and cash equivalents	21,631	-	-	-	21,631
	<u>75,862</u>	<u>-</u>	<u>98,971</u>	<u>-</u>	<u>174,834</u>
Total assets	<u>75,863</u>	<u>-</u>	<u>1,380,339</u>	<u>-</u>	<u>1,456,202</u>
Equity and liabilities					
Equity					
Ordinary shares	-	-	-	48,235	48,235
Share premium	-	-	-	1,520	1,520
Retained earnings	-	-	-	329,925	329,925
Total equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,680</u>	<u>379,680</u>
Non-current liabilities					
Borrowings	-	107,438	-	-	107,438
Lease liabilities	-	447,817	-	-	447,817
Provisions	-	-	334	-	334
Other financial liabilities	-	61,838	-	-	61,838
Other non-financial liabilities	-	-	5,351	-	5,351
Deferred revenue	-	-	5,212	-	5,212
Consortium deferred payment	-	10,605	-	-	10,605
Deferred spectrum fee	-	51,233	-	-	51,233
Other liabilities	-	-	139	-	139
	<u>-</u>	<u>617,093</u>	<u>5,685</u>	<u>-</u>	<u>622,778</u>
Current liabilities					
Trade and other payables	-	288,315	-	-	288,315
Other non-financial liabilities	-	-	69,005	-	69,005
Trade payables	-	40,507	-	-	40,507
Accrued expenses	-	39,650	-	-	39,650
Deferred revenue	-	-	24,310	-	24,310
Payables to related parties	-	91,516	-	-	91,516
Customers deposits	-	-	19,388	-	19,388
Other tax payables	-	-	16,759	-	16,759
Equipment supply payables	-	100,523	-	-	100,523
Deferred spectrum fee	-	16,119	-	-	16,119
Other payables	-	-	8,548	-	8,548
Provisions	-	-	5,942	-	5,942
Borrowings	-	22,398	-	-	22,398
Bank overdraft	-	14,634	-	-	14,634
Current tax payable	-	-	1,971	-	1,971
Lease liabilities	-	51,478	-	-	51,478
	<u>-</u>	<u>376,825</u>	<u>76,918</u>	<u>-</u>	<u>453,743</u>
Total liabilities	<u>-</u>	<u>993,918</u>	<u>82,603</u>	<u>-</u>	<u>1,076,521</u>
Total equity and liabilities	<u>-</u>	<u>993,918</u>	<u>82,603</u>	<u>379,680</u>	<u>1,456,202</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. GOING CONCERN

During the year ended 31 December 2024, the Company reported a net profit of TZS 52,684 million (2023: TZS 113,925 million). As at 31 December 2024, The Company had retained earnings of TZS 362,609 million (2023: TZS 329,925 million) and net current liabilities of TZS 289,853 million (2023: TZS 278,911 million).

The Directors are confident that the Company has adequate resources are available for it to discharge its obligations as required and therefore consider it appropriate to prepare the financial statements on a going concern basis.

	2024 TZS 'M'	2023 TZS 'M'
7. SERVICE REVENUE		
Airtime revenue	315,171	281,394
Data revenue	303,992	249,481
Value added services	88,772	65,509
Interconnect revenue	49,488	50,332
Roaming revenue	13,382	8,627
Site sharing revenue	1,227	1,343
Subscription revenue	6,803	5,212
Equipment Sales	4,246	820
Other revenue	21,931	7,998
	<u>805,012</u>	<u>670,716</u>
8. NETWORK OPERATION COST		
Leased lines charges	24,867	18,051
Network support and maintenance cost	33,370	31,364
Sites rental charges	82,684	74,960
Site energy charges (fuel and grid electricity)	51,825	37,687
	<u>192,746</u>	<u>162,062</u>
9. ACCESS CHARGE		
Interconnection costs – Local	41,339	36,533
Interconnection costs – International	2,845	5,163
Roaming costs	1,267	751
	<u>45,451</u>	<u>42,447</u>
10. OTHER EXPENSES		
IT expenses	6,246	5,107
Management fees	24,661	22,216
Legal & Professional Charges	708	333
Customer service expenses	2,689	2,575
Rates and taxes**	1,984	(12,489)
Other operating expenses*	18,208	16,129
Impairment provision – trade receivables	(634)	(377)
	<u>53,862</u>	<u>33,494</u>

* Other operating expenses include costs not categorized above such as non-site repairs and maintenance, general travelling expenses, office rent, Director remuneration & sitting allowance, printing and stationeries, utility costs (not chargeable to transmission sites), and workplace refreshment and entertainment, etc.

** During the year ended 31 December 2023, The Company reversed additional provision for fiber consortium demand after final settlement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TZS 'M'	2023 TZS 'M'
11. EMPLOYEE BENEFIT EXPENSES		
Wages and salaries	33,928	27,594
Social security costs – defined contribution scheme	2,001	1,795
Other employee emoluments and benefits	6,739	4,642
	<u>42,668</u>	<u>34,031</u>
12. SALES AND MARKETING COSTS		
Marketing and advertising expenses	8,672	9,396
Sales and distribution cost	100,765	72,246
Cost of handsets and accessories	3,963	2,173
	<u>113,400</u>	<u>83,815</u>
13. DEPRECIATION AND AMORTISATION		
Depreciation of property, plant and equipment (Note 18)	108,736	97,258
Amortisation of intangible assets (Note 19)	23,311	16,978
Depreciation of right-of-use assets (Note 20)	47,971	39,084
	<u>180,018</u>	<u>153,320</u>
14. OPERATING PROFIT		
The following items have been charged in arriving at operating profit:		
Key management personnel remuneration	8,456	7,675
Directors' fees and sitting allowance	203	206
Auditor's remuneration	346	300
	<u></u>	<u></u>
15. (a) FINANCE COST		
Derivative and exchange fluctuation loss - realized	22,727	7,745
Derivative and exchange fluctuation loss - unrealized	53,092	40,209
Interest on borrowings and bank overdraft	25,351	18,409
Interest on other financial liabilities	114	92
Interest expense – lease liability (Note 31)	31,572	26,145
Other finance charges	1,248	937
Derivative and foreign exchange gains	(63,165)	-
	<u>70,939</u>	<u>93,537</u>
(b) FINANCE INCOME		
Dividend income	185	28,226
Interest on bank deposits	170	555
Interest on balance held in Airtel Money wallets	60	27
	<u>415</u>	<u>28,808</u>

16. INCOME TAX

The Company had accumulated tax losses of TZS 91 billion as at 31 December 2024 (2023: TZS 136 billion).

Corporate Income Tax (CIT) is applicable in line with Section 19(2) of the Income Tax Act, 2004 whereas CIT is charged with the loss utilization capped at 60%.

	2024 TZS 'M'	2023 TZS 'M'
a) Income tax expense/(credit)		
Current tax:		
- Corporate income tax in respect to current year	9,792	11,837
- Corporate income tax in respect to prior year	69	67
- Corporate income tax on dividend received	19	1,415
	9,880	13,319
Deferred tax:		
- Deferred tax charge/(credit)	10,730	(56,411)
	20,610	(43,092)

Deferred tax has been recognized based on the available tax losses and deductible temporary differences.

The income tax (credit)/expense differs from the theoretical amount that would arise using the basic tax rate on profit before tax as follows:

	2024 TZS 'M'	2023 TZS 'M'
b) Income tax reconciliation		
Profit before tax	73,294	70,833
Tax calculated at a tax rate of 30%	21,988	21,250
Tax effect of:		
Tax effect of expenses not deductible for tax purposes	762	298
Non-taxable income	(56)	(8,464)
Reversal of prior period provision (non-deductible)	-	(3,358)
Withholding tax on dividend	19	1,415
Deferred tax movement not recognized	-	(54,200)
Prior year adjustments	(2,172)	-
Corporate income tax in respect to prior year	69	67
	20,748	(43,092)
c) Income tax payable		
At 1 January	(1,971)	(4,858)
Current tax expense	(9,861)	(11,904)
Current income tax paid in respect to prior year	1,972	4,803
Current income tax paid during the year	8,978	9,706
Withholding tax recovered	578	282
At 31 December	(304)	(1,971)

AIRTEL TANZANIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment TZS 'M'	Leasehold Improvements TZS 'M'	Computer TZS 'M'	Office equipment TZS 'M'	Furniture & Fixture TZS 'M'	Capital work in progress TZS 'M'	Total TZS 'M'
Year ended 31 December 2024							
Cost							
At 1 January 2024	1,466,222	9,856	165,648	28,756	4,950	64,103	1,739,535
Additions	-	-	-	-	-	172,680	172,680
Transfer in/(out)	132,998	-	11,873	4,263	342	(149,476)	-
Disposal	(2,341)	-	-	-	-	-	(2,341)
Reclassification adjustment	(486)	-	536	(71)	21	-	-
At 31 December 2024	1,596,393	9,856	178,057	32,948	5,313	87,307	1,909,874
Depreciation							
At 1 January 2024	1,000,883	5,999	152,726	20,465	4,760	-	1,184,833
Charge for the year	93,607	441	8,542	6,062	84	-	108,736
Disposal	(1,138)	-	-	-	-	-	(1,138)
Reclassification	-	-	2	(4)	2	-	-
At 31 December 2024	1,093,352	6,440	161,270	26,523	4,846	-	1,292,431
Net Book Value							
At 31 December 2024	503,041	3,416	16,787	6,425	467	87,307	617,443

AIRTEL TANZANIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and Equipment TZS 'M'	Leasehold Improvements TZS 'M'	Computer TZS 'M'	Office equipment TZS 'M'	Furniture & Fixture TZS 'M'	Capital work in progress TZS 'M'	Total TZS 'M'
Year ended 31 December 2023							
Cost							
At 1 January 2023	1,341,369	9,324	161,328	19,630	5,922	54,002	1,591,575
Additions	-	-	-	-	-	162,281	162,281
Transfer in/(out)	131,746	533	9,930	9,738	234	(152,181)	-
Disposal	(6,843)	-	(5,712)	(590)	(1,176)	-	(14,321)
Reclassification adjustment	(50)	-	102	(23)	(29)	-	-
At 31 December 2023	1,466,222	9,857	165,648	28,755	4,951	64,102	1,739,535
Depreciation							
At 1 January 2023	922,375	5,539	152,940	15,191	5,857	-	1,101,902
Charge for the year	85,333	459	5,483	5,914	68	-	97,257
Disposal	(6,857)	-	(5,697)	(590)	(1,176)	-	(14,320)
Reclassification	40	-	-	(40)	-	-	-
At 31 December 2023	1,000,891	5,998	152,726	20,475	4,749	-	1,184,839
Net Book Value							
At 31 December 2023	465,331	3,859	12,922	8,280	202	64,102	554,696

18. INTANGIBLE ASSETS

	Cellular license TZS 'M	Deferred Spectrum fee TZS 'M	Capital work in progress TZS 'M	Total TZS 'M
Year ended 31 December 2024				
Cost				
At 1 January 2024	210,061	84,361	-	294,422
Additions	-	-	-	-
Transfer in/(out)	-	-	-	-
At 31 December 2024	<u>210,061</u>	<u>84,361</u>	<u>-</u>	<u>294,422</u>
Amortization				
At 1 January 2024	20,220	23,465	-	43,685
Charge for the year	<u>14,550</u>	<u>8,761</u>	<u>-</u>	<u>23,311</u>
At 31 December 2024	<u>34,770</u>	<u>32,226</u>	<u>-</u>	<u>66,996</u>
Net book value				
At 31 December 2024	<u>175,291</u>	<u>52,135</u>	<u>-</u>	<u>227,426</u>
Year ended 31 December 2023				
Cost				
At 1 January 2023	70,573	71,208	150,467	292,248
Additions	-	-	2,174	2,174
Transfer in/(out)	<u>139,488</u>	<u>13,153</u>	<u>(152,641)</u>	<u>-</u>
At 31 December 2023	<u>210,061</u>	<u>84,361</u>	<u>-</u>	<u>294,422</u>
Amortization				
At 1 January 2023	11,478	15,229	-	26,707
Charge for the year	<u>8,742</u>	<u>8,236</u>	<u>-</u>	<u>16,978</u>
At 31 December 2023	<u>20,220</u>	<u>23,465</u>	<u>-</u>	<u>43,685</u>
Net book value				
At 31 December 2023	<u>189,841</u>	<u>60,896</u>	<u>-</u>	<u>250,737</u>

19. RIGHT-OF-USE ASSET

	Property, plant and equipment TZS 'M'	Others TZS 'M'	Total TZS 'M'
Year ended 31 December 2024			
At 1 January 2024	285,929	2,832	288,761
Additions	134,312	68	134,380
Depreciation charge for the year	(47,553)	(418)	(47,971)
At 31 December 2024	<u>372,688</u>	<u>2,482</u>	<u>375,170</u>
Year ended 31 December 2023			
At 1 January 2023	236,991	3,022	240,013
Additions	87,581	219	87,800
Depreciation charge for the year	(38,675)	(409)	(39,084)
Adjustment	32	-	32
At 31 December 2023	<u>285,929</u>	<u>2,832</u>	<u>288,761</u>

20. 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 deferred tax asset of TZS 128,053 million as at 31 December 2024 (2023: TZS 176,327 million).

The net deferred tax asset recognized in the books have been recognized basing on the unutilized tax losses and deductible temporary differences.

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

	2024 TZS 'M'	2023 TZS 'M'
Accelerated capital allowances	226,386	346,838
Allowance for doubtful debts	13,940	14,249
Bonus provisions	3,992	2,997
Provision for other expenses	95,218	65,397
Asset retirement obligation	106	103
Unrealized foreign exchange differences	574	22,086
Tax losses carried forward	<u>86,626</u>	<u>136,085</u>
Net deductible temporary differences	<u>426,842</u>	<u>587,755</u>
Deferred tax asset at 30%	128,053	176,327
Less: Deferred tax asset not recognized	-	(37,543)
Deferred tax asset recognised	<u>128,053</u>	<u>138,784</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TZS 'M'	2023 TZS 'M'
--	-----------------	-----------------

21. INVESTMENTS

Shares in Airtel Money Tanzania Limited	<u>1</u>	<u>1</u>
---	----------	----------

The investment relates 1,000 shares owned in Airtel Money Tanzania Limited (AMTL) which represents 0.2% of the shareholding. Shares have a nominal amount of TZS 1,000 each and are fully paid for. Principal place of business and country of incorporation for Airtel Money Tanzania Limited is the United Republic of Tanzania.

	2024 TZS 'M'	2023 TZS 'M'
--	-----------------	-----------------

22. INVENTORIES

Devices	2,892	2,496
SIM cards	1,605	6,903
Provision for obsolete inventory	<u>(643)</u>	<u>(643)</u>
	<u>3,854</u>	<u>8,756</u>

The inventories balances relate to modems and routers, mobile handsets and SIM cards.

23. (A) TRADE AND OTHER RECEIVABLES

Roaming debtors	5,548	2,649
Interconnect debtors	7,811	10,776
Post paid debtors	11,280	11,158
Subscription	6,300	4,244
Site sharing debtors	1,012	897
Due from related parties (note 34 (iii))	<u>27,033</u>	<u>39,081</u>
	58,984	68,805
Allowance for impairment losses	<u>(13,940)</u>	<u>(14,574)</u>
	<u>45,044</u>	<u>54,231</u>

(B) OTHER NON-FINANCIAL ASSETS - CURRENT

Prepayments	108,165	67,379
Service and sale tax recoverable	2,770	2,709
Other receivables*	<u>3,212</u>	<u>20,127</u>
	<u>114,147</u>	<u>90,215</u>

* Other receivables include TZS 2,445 million towards balance consideration receivable from buyer of tower assets on tower remediation completion.

(C) OTHER NON-FINANCIAL ASSETS -NON CURRENT

Prepayments	4,274	2,701
Other receivables	<u>44,298</u>	<u>45,689</u>
	<u>48,572</u>	<u>48,390</u>

	2024 TZS 'M'	2023 TZS 'M'
23. TRADE AND OTHER RECEIVABLES (CONTINUED)		
The carrying amounts of trade and other receivables approximate their fair values.		
Movements on the allowance for impairment of trade receivable are as follows:		
At January	14,574	16,763
Release during the year	(634)	(2,189)
Written off during the year		-
At 31 December	<u>13,940</u>	<u>14,574</u>

The ageing of trade and other receivable as of the reporting date is as follows:

	Neither past due nor impaired Less than 30 days TZS 'M'	Past due but not impaired 30 to 60 days TZS 'M'	60 to 90 days TZS 'M'	Impaired Above 90 days TZS 'M'	Total TZS 'M'
At 31 December 2024	<u>7,397</u>	<u>7,259</u>	<u>30,390</u>	<u>13,940</u>	<u>58,985</u>
At 31 December 2023	<u>6,094</u>	<u>6,583</u>	<u>18,201</u>	<u>14,574</u>	<u>45,452</u>

24. CASH AND CASH EQUIVALENTS

	2024 TZS 'M'	2023 TZS 'M'
For the purpose of the statement of cash flows, cash and short-term deposits are made up as follows:		
Cash at bank	4,054	16,399
Balance held in wallets	3,920	2,200
Fixed Deposit	-	3,012
Restricted cash at bank	2,555	13
Cash in hand	<u>11</u>	<u>7</u>
Bank and cash balances	10,540	21,631
Bank overdraft (note 30)	<u>(34,887)</u>	<u>(14,634)</u>
Cash and cash equivalents	<u>(24,347)</u>	<u>6,997</u>

Restricted cash at bank represents balance in a bank account with Standard Chartered Bank Tanzania Limited for cash cover given against Bank Guarantee. The balance is restricted to only 10% of contract value from Ministry of Information, Communication and Technology (MICT).

25. SHARE CAPITAL AND PREMIUM

Authorized:

250,000,000 ordinary shares of TZS 200 each (2023: 250,000,000 ordinary shares of TZS 200)	<u>50,000</u>	<u>50,000</u>
---	---------------	---------------

Issued and paid up:

241,176,471 ordinary shares of TZS 200 each (2023: 241,176,471 ordinary shares of TZS 200)	<u>48,235</u>	<u>48,235</u>
--	---------------	---------------

Share premium	<u>1,520</u>	<u>1,520</u>
---------------	--------------	--------------

26. BORROWINGS

					2024 TZS 'M'	2023 TZS 'M'
(a) Non-current						
Secured						
Long term loan					166,376	131,196
Less :						
Current portion of long term loan					25,612	22,398
Debt origination cost					1,111	1,360
					26,723	23,758
As at 31 December					139,654	107,438
(b) Current						
Unsecured						
Current portion of Long term loan					25,612	22,398
As at 31 December					25,612	22,398
(c) Movement in borrowings:						
2024	At 1 January TZS 'M'	Drawdown TZS 'M'	Repayment TZS 'M'	Upfront fee TZS 'M'	Amortization TZS 'M'	At 31 December TZS 'M'
Stanbic Bank (i)	84,448	22,475	(14,000)	(322)	415	93,016
NMB Bank (ii)	45,387	35,000	(8,295)	-	156	72,248
	<u>129,835</u>	<u>57,475</u>	<u>(22,295)</u>	<u>(322)</u>	<u>571</u>	<u>165,264</u>
2023	At 1 January TZS 'M'	Drawdown TZS 'M'	Repayment TZS 'M'	Upfront fee TZS 'M'	Amortization TZS 'M'	At 31 December TZS 'M'
Stanbic Bank (i)	70,000	29,409	(14,000)	(1,070)	110	84,448
NMB Bank (ii)	-	50,000	(4,213)	(400)	-	45,387
	<u>70,000</u>	<u>79,409</u>	<u>(18,213)</u>	<u>(1,470)</u>	<u>110</u>	<u>129,835</u>

- (i) Standard Chartered Bank Tanzania Limited Loan Facility – In 19 October 2022, The company entered into a long term credit facility agreement with Standard chartered Bank of Tanzania Limited . The credit facility amounted to TZS 128,000 million attracting interest of 6 months T Bill rate plus margin of 4.25% with floor rate of 11.7% and repayment of both principal and interest is on semi-annually basis at maturity on 19 October 2027. This Loan is secured by with 125% first ranking debenture over all assets of the Company, out of TZS 128,000 availed amounting to TZS 121,884 million is drawdown from Stanbic Bank Tanzania Limited from 19 October 2022 to 31st December 24. and total TZS 6,115Million is undrawn balance.
- (ii) NMB Bank Plc Loan Facility – It comprise of five years term loan facility amounting to TZS 85,000 million taken from NMB Bank Tanzania Limited from February 2023 to 31 December 2024. Facility is secured with 125% first ranking debenture over all assets of the Company; attracting monthly interest of T- Bill rate plus margin of 4.25% with floor rate of 11.7%. The entire facility was withdrawn during the year ended 31 December 2024. Repayment of both principal and interest is on monthly basis.

27. PROVISIONS

	Indirect tax cases TZS 'M'	Legal cases TZS 'M'	Total TZS 'M'
At January 2024	4,602	1,340	5,942
Provision for the year	553	48	601
At 31 December 2024	5,155	1,388	6,543
At January 2023	4,062	1,449	5,511
Provision for the year	540	-	540
Provision utilized	-	(109)	(109)
At 31 December 2023	4,602	1,340	5,942

The provisions relate to litigations for which the Directors have assessed that the Company will probably incur the recognised costs.

The key assumption used in determining the provisions is legal and tax cases provisions which are estimated by the Company's lawyers based on their professional expertise.

	2024 TZS 'M'	2023 TZS 'M'
28. A) TRADE AND OTHER PAYABLES		
Trade payables	17,422	40,507
Accrued expenses	36,598	39,650
Due to related parties (Note 35 (iv))	127,639	91,516
Payable to equipment suppliers	60,004	100,523
Deferred spectrum fee	11,194	16,119
	<u>252,857</u>	<u>288,315</u>
B) OTHER FINANCIAL LIABILITIES - NON-CURRENT		
Deferred spectrum fee	44,407	51,233
Consortium deferred payment	7,101	10,605
	<u>51,508</u>	<u>61,838</u>
C) OTHER NON-FINANCIAL LIABILITIES - CURRENT		
Deferred revenue	30,762	24,310
Customers deposits	1,100	19,388
Other taxes payable	26,841	16,759
Other payables	19,164	8,549
	<u>77,867</u>	<u>69,006</u>
D) OTHER NON-FINANCIAL LIABILITIES - NON CURRENT		
Deferred revenue	4,497	5,212
Other payables	6,009	139
	<u>10,506</u>	<u>5,351</u>

The carrying amounts of the trade payables approximate their fair values.

* Other taxes payable include value added tax, excise duty, withholding tax and levy.

	2024 TZS 'M'	2023 TZS 'M'
29. BANK OVERDRAFT		
Unsecured		
National Bank of Commerce Limited	10,000	9,660
Standard Chartered Bank Tanzania Limited	<u>24,887</u>	<u>4,974</u>
	<u>34,887</u>	<u>14,634</u>

i) The Company has an unsecured overdraft facility with Standard Chartered Bank Limited with an authorised limit of USD 10 million. The overdraft facility attracts interest at a rate of 5% per Annum + 182 treasury bill rate.

ii) The Company has an unsecured overdraft facility with National Bank of Commerce Limited with an authorised limit of TZS 10 billion. The overdraft facility attracts interest at a rate of 4% per annum above 6 months treasury bill rate.

	2024 TZS 'M'	2023 TZS 'M'
30. LEASE LIABILITIES		
At 1 January	499,295	433,103
Additions	134,380	87,800
Interest accrued	31,572	26,145
Foreign exchange (gain)/gain	(17,354)	31,319
Payment made during the year	<u>(90,080)</u>	<u>(79,072)</u>
At 31 December	<u>557,813</u>	<u>499,295</u>
Current	65,368	51,478
Non-current	<u>492,445</u>	<u>447,817</u>
	<u>557,813</u>	<u>499,295</u>

	2024 TZS 'M'	2023 TZS 'M'
30. LEASES (CONTINUED)		
i. As a Lessee		
Lease liabilities		
Maturity analysis:		
Less than one year	95,482	74,773
Later than one year but not later than two years	89,129	76,039
Later than two years but not later than five years	267,942	208,922
Later than five years but not later than nine years	218,842	211,321
Later than nine years	30,127	28,115
Total undiscounted lease liabilities	701,522	599,170
Lease liabilities included in the statement of financial position	557,814	499,295
Interest expense on lease liabilities	31,572	26,145
Total cash outflow for leases in statement of cash flows		
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	90,080	79,070
ii. As a lessor		
The Company's lease arrangements as a lessor mainly pertain to passive infrastructure.		
Operating lease		
Lease income recognised in profit or loss	1,227	1,343
The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:		
Less than one year	-	-
One to five years	369	1,229
More than five years	8,635	9,003
Total	9,004	10,232

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. CONTINGENT LIABILITIES

As at 31 December 2024 the Company issued performance bank guarantees amounting to TZS 3,441 million (2023: TZS 8,603 million), required to participate for mobile service tenders. In the opinion of the Directors and Company's legal counsel, no material liabilities are expected to crystallize from these Bank Guarantee. Consequently, no provision has been made against the performance bank guarantee in the financial statements.

There were no other contingent liabilities that the directors are aware as at 31 December 2024 (2023: Nil)

32. CAPITAL COMMITMENTS

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

Undelivered purchase orders	<u>64,829</u>	<u>53,842</u>
-----------------------------	---------------	---------------

Most of the capital commitments will be funded through the available credit facilities.

33. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Company transacts with the parent Company and other companies related to it by virtue of common shareholding.

The following are the transactions entered between related parties:

a. Purchase of service from related parties :-

Name	Country of Incorporation	Nature of transactions	Relationship	2024	2023
				TZS 'M'	TZS 'M'
Airtel (Seychelles) Limited	Seychelles	Roaming Charges	Fellow Subsidiary	3	-
Airtel Congo S.A	Congo	Roaming Charges	Fellow Subsidiary	1	-
Airtel Madagascar S.A.	Madagascar	Roaming Charges	Fellow Subsidiary	-	3
Airtel Malawi Limited	Malawi	Interconnect Charges	Fellow Subsidiary	31	83
Airtel Malawi Limited	Malawi	Roaming Charges	Fellow Subsidiary	3	2
Airtel Networks Kenya Limited	Kenya	Interconnect Charges	Fellow Subsidiary	77	1,083
Airtel Networks Kenya Limited	Kenya	Roaming Charges	Fellow Subsidiary	60	51
Airtel Networks Zambia Plc	Zambia	Bandwidth	Fellow Subsidiary	1,612	538
Airtel Networks Zambia Plc	Zambia	Interconnect Charges	Fellow Subsidiary	53	53
Airtel Networks Zambia Plc	Zambia	Roaming Charges	Fellow Subsidiary	8	6
Airtel DRC Limited	DRC	Interconnect Charges	Fellow Subsidiary	30	27
Airtel DRC Limited	DRC	Roaming Charges	Fellow Subsidiary	13	12
Celtel Niger S.A.	Niger	Interconnect Charges	Fellow Subsidiary	2	-
Celtel Niger S.A.	Niger	Roaming Charges	Fellow Subsidiary	1	-
Airtel Uganda Limited	Uganda	Interconnect Charges	Fellow Subsidiary	92	72
Airtel Uganda Limited	Uganda	Roaming Charges	Fellow Subsidiary	29	10
Bharti Airtel Services Limited	India	Management fees	Fellow Subsidiary	429	29
Bharti Hexacom Limited	India	Roaming Charges	Fellow Subsidiary	1	3
Bharti Airtel Limited	India	Bandwidth	Intermediate	536	319
			Parent		
Bharti Airtel Limited	India	Roaming Charges	Parent	184	50
Nextra Data Limited	India	Business Support	Fellow Subsidiary	839	43
Bharti Airtel (UK) Limited	Netherland	Lease line	Fellow Subsidiary	456	6
Bharti Airtel (UK) Limited	Netherland	Interconnect Charges	Fellow Subsidiary	1,311	1,708
Singtel Singapore	Singapore	Roaming Charges	Fellow Subsidiary	-	8
Airtel Networks Limited	Nigeria	Interconnect Charges	Fellow Subsidiary	7	11
Airtel Networks Limited	Nigeria	Roaming Charges	Fellow Subsidiary	8	1
Airtel Rwanda Limited	Rwanda	Roaming Charges	Fellow Subsidiary	6	147
Bharti Airtel International	Kenya	Business Support	Intermediate	59	46
			Parent		
Netherland Limited Kenya Branch	Kenya	Business Support	Parent	59	46
Airtel Money Tanzania Limited	Tanzania	Collection cost	Fellow Subsidiary	203	115
Bharti Airtel International	Netherland	Management fees	Intermediate	1,045	2
			Parent		
Netherland Limited	Netherland	Management fees	Parent	1,045	2
Airtel Africa Services (UK) Ltd	Dubai	Management fees	Fellow Subsidiary	25,830	22,625
			Intermediate		
Network i2i Ltd.	India	Lease line	Parent	5,413	5,816
Airtel Rwanda Limited	Rwanda	Interconnect Charges	Fellow Subsidiary	251	4
Airtel Africa Telesonic Limited	Dubai	Lease line	Fellow Subsidiary	1,071	-
Airtel Money Tanzania Limited	Tanzania	Content charges	Fellow Subsidiary	7,584	9,401
Airtel Money Tanzania Limited	Tanzania	Recharge Commission	Fellow Subsidiary	40,361	29,870
Xtelify Limited	India	IT Services	Fellow Subsidiary	200	-
				87,809	72,144

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

b. Sale of service from related parties :-

				2024	2023
Name	Country of Incorporation	Nature of transactions	Relationship	TZS 'M'	TZS 'M'
Airtel Malawi Limited	Malawi	Lease line Charges	Fellow Subsidiary	180	4,221
Airtel Malawi Limited	Malawi	Interconnect Charges	Fellow Subsidiary	100	128
Airtel Malawi Limited	Malawi	Employee related cost	Fellow Subsidiary	54	57
Airtel Networks Limited	Nigeria	Employee related cost	Fellow Subsidiary	266	788
Airtel Networks Zambia Plc	Zambia	Employee related cost	Fellow Subsidiary	49	57
Bharti Hexacom Limited	India	Roaming Charges	Fellow Subsidiary	2	-
Airtel Africa Services (UK) Ltd	Dubai	Employee related cost	Fellow Subsidiary	316	44
Airtel (Seychelles) Limited	Seychelles	Lease line Charges	Fellow Subsidiary	394	511
Airtel Congo S.A	Congo	Lease line Charges	Fellow Subsidiary	93	40
Airtel Networks Limited	Nigeria	Lease line Charges	Fellow Subsidiary	79	379
Airtel Networks Zambia Plc	Zambia	Lease line Charges	Fellow Subsidiary	284	50
Airtel Rwanda Limited	Rwanda	Lease line Charges	Fellow Subsidiary	12	10
Bharti Airtel Limited	India	Lease line Charges	Interm- Parent	112	140
Airtel Networks Kenya Limited	Kenya	Lease line Charges	Fellow Subsidiary	38	1
Airtel (Seychelles) Limited	Seychelles	Interconnect Charges	Fellow Subsidiary	1	1
Airtel (Seychelles) Limited	Seychelles	Roaming Charges	Fellow Subsidiary	-	1
Airtel Congo S.A	Congo	Roaming Charges	Fellow Subsidiary	1	1
Airtel Gabon S.A.	Gabon	Roaming Charges	Fellow Subsidiary	-	1
Airtel Malawi Limited	Malawi	Roaming Charges	Fellow Subsidiary	58	80
Airtel Networks Limited	Nigeria	Interconnect Charges	Fellow Subsidiary	31	42
Airtel Networks Limited	Nigeria	Roaming Charges	Fellow Subsidiary	36	13
Airtel Networks Zambia Plc	Zambia	Interconnect Charges	Fellow Subsidiary	47	61
Airtel Networks Zambia Plc	Zambia	Roaming Charges	Fellow Subsidiary	88	61
Airtel Rwanda Limited	Rwanda	Interconnect Charges	Fellow Subsidiary	25	29
Airtel Rwanda Limited	Rwanda	Roaming Charges	Fellow Subsidiary	15	12
Airtel DRC Limited	DRC	Interconnect Charges	Fellow Subsidiary	33	32
Airtel DRC Limited	DRC	Roaming Charges	Fellow Subsidiary	31	29
Celtel Niger S.A.	Niger	Interconnect Charges	Fellow Subsidiary	2	-
Celtel Niger S.A.	Niger	Roaming Charges	Fellow Subsidiary	3	1
Airtel Uganda Limited	Uganda	Interconnect Charges	Fellow Subsidiary	174	154
Airtel Uganda Limited	Uganda	Roaming Charges	Fellow Subsidiary	148	105
Bharti Airtel Limited	India	Interconnect Charges	Interm Parent	3	3
Bharti Airtel Limited	India	Roaming Charges	Interm- Parent	70	57
Bharti Airtel (UK) Limited	Netherland	Interconnect Charges	Fellow Subsidiary	5,614	6,509
Singtel Singapore	Singapore	Roaming Charges	Fellow Subsidiary	64	27
Airtel Networks Kenya Limited	Kenya	Interconnect Charges	Fellow Subsidiary	258	1
Airtel Networks Kenya Limited	Kenya	Roaming Charges	Fellow Subsidiary	47	-
Jersey Airtel Limited	Jersey	Roaming Charges	Fellow Subsidiary	1	-
Airtel Money Tanzania Limited	Tanzania	Bulk SMS Charges	Fellow Subsidiary	893	705
Airtel Money Tanzania Limited	Tanzania	USSD charge	Fellow Subsidiary	2,879	2,081
Airtel Money Tanzania Limited	Tanzania	Free minutes charges	Fellow Subsidiary	495	464
Airtel Money Tanzania Limited	Tanzania	Common cost allocation for Facility expenses	Fellow Subsidiary	409	335
Airtel Money Tanzania Limited	Tanzania	Cost allocation Airtel Shop running expense	Fellow Subsidiary	405	346
Airtel Money Tanzania Limited	Tanzania	Group Management fees	Fellow Subsidiary	4,367	3,194
Airtel Money Tanzania Limited	Tanzania	Local Management fees	Fellow Subsidiary	3,188	1,182
Airtel Money Tanzania Limited	Tanzania	Common cost allocation Shared IT Cost	Fellow Subsidiary	1,739	1,584
				<u>23,104</u>	<u>23,537</u>

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Balances at year end were as follows:

c. Amounts due from related parties

Name	Country of Incorporation	Nature of transactions	Relationship	2024 TZS 'M'	2023 TZS 'M'
Airtel Tchad S.A.	Tchad S.A.	Interconnect & Roaming Services	Fellow Subsidiary	4	2
Airtel Seychelles Limited	Seychelles	Interconnect & Roaming Services	Fellow Subsidiary	2,419	2,105
Airtel Congo (RDC) S.A.R.L.	DRC	Interconnect & Roaming Services	Fellow Subsidiary	814	839
Airtel Networks Kenya Limited	Kenya	Interconnect & Roaming Services	Fellow Subsidiary	8,688	14,941
Airtel Madagascar S.A.	Madagascar	Interconnect & Roaming Services	Fellow Subsidiary	500	514
Airtel Malawi Limited	Malawi	Interconnect & Roaming Services	Fellow Subsidiary	7,241	7,273
Celtel Niger S.A.	Niger	Interconnect & Roaming Services	Fellow Subsidiary	-	9
Airtel Uganda Limited	Uganda	Interconnect & Roaming Services	Fellow Subsidiary	140	123
Airtel Zambia PLC	Zambia	Interconnect & Roaming Services	Fellow Subsidiary	643	639
Airtel Rwanda Limited	Rwanda	Interconnect & Roaming Services	Fellow Subsidiary	81	82
Bharti Airtel Limited	India	Interconnect, Roaming, Signalling & Lease line/Bandwidth	Intermediate Parent	1,309	1,110
Bharti International Singapore Pte Limited	Singapore	Interconnect, Roaming, Signalling & Leased line/Bandwidth	Fellow Subsidiary	647	238
Bharti Airtel UK Ltd	Netherlands	Interconnect, Roaming, Signalling & Leased line/Bandwidth	Fellow Subsidiary	1,907	1,197
Bharti Airtel International (Netherlands) B.V	Netherlands	Interconnect, Roaming, Signalling & Leased line/Bandwidth	Intermediate Parent	13	13
Airtel Money Tanzania Limited	Tanzania	Dividend Receivable	Fellow Subsidiary	-	8,083
Airtel Congo S.A.	Congo	Interconnect & Roaming Services	Fellow subsidiary	164	106
Airtel Africa Services (UK) Ltd	Dubai	Cross charge	Fellow Subsidiary	475	43
Bharti Hexacom Limited	India	Roaming Services	Fellow Subsidiary	4	0
Airtel Networks Limited	Nigeria	Interconnect, Roaming, Signalling & leased line/Bandwidth	Fellow Subsidiary	1,984	1,764
				<u>27,033</u>	<u>39,081</u>

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

d. Amounts due to related parties

Name	Country of Incorporation	Nature of transactions	Relationship	2024 TZS 'M'	2023 TZS 'M'
Airtel Congo S.A.	Congo	Interconnect & Roaming Services	Fellow Subsidiary	60	67
Airtel Congo (RDC) S.A.R.L.	DRC	Interconnect & Roaming Services	Fellow Subsidiary	1,792	1,844
Airtel Networks Kenya Limited	Kenya	Interconnect & Roaming Services	Fellow Subsidiary	1,846	1,394
Airtel Madagascar S.A.	Madagascar	Interconnect & Roaming Services	Fellow Subsidiary	17	17
Airtel Malawi Limited	Malawi	Interconnect & Roaming Services	Fellow Subsidiary	1,930	2,129
Airtel Networks Limited	Nigeria	Interconnect & Roaming Services	Fellow Subsidiary	214	213
Airtel Uganda Limited	Uganda	Interconnect & Roaming Services	Fellow Subsidiary	1,227	907
Airtel Zambia PLC	Zambia	Interconnect & Roaming Services	Fellow Subsidiary	1,928	719
Airtel Seychelles Limited	Seychelles	Interconnect & Roaming Services	Fellow Subsidiary	1	1
Airtel Rwanda Limited	Rwanda	Interconnect & Roaming Services	Fellow Subsidiary	387	174
Airtel Africa Telesonic Holdings B.V.	India	Fiber	Fellow Subsidiary	9,565	10069
Bharti Airtel International (Netherlands) B.V.	Netherlands	Management Fees and Credit Facility	Intermediate Parent	6,817	7,013
Airtel Money Tanzania Limited	Tanzania	Cross Charge	Fellow Subsidiary	36,022	22,661
Bharti Airtel Limited	Netherlands	Interconnect, Roaming, Signalling & Leaseline/ Bandwidth	Intermediate Parent	83	84
Network I2I Limited	India	Leaseline/ Bandwidth	Intermediate Parent	1,583	5,273
Bharti Airtel UK Ltd	London	Interconnect, Roaming, Signalling & Leaseline/Bandwidth	Fellow Subsidiary	773	372
Airtel Africa Services (UK) Limited	Dubai	Management Fees	Fellow Subsidiary	62,734	38,056
Nextra Data Limited	India	Network Data Maintenance	Fellow Subsidiary	10	74
Bharti Airtel Tanzania B.V.	Netherlands	Cross Charge	Immediate Parent	335	335
Bharti Airtel Services Limited	India	Manpower services	Fellow Subsidiary	114	114
Xtelify Limited	India	IT Services	Fellow Subsidiary	200	-
Bharti Hexacom Limited	India	Roaming Services	Fellow Subsidiary	1	-
				<u>127,639</u>	<u>91,516</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

e. Key management compensation

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

	2024 TZS 'M'	2023 TZS 'M'
Salaries and other short-term employment benefits	<u>8,456</u>	<u>7,675</u>

f. Directors' remuneration

Directors' fees and sitting allowance	<u>203</u>	<u>206</u>
---------------------------------------	------------	------------

34. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share is calculated on the profit after tax attributable to ordinary equity holders divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated on the profit after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.

The basic and diluted earnings per share are the same as there are no dilutive factors.

The following reflects the profit and shares used in the basic and diluted earnings per share computations:

	Unit	2024	2023
Profit after tax attributable to ordinary equity holder	TZS 'M'	52,684	113,925
Weighted average number of shares	No. '000'	<u>241,176</u>	<u>241,176</u>
Earnings Per Share - Basic and Diluted	TZS '000'	<u>0.218</u>	<u>0.472</u>

35. DIVIDEND

The Board of directors of Airtel Tanzania Plc propose the payment of a final dividend of TZS 5,000 million (TZS 20.73 per issued share) in respect of the year ended 31 December 2024. The proposed dividend of TZS 5,000 million is subject to approval by the shareholders at the Annual General Meeting.

During the year ended 31 December 2024 the Company paid TZS 20,000 million towards final dividend declared for the years ended 31 December 2023. The total dividend paid during the year ended 31 December 2024 was TZS 20,000 million (2023: TZS 30,147 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36. ULTIMATE PARENT COMPANY

Airtel Tanzania PLC is part of the Bharti Airtel Group of companies. The Company's direct shareholders are Bharti Airtel Tanzania B.V., a company incorporated and domiciled in the Netherlands and the Government of the United Republic of Tanzania. Ultimate controlling entity effectively from 3 November 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.

37. COMPARATIVE FIGURES

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

38. 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.