

VODACOM Tz EARNINGS HIGHLIGHT

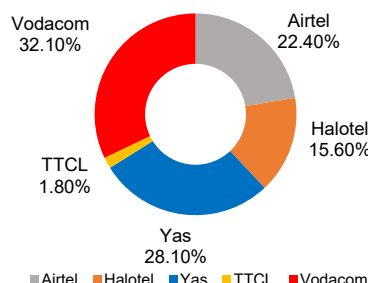
June 2025



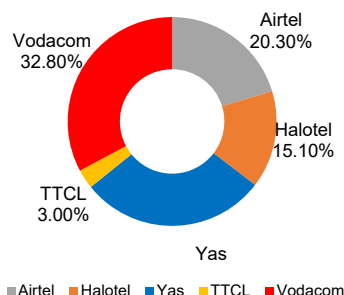
VODACOM TZ FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

INDUSTRIAL OVERVIEW

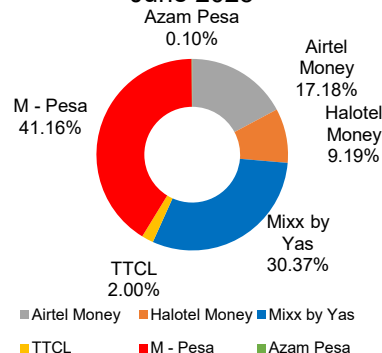
P2P Operators Market Share by Subscription as of June 2025



Mobile Internet Market Share as of June 2025



Mobile Money Market Share as of June 2025



INCOME STATEMENT ANALYSIS

Net Profits surged by 269.60% from a loss of TZS 5.02 billion as of March 2025 to a profit of TZS 8.51 billion as of June 2025

Reasons:

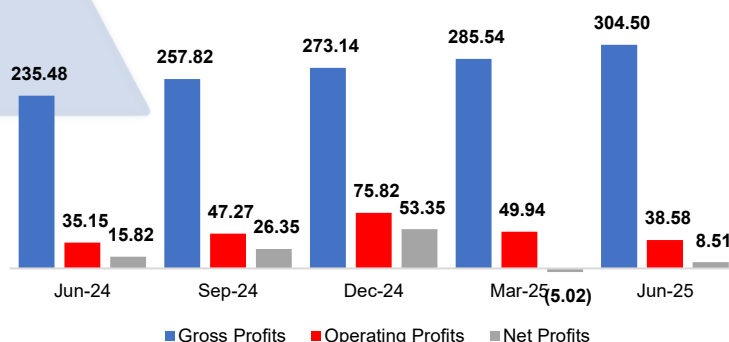
Income tax expense fell by 66.03% QoQ amounting from TZS 27.72 billion in Q4 of the previous financial year to TZS 9.42 billion in Q1'25 following a one-time tax penalty payments amounting to about TZS 8 billion following a Court of Appeal Judgement ruled against Vodacom on a 2008 case regarding the treatment of withholding taxes on interest on shareholders loans paid in Q4. The effective tax rate fell from 122.09% to 52.53% but still far from the normal effective tax rate of around 30%.

Revenues saw a 7.63% QoQ growth amounting to TZS 435.86 billion following improvements in customer spending as part of a broader cyclical customer spending pattern that sees growth in overall revenues in Q1 compared to Q4. Furthermore, total customer base grew from 22.6 million customers in March 2025 to 23.5 million customers as of June 2025 with growth coming in from high value and profitable service segments i.e. M-Pesa and Data.

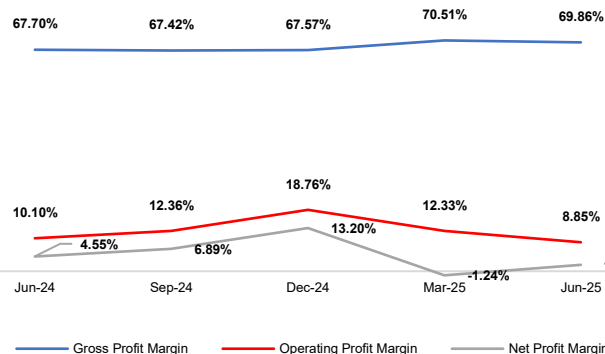
Areas of improvement:

Operating profits fell 22.75% QoQ amounting to TZS 38.58 billion following 11.90% QoQ growth in OpEx driven by Depreciation and Amortization compared to 7.63% QoQ growth in revenue. Nonetheless, its addressing that this is due to impact on its investment in Radio Network Access Swap

Vodacom Tanzania Profitability Trend in Billions TZS



Vodacom Tanzania Profit Margin Trend



Income Statement Analysis Amounts in Billions TZS	Jun-24	Sept-24	Dec-24	Mar-25	Jun-25
Revenue	347.81	382.38	404.21	404.96	435.86
Growth Rate	4.86%	9.94%	5.71%	0.19%	7.63%
Operating Expenses	312.67	335.12	328.38	355.02	397.28
Growth Rate	6.18%	7.18%	-2.01%	8.11%	11.90%

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BALANCE SHEET STATEMENT ANALYSIS

Total assets recorded a strong surge of 3.68% QoQ amounting to TZS 3.09 trillion in June 2025

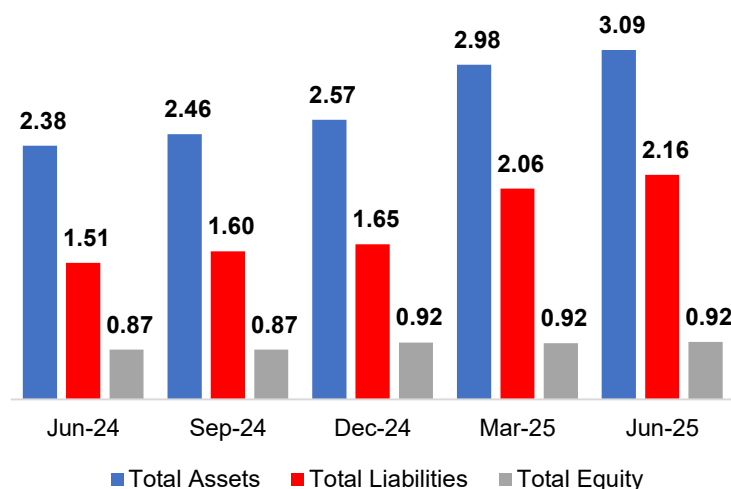
Reasons:

Capacity prepayments grew 58.38% QoQ growth amounting to TZS 90.07 billion as of June 2025 indicating an extension of or an entering of long-term agreements with telecommunication stakeholders to acquire the rights over long-term use of fiber and infrastructure to improve its Radio Access Network coverage in order to enhance long-term capacity and returns.

M-Pesa deposits grew 9.36% QoQ to TZS 1.01 trillion in line with increased customer usage of M-Pesa services and sustained customer growth from this segment.

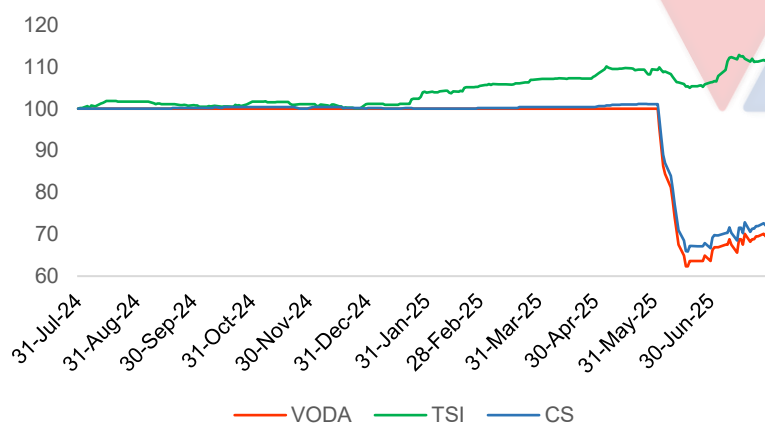
Balance sheet growth was mainly supported by 4.9% growth in total liabilities with the growth particularly stemming from an increase in M-Pesa customer deposits and trade and other payable.

Balance Sheet Highlights in Trillions TZS



INVESTORS' CORNER

VODA VS TSI & CS 52-Weeks Returns rebased at 100



Supporting Fundamentals

Ticker	VODA
Closing Price as of July 30 th 2025	TZS 540
Book Value per Share	TZS 412.94
P/B Ratio	1.31x
Trailing EPS	TZS 37.14
P/E Ratio	14.54x
ROE	8.99%
ROA	2.69%

OUTLOOK

Despite the stellar QoQ performance in bottomline profits a soft Q4, Vodacom's profits during Q1 fell by 46.24% YoY from TZS 15.82 billion in June 2024 to TZS 8.50 billion in Q1'25. The drop in profits was mainly influenced by a 77.62% increase in finance costs from TZS 20.69 billion in Q1'24 to TZS 36.75 billion in Q1'25 possibly driven by a yet to be renewed lease contract over tower obligations which in accordance with IFRS 16 such an event would trigger higher interest rates due to front-loaded accounting (interest portion paid out initially is higher than if it was evenly spread out throughout the life of the contract).

Operating profit growth in Q1 has also been the slowest its been since Q1'22 despite recording the best YoY growth in revenue at 25.31% in our coverage of revenue growth between June 2022 and June 2025, this slowdown in operating profits is driven by a 27.06% YoY surge in operating expenses whose growth was mainly influenced by depreciation and amortization growth of 53.63% likely due to upfront investment costs relating to the Radio Access Network Swap which valued at TZS 260 billion (USD 100 Million) that's expected to be invested within the next 2 years. Had it not been for the extensive investment underlying operating profits would have grown by 137%

Despite the slow start to the year, Vodacom's outlook for the period between Q2 – Q4 seems somewhat brighter with driven by increased consumption of M-Pesa's Value Added services, Fixed and Mobile Data consumption amongst users coupled with increased smartphone penetration and the growing need to stay digital which is brought about rising disposable incomes all while CapEx on Radio Access Coverage continue to allow Vodacom to maintain a high quality network coverage across the country.

VODACOM TZ FINANCIAL HIGHLIGHTS FOR THE QUARTER ENDING JUNE 2025

RATIO ANALYSIS									
Vodacom Ratio Analysis	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Capital Structure:									
Debt to Equity	171.74%	171.81%		178.57%	173.89%	183.86%	178.95%	224.92%	233.78%
Equity Multiplier	2.69	2.72		2.79	2.74	2.84	2.79	3.25	3.34
Interest Covergae	0.89	2.77	2.03	1.80	1.70	2.12	3.11	1.40	1.05
Asset Quality									
Total Asset Turnover	0.52	0.58			0.59	0.63	0.64	0.58	0.57
Return on Assets	-1.26%	6.50%		1.02%	2.66%	4.28%	8.30%	-0.67%	1.10%
Management Quality									
Revenue Growth	6.26%	11.30%	4.00%	-1.19%	4.86%	9.94%	5.71%	0.19%	7.63%
ARPU (Monthly) Growth	3.38%	5.08%	-1.39%	-4.19%	2.21%	3.06%	5.56%	-4.04%	
Active User Growth	3.47%	6.85%	3.37%	2.28%	3.67%	3.31%	5.00%	2.73%	
Earnings Quality									
Net Profit Growth	-163.00%	623.19%	-51.58%	-65.76%	160.65%	66.51%	102.49%	-109.40%	269.60%
Net Profit Margin	-2.41%	11.35%	5.28%	1.83%	4.55%	6.89%	13.20%	-1.24%	1.95%
Return on Equity	5.85%	5.53%		6.26%	8.78%	7.60%	11.02%	9.88%	8.99%
Liquidity Ratios:									
Current Ratio	0.89	0.91		0.90	0.91	0.89	0.92	0.99	0.98
Quick Ratio	0.88	0.90		0.90	0.91	0.89	0.91	0.99	0.98
Cash Ratio	0.17	0.14		0.18	0.13	0.14	0.11	0.21	0.18

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