

HTT INFRACO LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2024

HTT INFRACO LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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HTT INFRACO LIMITED

CORPORATE INFORMATION

DIRECTORS	Name	Nationality	Remarks
	Gwakisa Stadi	Tanzanian	Non-executive
	Graham Morison	British	Non-executive
	Alexander Carter	British	Non-executive

COMPANY SECRETARY
Michaela Marandu
1st Floor, Block 5, Mlimani City Office Park
Mlimani City, Sam Nujoma Road
P.O. Box 105297
Dar es Salaam
Tanzania

REGISTERED OFFICE AND
PRINCIPAL PLACE OF BUSINESS
1st Floor, Block 5, Mlimani City Office Park
Mlimani City, Sam Nujoma Road
P.O. Box 105297
Dar es Salaam
Tanzania

MAIN BANKERS
Stanbic Bank Tanzania Limited
Centre Branch
P.O. Box 7264
Dar es Salaam
Tanzania

LAWYERS
REX Attorneys at Law
Rex House, 344 Ghuba Road | Toure Drive
P.O. Box 7495
Dar es Salaam
Tanzania

AUDITORS
Deloitte & Touche
Certified Public Accountants (Tanzania)
3rd Floor, Aris House
Plot 152, Haile Selassie Road
P.O. Box 1559
Dar es Salaam
Tanzania

HTT INFRACO LIMITED

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

The Directors, also referred to as those charged with governance, present their report together with the audited financial statements of HTT Infraco Limited ("HTT" or "the Company") for the year ended 31 December 2024 which disclose the state of affairs of the Company.

INCORPORATION

The Company was incorporated in Tanzania on 2 December 2010 under the Companies Act, 2002 as a Company limited by share capital.

PRINCIPAL BUSINESS ACTIVITIES

The principal business activities of the Company are building, acquiring and operating telecommunications towers that are capable of accommodating and powering the needs of multiple tenants – typically large Mobile Network Operators and other telecommunications providers who in turn provide wireless voice and data services to consumers and businesses in Tanzania.

The Company offers a high-quality and comprehensive passive infrastructure solution that includes site selection and preparation, maintenance, security, power management and hosting of active equipment such as antennae.

The Company is proud of its role in advancing access to mobile communications in Tanzania, which in turn contributes to social and economic development.

VALUE CREATION

As the costs of operating a tower are largely fixed, tower companies generate the most attractive returns by adding more tenants to a tower.

In 2024, the Company added a record number of organic tenancies by 815 to 10,495 from 9,680 tenancies in 2023, supporting a lease-up of 0.15x to achieve a tenancy ratio of 2.48x (2023: 2.33x). Consequently, the return on invested capital (ROIC) increased to 24.4% (2023: 23%).

FINANCIAL RESULTS

The financial results for the year are set out on page 15 of the financial statements. The Company made revenue of TZS 629,743,148,000 (2023: TZS 556,296,095,000). The Company made a profit for the year of TZS 148,463,040 (2023: TZS 59,773,278,000).

DIVIDENDS

The Directors recommend the distribution of TZS 148,463,040 (2023: TZS 59,773,278,000) as a dividend for the financial year ending on 31 December 2024. Dividend of TZS 59,773,278,000 relating to financial year 2023 was approved by shareholders out of which TZS 59,773,135,000 paid during the year and remaining TZS 143,000 remained as payables at year end.

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

GOING CONCERN AND SOLVENCY

The state of affairs of the Company at 31 December 2024 is set out on page 16 of the financial statements. The Directors have considered whether there are any material uncertainties that cast significant doubt on the Company's ability to continue as a going concern. The Directors consider the Company to be solvent within the meaning ascribed by the Companies Act, 2002.

In addition to the cash and bank balances of TZS 119,537,275,000 (2023: TZS 45,517,674,000) at the end of the reporting period, the Company has access to further cash through commitment from its shareholders.

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence in the foreseeable future.

Details on the basis of preparation of these financial statements on the going concern basis together with management of liquidity risk and capital management are set out in notes 5, 6 and 8 of these financial statements.

THE COMPANY STAKEHOLDERS

The Company takes great pride in the strong relationships it has built with diverse and valued stakeholders – the customers, investors, people and partners, and the communities and environments the Company operates within.

Together, these stakeholders form the pillars of the Company success, helping the Company to contribute towards and promote digital inclusion, sustainable development and prosperity in Tanzania.

FUTURE PLANS

The Company has set the following plans:

- Following resilient performance throughout the financial year 2024, the Company has a strong foundation and exciting growth opportunities in years to come.
- The Company will continue to drive organic growth, meeting the needs of our Mobile Network Operators (MNO) customers as they further expand their networks, invest in fourth generation (4G) and fifth-generation (5G), and roll out their coverage in more rural areas;
- The Company will also build on a successful inorganic expansion where possible, focusing on driving growth and operational excellence;
- Targeting further growth in both employee efficiency and adjusted Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) margin metrics;
- The Company will focus on the pursuit of sustainable growth and monitor its own environmental and social impact. This will include setting a formal emissions reduction target and developing community needs-based partnerships; and
- The Company will also act on the learnings of its Employee Engagement Survey. With a remarkable 100% participation rate, the Company recorded exceptionally high scores relating to people's satisfaction with their roles and its purpose. Equally, there are improvements to focus on, which have been made a priority to address this year.

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CORPORATE GOVERNANCE

The Directors believe that high standards of corporate governance directly influence the Company's stakeholders and investor confidence and the Directors recognise the importance of integrity, transparency and responsibility.

The Board of Directors is responsible for ensuring that the Company complies with the laws of the United Republic of Tanzania as well as the highest standards of corporate governance and universally accepted business ethics. In doing so, the Board of Directors has continued to adopt structures, processes, policies, culture, values and behaviour with appropriate checks and balances that enable Directors, management and staff to discharge their responsibilities and oversee compliance.

SUSTAINABLE BUSINESS STRATEGY

The Company has progressed in implementing its corporate sustainable business strategy which retains its business purpose at its core: to drive the growth of communications in Tanzania, and builds upon its values of Integrity, Partnership, and Excellence. In order to drive this purpose, the Company's strategy is distilled into three interdependent pillars:

- i) Business excellence and efficiency
 - Innovating for our customers' needs;
 - Maximizing power uptime to support the delivery of a continuous network service; and
 - Minimizing environmental impact through the promotion of shared infrastructure.
- ii) Network access and sustainable development
 - Growing business and helping more people to connect to a mobile network; and
 - Supporting communities through bespoke local initiatives.
- iii) Empowered people and partnerships
 - Promoting a diverse team enabling local leadership;
 - Keeping partners safe, and supporting them to reach their full potential; and
 - Working alongside suppliers and partners to achieve the highest ethical, social and environmental standards.

In the financial year 2024, the Company successfully retained globally recognized accreditation standards, with approved third-party certification in four management systems:

- ISO 9001 (Quality Management System);
- ISO 14001 (Environmental Management System);
- OHSAS 45001 (Occupational Health & Safety Management System); and
- ISO 37001 (Anti-Bribery Management System).

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

DIRECTORS

The Directors who held office during the year and to the date of this report are shown on page 1. The Board of Directors ("the Board") is constituted by professionals whose combined experience and expertise provide a balanced mix of skills and capacity that enable it to fulfil its duties and responsibilities effectively.

DIRECTORS' INTERESTS

The Directors do not hold any direct or indirect interest in the issued and paid-up share capital of the Company.

COMPANY SECRETARY

The details and the address of the Company secretary have been disclosed on page 1.

MANAGEMENT TEAM

The Company is led by a fully localised management team. Management of the Company is under the Managing Director who is assisted by the Sales and Marketing Director, Head of Operation and Maintenance, Finance Director, Head of Project, Head of Performance Engineering, Head of People Organisation and Development, Head of Supply Chain, Head of Legal, Head of Property, Head of SHEQ and Company Secretary. More than 90% of the management team are Lean Six Sigma trained.

CAPITAL STRUCTURE

The capital structure of the Company is as shown below:

	2024 TZS'000	2023 TZS'000
Issued and fully paid		
636,487,061 ordinary shares of TZS 1,000 each (2023: 636,487,061 ordinary shares of TZS 1,000 each)	<u>636,487,061</u>	<u>636,487,061</u>

The distribution of the shareholding was as follows:

	Shares held% 2024	Shares held% 2023
Helios Towers Tanzania Limited (Tanzania)	0.00016%	0.00016%
HS Holdings Limited (Tanzania)	0.00008%	0.00008%
HT Holdings Tanzania, Ltd (Mauritius)	<u>99.99976%</u>	<u>99.99976%</u>
Total shareholding	<u>100%</u>	<u>100%</u>

GENDER PARITY

At the end of the year, the Company had 107 employees out of these 72 were male and 35 were females (2023: 107 where 73 were male and 34 were female).

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

EMPLOYEES' WELFARE

Management and employee's relationship

It has been important to ensure interaction between management and employees to leverage best practices. Management has continued to hold regular townhalls, bi-annual strategy days and team meetings to maintain regular engagement with teams to further embed the Company Sustainable Business Strategy. This year, management introduced functional off-site meetings, bringing together teams to further reinforce collaboration and strategy ownership among the teams.

In 2024, the Company carried out a survey focusing on employee engagement, which serves as a check-in alongside the main engagement survey that is held every two years. The results were used to assess the progress of action plans including areas for improvement such as a focus on wellness, improving feedback culture and standardisation of internal processes. The Directors were pleased that again 100% of eligible colleagues took part in the survey, demonstrating an interest in feedback on the effectiveness of the Company employee engagement action plans.

The Company is an equal-opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties.

Training

Senior staff and supervisors provide on-the-job training to employees. The Company learning, and development programme is key to the Company success, supporting the upskilling of employees and delivering field-based training to the Company maintenance partners to promote efficient operations. The Company learning management system provides the workforce and partners with access to modules covering topics such as, business skills, compliance, health and safety, environment and field-based preventative maintenance.

Medical facilities

The Company provides medical facilities to employees and their dependants. This promotes employees' health and fitness and ensures better productivity.

Group Life Cover to staff

The Company provides group life assurance cover to all employees in case of any cause of death while employed for up to four times annual salary.

Financial assistance to staff

Financial assistance is available to all employees depending on the assessment and the discretion of management as to the needs and circumstances.

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

EMPLOYEES' WELFARE (CONTINUED)

Persons with disabilities

The Company is an equal opportunities employer. Its policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance is given with initial training.

Employees benefit plan

The Company pays contributions to publicly administered pension plans on a mandatory basis which qualifies to be a defined contribution plan.

CORPORATE SOCIAL RESPONSIBILITY

The Company's approach to corporate social responsibility is premised on allowing employees to provide energy, initiatives and teamwork through engagement and volunteerism while the business provides funding.

During the year the Company partnered with Camara Education Tanzania to construct two Information and Communication Technology (ICT) labs, Endeves Secondary School in Arusha and Igogwe Secondary School in Mwanza benefitting over 5,000 students and more than 100 teachers. Both schools have over 50 computers, a projector, printer and a television screen. Further, all the teachers and students have been trained to use the equipment. The Company is proud to support the education of these students and equip them with the digital skills they need for a better future. This goes hand in hand with our sustainability agenda specifically in support of digital skills to the unconnected communities.

The Company spent TZS 40,871,000 (2023: TZS 12,580,000) on corporate social responsibility. This amount is included in the other administrative expenses in note 11 of the financial statements.

POLITICAL AND CHARITABLE DONATIONS

The Company did not make any donations to political and charitable organisations during the year (2023: Nil).

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. In the normal course of business, a number of relationships are entered into between the Company and related parties' i.e. key management staff, Directors and their associates. Such relationships are guided by policies approved by the Board.

Transactions and balances with related parties are set out in note 28 to the financial statements.

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

ETHICAL AND BEHAVIOUR AND ORGANIZATION INTEGRITY

The Company's corporate governance structure involves managing and controlling relationships with different stakeholders including shareholders, Board of Directors, employees, customers, suppliers and the community at large.

The Board and all employees observe values and ethical business practices as enshrined in the Company Code of Ethics which governs all its business interactions and relationships to stakeholders.

KEY STRENGTHS AND RESOURCES

The Company continues to give its top priority to key resources which are people and technology which gives the Company strength in service delivery, productivity and financial strength. Customer satisfaction depends first and foremost on people and hence employees continue to be the most important asset as demonstrated by this year's result which is a compliment to their commitment and hard work. The Company has skilled and experienced employees who are considered as key resources in pursuing its business objectives. The Company continues to encourage open and honest communication in decision-making.

Information Communication and Technology is also an important enabler in service delivery. This is the reason why the Company has continuously invested in state-of-the-art technology to realise operational excellence and better service delivery to its customers.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Company. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Company's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Company system is designed to provide the Board with reasonable assurance that the procedures in place are operating.

ACCOUNTING POLICIES

The annual financial statements are prepared on the underlying assumption of a going concern. The Company's accounting policies are subject to an annual audit to ensure compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002.

HTT INFRACO LIMITED

REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

Results of the Company are sensitive to the accounting policies, assumptions and estimates that underline the preparation of the financial statements. When preparing the financial statements, it is the Directors' responsibility under the Companies Act 2002 to select suitable accounting policies and to make judgments and estimates that are reasonable and prudent. The accounting policies that are deemed critical to our results and financial position, in terms of the materiality of the items to which the policies are applied and the high degree of judgment involved, including the use of assumptions and estimation.

STATEMENT OF COMPLIANCE

The report by those charged with governance been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, The Report by Those Charged with Governance, and comply with the Companies Act, 2002 and its regulations.

AUDITORS

The auditors, Deloitte & Touche, having expressed their willingness to 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).

BY ORDER OF THE BOARD



Gwakisa Stadi
Director

27 June
..... 2025

HTT INFRACO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act, 2002 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure 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 and fair presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the 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 annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the 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.

As disclosed in note 5 to the financial statements, the Directors acknowledge that the continued existence of the Company as a going concern depends on the continued support from its shareholders and the success of the measures that the Directors have put in place to return the Company to profitable operations.



Gwakisa Stadi
Director



Alexander Carter
Director

27 June

..... 2025

HTT INFRACO LIMITED

DECLARATION BY 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 Statement of Declaration issued by the Head of Finance/Accounting 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 an entity showing a true and fair view position of the entity in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and statutory reporting requirements. Full legal responsibility for financial statements rests with the Board of Directors as under the Statement of Directors' Responsibilities on an earlier page.

I, Reuben Sarumbo, being the Finance Director of HTT Infraco Limited 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 the International Accounting Standards Board and statutory requirements.

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



Reuben Sarumbo
Finance Director
NBAA Membership No: ACPA 6762

27 June 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HTT INFRACO LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HTT Infraco Limited (“the Company”), set out on pages 15 to 52 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 the International Accounting Standards Board and the requirements of the Companies Act, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the National Board of Accountants and Auditors (NBAA) Code of Ethics which is consistent with the International Ethics Standards Board for Accountant's *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, together with other 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 of the information included in Corporate Information, Report by Those Charged with Governance, Statement of Directors' Responsibilities and Declaration by the Head of Finance, and 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 the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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 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; and
- iii) The Company's statement of financial position (balance sheet) and the statement of profit or loss and other comprehensive income (profit and loss account) are in agreement with the books of account.

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

Deloitte & Touche

Certified Public Accountants (Tanzania)



Signed by: F.J. Kibiki

NBAA Registration No. ACPA-PP3214

Dar es Salaam

27 June 2025

HTT INFRACO LIMITED

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

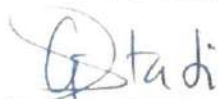
	Notes	2024 TZS '000	2023 TZS '000
Revenue	9	629,743,148	556,296,095
Direct costs	10	<u>(284,778,918)</u>	<u>(271,010,381)</u>
Gross profit		344,964,230	285,285,714
Administrative expenses	11	(39,812,970)	(28,434,560)
Other losses	13	(28,441,797)	(15,950,030)
Finance costs	14	<u>(58,804,069)</u>	<u>(162,143,919)</u>
Profit before tax		217,905,394	78,757,205
Income tax expense	15(a)	<u>(69,442,354)</u>	<u>(18,983,927)</u>
Profit for the year		148,463,040	59,773,278
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>148,463,040</u></u>	<u><u>59,773,278</u></u>

HTT INFRACO LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 TZS 000	2023 TZS 000
ASSETS			
Non-current assets			
Property and equipment	16	462,500,781	499,005,490
Intangible assets	17	13,057,205	14,577,610
Right of use assets	18	161,653,178	168,897,915
Deferred tax asset	19	9,893,879	17,368,061
		<u>647,105,043</u>	<u>699,849,076</u>
Current assets			
Inventories	20	9,073,250	11,563,901
Current tax asset	15 (c)	-	1,900,739
Trade and other receivables	21	291,412,723	293,028,257
Bank balances	22	119,537,275	45,517,674
		<u>420,023,248</u>	<u>352,010,571</u>
		<u>1,067,128,291</u>	<u>1,051,859,647</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	636,487,061	636,487,061
Accumulated losses		(860,776,009)	(949,465,771)
Shareholders' deficit		<u>(224,288,948)</u>	<u>(312,978,710)</u>
Non-current liabilities			
Lease liabilities	26	207,368,805	187,114,591
Borrowings	24	641,083,087	744,481,327
		<u>848,451,892</u>	<u>931,595,918</u>
Current liabilities			
Trade and other payables	25	75,948,922	80,753,594
Lease liabilities	26	23,542,115	27,601,660
Shareholders' advance	27	324,887,185	324,887,185
Current tax liability	28	18,587,125	-
		<u>442,965,347</u>	<u>433,242,439</u>
Total deficit and liabilities		<u>1,067,128,291</u>	<u>1,051,859,647</u>

The financial statements on pages 15 to 52 were approved and authorised for issue by the Board of Directors on 27 June 2025 and were signed on its behalf by:



Gwakisa Stadi
Director



Alexander Carter
Director

HTT INFRACO LIMITED

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

	Share capital TZS '000	Accumulated losses TZS '000	Total TZS '000
At 1 January 2023	636,487,061	(1,009,239,049)	(372,751,988)
Total comprehensive income for the year	-	59,773,278	59,773,278
At 31 December 2023	<u>636,487,061</u>	<u>(949,465,771)</u>	<u>(312,978,710)</u>
At 1 January 2024	636,487,061	(949,465,771)	(312,978,710)
Dividends*	-	(59,773,278)	(59,773,278)
Total comprehensive income for the year	-	148,463,040	148,463,040
At 31 December 2024	<u>636,487,061</u>	<u>(860,776,009)</u>	<u>(224,288,948)</u>

*Out of approved dividend of TZS 59,773,278,000, TZS 59,773,135,000 was paid during the year whereas the balance of TZS 143,000 remained as payable at the end of the reporting period.

HTT INFRACO LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 TZS '000	2023 TZS '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		217,905,394	78,757,205
<i>Adjustments for:</i>			
Loss on disposal of property and equipment	11	12,742,735	6,932,632
Other losses on inventories	11	838,656	-
Finance costs	14	58,804,070	162,143,919
Depreciation of right-of-use assets	10&11	13,820,073	17,875,928
Depreciation of property and equipment	10&11	115,364,487	112,123,136
Amortization of intangible assets	10&11	1,628,196	1,628,196
		421,103,611	379,461,016
<i>Movements in working capital:</i>			
Decrease in inventories		2,490,651	2,822,398
Decrease/(increase)Increase in trade and other receivables		1,615,534	(98,466,745)
Decrease in trade and other payables		(4,804,815)	(18,640,513)
Cash generated by operating activities		420,404,981	265,176,156
Income tax paid	15 (c)	(41,480,307)	(36,945,125)
Net cash generated by operating activities		378,924,674	228,231,031
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property and equipment	16	(91,818,204)	(85,449,210)
Payments for intangible assets	17	(107,791)	(42,872)
Proceed from disposal of property and equipment		215,691	204,226
Net cash used in investing activities		(91,710,304)	(85,287,856)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of lease liabilities	26	(38,689,522)	(38,715,548)
Repayments of shareholders' loans		(67,761,304)	-
Dividend paid		(59,773,135)	-
Interest paid on loans	24	(46,970,808)	(99,879,591)
Net cash used in financing activities		(213,194,769)	(138,595,139)
Net increase in cash and cash equivalents		74,019,601	4,348,036
Cash and cash equivalents at beginning of the year		45,517,674	41,169,638
Cash and cash equivalents at end of the year		119,537,275	45,517,674

1. GENERAL INFORMATION

HTT Infraco Limited (“the Company”) is a limited liability Company incorporated under the Companies Act, 2002 and domiciled in the United Republic of Tanzania. It is a subsidiary of HT Holdings Tanzania Limited (incorporated in Mauritius). The addresses of its registered office and principal place of business are disclosed in the corporate information page of this report. The principal activities of the Company are described in the report by those charged with governance.

2. 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 material impact on the disclosures or on the amounts reported to these financial statements.

Standards	Summary
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)	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. 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.
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 <ul style="list-style-type: none"> • 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:

2. NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

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

Standards	Summary
<p>Non-current Liabilities with Covenants (Amendments to IAS 1)(continued)</p>	<p>i. the conditions (for example, the nature of and date by which the entity must comply with the condition);</p> <p>ii. whether the entity would comply with the conditions based on its circumstances at the reporting date; and</p> <p>iii. whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested.</p>
<p>International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)</p>	<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. <p>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.</p>

2. NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

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

Standard amendment	or	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 improvement Volume 11	IFRS –	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026

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

Standard/title	Subject
IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)	<p>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.</p> <p>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.</p>
IFRS S2- (Climate-related Disclosures)	<p>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.</p> <p>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.</p>

2. 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)

Standard/title	Subject
IFRS 18 - Presentation and Disclosures in Financial Statements	<p>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.</p> <p>IFRS 18 introduces new requirements to:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>The Directors of the Company anticipate that the application of these amendments may have an impact on the financial statements in future periods.</p>
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	<p>IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.</p> <p>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.</p> <p>A subsidiary has public accountability if:</p> <ul style="list-style-type: none"> • 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).

2. 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)

Standard/title	Subject
IFRS 19 - Subsidiaries without Public Accountability: Disclosures (Continued)	<p>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.</p> <p>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.</p>
Lack of Exchangeability (Amendments to IAS 21)	<p>The Directors of the Company do not anticipate that IFRS 19 will be applied for purposes of the financial statements.</p> <p>The amendments in Lack of Exchangeability (Amendments to IAS 21) amend IAS 21 to:</p> <ul style="list-style-type: none"> • 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. • 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.

2. 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)

Standard/title	Subject
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	<p>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.</p> <p>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.</p> <p>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.</p>

Annual Improvements to IFRS Accounting Standards — Volume 11

The IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. The annual improvement volume 11 are effective for accounting periods beginning on or after 1 January 2026.

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.
<u>IFRS 7 Financial Instruments: Disclosures (implementation guidance only)</u>	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.
<u>IFRS 7 Financial Instruments: Disclosures (implementation guidance only)</u>	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.

2. 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)

Annual Improvements to IFRS Accounting Standards — Volume 11

Standard	The amendment
<u>IFRS 9 Financial Instruments</u>	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.
<u>IFRS 10 Consolidated Financial Statements</u>	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.
<u>IAS 7 Statement of Cash Flows</u>	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.

Directors do not anticipate that the adoption of new amended standards and interpretations in issues but not yet effective standards and amendments will result into material impact on the financial statements when they become effective

d) Early adoption of standards

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

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Statement of compliance

The financial statements have been prepared in accordance with and comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS) and the requirements of the 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 included in the statement of profit and loss and other comprehensive income.

Basis of preparation

The financial statements have been prepared under the historical cost basis of accounting on the assumptions that the Company will continue trading as a going concern for the foreseeable future. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Company applies the five-step approach in IFRS 15 Revenue from Contracts with Customers. Prescriptive guidance in IFRS 15 is followed to deal with specific scenarios. Details of IFRS 15 on the Company's financial statements are described below.

The Company recognises revenue from the rendering of tower services provided by utilisation of the Company's tower infrastructure pursuant to written contracts with its customers. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, less VAT and other sales-related taxes.

The Company provides tower and related services for the utilisation of its tower infrastructure to mobile and other telecommunication operators. Revenue includes fees for the provision of tower infrastructure, power escalations and tower service contracts. Revenue from these services is recognised as the performance obligation is satisfied over time.

Customers are usually billed in advance creating a contract liability which is then recognised as the performance obligation is met over a straight-line basis. Revenue is recognized over time as the performance obligation is satisfied through the continuous passage of time.

In line with IFRS 15, though multiple performance obligations arise as a result of the provision of these services, the Company considers it reasonable to combine the provision of these tower services into a single performance obligation as this does not impact the ultimate pattern of revenue recognition as they are all recognised over time.

Interest expense

Interest expense is recognised as interest accrues, using the effective interest method, to the net carrying amount of the financial liability.

The effective interest method is a method of calculating the amortised cost of a financial asset/financial liability and of allocating interest income/interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial assets/financial liabilities, or, where appropriate, a shorter period.

Employee benefits

a) Retirement benefit obligations/cost

The Company makes statutory contributions to the National Social Security Fund (NSSF). The Company's obligation with respect to the statutory contribution is 10% of the employees' gross emoluments for NSSF members. The Company's contribution with respect to this retirement benefit obligation is charged to the profit or loss in the period to which it relates.

b) Bonuses

The Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit for the period after certain adjustments as determined by management. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

c) Annual leave

The estimated monetary liability for employees accrued annual leave entitlement at balance sheet date is recognised as an expense accrual.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current and deferred tax

Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

a) *Functional and presentation currency*

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

b) *Transactions and balances*

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Exchange differences arising from borrowings are recognized in the statement of profit or loss as part of finance costs. All other exchange differences are presented under other losses in the statement of profit or loss.

Leases

The Company applies IFRS 16 Leases. The Company holds leases primarily on land, buildings and motor vehicles used in the ordinary course of business. Based on the accounting policy applied the Company recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the lessee.

After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The Company depreciates the right-of-use asset from the commencement date to the end of the lease term.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

- The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
- fixed payments, less any lease incentives receivable; and
- variable lease payments that depend on a fixed rate, as at the commencement date.

Variable lease payments not included in the initial measurement of the lease liability are recognised in the consolidated statement of profit or loss as they arise.

The lease payments are discounted using the incremental borrowing rate at the commencement of the lease contract or modification. Generally, it is not possible to determine the interest rate implicit in the land and building leases.

The incremental borrowing rate is estimated taking account of the economic environment of the lease, the currency of the lease and the lease term. The lease term determined by the Company comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

After the commencement date the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Property and equipment

Property and Equipment are initially recognized at cost, which includes all expenditures directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, if any.

Assets in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes material and labour and professional fees in accordance with the Company's accounting policy.

Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property and equipment (Continued)

Site assets - towers	Up to 30 years
Other site assets	3 to 5 years
Equipment and generators	3-8 years
Furniture and fittings	3 years
Computer equipment	3 years
Motor vehicles	5 years
Leasehold improvements	5 - 10 years

Directly attributable costs of acquiring tower assets are capitalised together with the towers acquired and depreciated over a period of up to 30 years in line with the assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Computer software and telecommunication licence costs are recognised as intangible assets and stated at their historical cost less accumulated amortization and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible asset on a straight-line basis over its estimated useful life of three years and the cost of telecommunication licence over twenty-five years. The useful life of intangible assets and the pattern of utilization of economic benefits arising from the use of the intangible assets are reviewed at the end of each reporting period to take into account any appropriate changes in the market, economic and industry trends.

Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

Marketing/colocation rights 15 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of tangible and intangible assets

At each reporting date, the Directors review the carrying amounts of its tangible (property and equipment) and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets (Continued)

The recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are initially recognized at cost which comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. This includes direct materials and applicable overheads. Cost is determined using the weighted average method.

Subsequently, inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Company's principal class of financial assets is financial assets subsequently measured at amortised cost. This includes trade receivables from third parties, due from related parties and bank balances.

Financial assets subsequently measured at amortised costs are debt instruments that meet the following conditions:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Foreign exchange gains and losses on financial assets

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other gains and losses" item (note 13).

Impairment of financial assets and measurements of expected credit losses

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The expected credit losses on trade receivables is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Consequently, the Company does not track significant increase in credit risk.

Based on the nature of bank balances and due from related parties the Directors have assessed and concluded that the expected credit losses on other elements of financial assets is immaterial.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the

Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company's financial liabilities include trade payables and other payables, lease liabilities and shareholders' advances. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not contingent consideration of an acquirer in a business, held-for-trading, or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss (note 13) for financial liabilities that are not part of a designated hedging relationship.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Trade and other receivables

Trade receivables are recognised by the Company and carried at original invoice amount less an allowance for any non-collectable or impaired amounts. The Company uses the IFRS 9 Expected Credit Loss ("ECL") model to measure loss allowances at an amount equal to their lifetime expected credit loss.

Other receivables are recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method, less any impairment.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held on call with banks, net of bank overdrafts.

Provisions

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

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the leave liability at the end of the reporting period.

Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Dividends

Dividend is recognised as liability when approved by the shareholders.

Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTIES

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors, have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTIES (CONTINUED)

Revenue recognition

Revenue is recognised as service revenue in accordance with IFRS 15: Revenue from contracts with customers. In arriving at this assessment, the Directors concluded that there is not an embedded lease because its contracts permit it, subject to certain conditions, to relocate customer's equipment on its towers in order to accommodate other tenants and therefore the contract does not provide the customer with the right to a specific location on the tower.

Taxation

The Company is subjected to a number of taxes and levies by the Government of Tanzania and various quasi-government regulation bodies. As a rule of thumb, the Company recognises liabilities for the anticipated taxes/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of management in one way or other, that the initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determined.

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Property and equipment

Critical estimates are made by Directors in determining the useful lives and residual values of property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Allowance for expected credit losses

The Company provides services to business customers on credit terms. Certain debts may not be recovered due to default of our customers. The Company uses the IFRS 9 ECL model to measure loss allowances at an amount equal to their lifetime expected credit loss.

Contingent liabilities

The Company exercises judgement to determine whether to recognise provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF UNCERTAINTIES (CONTINUED)

Fair value estimation

Management has exercised judgement, taking into account the financial position and credit risk of the Company in concluding that trade payables, borrowings and shareholders' advance approximate fair value.

5. GOING CONCERN

The Company made a profit for the year of TZS 148,463,040 during the year ended 31 December 2024 (2023: TZS 59,773,278,000) and as of that date, its current liabilities exceeded its current assets by TZS 22,941,954,000 (2023: TZS 81,231,868,000) and had shareholders deficit of TZS 224,288,805,000 (2023: TZS 312,978,710,000).

The Company continued to acquire passive telecommunication assets and redesign towers for more collocation opportunities as well as carrying various direct costs and administrative expenses saving initiatives to effectively and efficiently reduce operational costs.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, shows that it is able to generate positive cash flows from its operations and meet its liabilities as they fall due. In keeping with the strategy, the Directors are confident that the above collocation revenue growth and direct costs and administrative expenses saving initiatives will turn around the Company to a sustained profit position.

The financial statements have been prepared on a going concern basis on the assumption that the business strategy formulated will succeed and the shareholders will continue their support by providing adequate funding for the foreseeable future. Through this and other capital corporate initiatives the Company's negative equity will be cured.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the accounting unit under policies approved by the Board of Directors. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and services offered. The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees or stakeholders understand their roles and obligations.

The most important types of risks are:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk
 - Foreign exchange risk.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Credit risk

Credit risk arises mainly from deposits with banks and trade and other receivables. The Company's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

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

	2024 TZS '000	2023 TZS '000
Trade receivables	85,055,261	94,065,916
Due from related parties	1,523,616	-
Bank balances	<u>119,537,275</u>	<u>45,517,674</u>
	<u>206,116,152</u>	<u>139,583,590</u>

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from financial liabilities. The accounting unit is tasked with the responsibility of ensuring that all foreseeable funding commitments and deposits withdrawals can be met when due and that the Company will not encounter difficulty in meeting obligations from its financial liabilities as they occur. The Board of Directors relies substantially on the Company's accounting unit to coordinate and ensure discipline across the Company and business units, certify sufficient liquidity under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The accounting unit monitors its liquidity risk using the current assets ratio.

The table below indicates the contractual timing of cash flows arising from financial assets and liabilities as of 31 December 2024.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Liquidity risk (Continued)

Financial assets	Total	Contractual cash flows (undiscounted) - TZS'000			
		0- 3 months	4 - 6 months	7 - 12 months	>12 months
Trade and other receivables	93,222,679	62,833,501	30,389,178	-	-
Due from related parties	1,523,616	1,523,616	-	-	-
Cash and bank balances	119,537,275	119,537,275	-	-	-
Total	214,283,570	183,894,392	30,389,178	-	-
Financial liabilities					
Borrowings	963,608,298	-	-	14,523,282	949,085,016
Lease liabilities	230,910,920	2,723,466	20,818,650	-	207,368,804
Trade and other payables	24,231,992	342,589	23,889,403	-	-
Shareholder's advance	324,887,184	-	-	324,887,183	-
Total	1,543,638,394	3,066,055	44,708,053	339,410,465	1,156,453,820
Difference in contractual cash flows	(1,319,839,824)	180,828,337	(4,803,499)	(339,410,875)	(1,156,453,820)

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Liquidity risk (Continued)

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

Financial assets	Total	Contractual cash flows (undiscounted) - TZS'000			
		1 - 3 months	3 - 6 months	6 - 12 months	>12 months
Trade and other receivables	189,700,171	80,067,216	24,963,688	-	84,669,267
Cash and bank balances	45,517,674	45,517,674	-	-	-
Total	235,217,845	125,584,890	24,963,688	-	84,669,267
Financial liabilities					
Borrowings	1,103,457,202	-	-	-	1,103,457,202
Lease liabilities	214,716,251	-	-	-	202,512,511
Trade and other payables	31,880,877	1,040,889	19,211	12,203,740	30,611,339
Shareholder's advance	324,887,185	-	-	209,438	-
Total	1,674,941,515	1,040,889	19,211	324,887,185	1,336,581,052
Difference in contractual cash flows	(1,439,723,670)	124,544,001	24,944,477	(337,300,363)	(1,251,911,785)

Although the table above shows an unfavorable difference in contractual cash flows, the parent company has undertaken to provide financial support to enable the Company to meet its continuing obligations as and when they fall due.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial instrument categorization (continued)**c) Market risk****(i) Foreign exchange risk**

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The Company has internal procedures put in place that assist the Company to hedge foreign currency exchange exposure by ensuring that for all business transactions denominated in a specific foreign currency, payment from the client is received in the foreign currency or at an agreed conversion rate approved by the Company.

At 31 December 2024 if the Tanzanian shilling had strengthened or weakened by 5% against foreign currencies with all the other variables held constant, the impact on the loss before tax for the year would have been higher or lower by TZS 28,171,758,000 (2023: TZS 29,543,495,000).

The carrying amounts of the Company's material foreign currency-denominated monetary assets and liabilities that will have an impact on profit or loss when exchange rates change, at the end of the reporting period was as follows:

	2024 TZS '000	2023 TZS '000
Cash and cash equivalents	64,502,222	30,542,782
Trade and other receivables	140,556	83,358,432
Trade and other payables	13,005,150	39,710,206
Borrowings	<u>(641,083,087)</u>	<u>(744,481,327)</u>
Open position	<u><u>(563,435,159)</u></u>	<u><u>(590,869,907)</u></u>

(ii) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the Company's borrowings and overdrafts.

The Company is exposed to interest rate risk as it borrows funds both at fixed and floating interest rates. The risk is managed by the Company by close management monitoring of its borrowing levels.

Assuming that the interest-bearing financial instruments balances at the end of the reporting period existed throughout the year, as at 31 December 2024 an increase/decrease of 1% on average borrowing rates would have resulted in an increase/decrease in pre-tax loss of TZS 6,410,830,870 (2023: TZS 7,444,813,270).

6. FAIR VALUE MEASUREMENT

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

(a) Fair value of the Company financial assets and financial liabilities that are measured at fair on recurring basis.

The Company had no financial assets or financial liabilities that are measured at fair value on recurring basis at 31 December 2024 (2023: None).

(b) Fair value of the Company financial assets and financial liabilities that are not measured at fair on recurring basis.

The Company's financial assets and liabilities are measured at amortised cost; their carrying amounts are reasonable approximation of their fair value.

7. CAPITAL MANAGEMENT

The Company's objective when managing capital are to sustain a strong capital base to support the development of business and to safeguard the Company's ability to continue as a going concern, in order to provide returns to the shareholders and maintain an optimum structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The constitution of capital managed by the Company is as shown below:

HTT INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. CAPITAL MANAGEMENT (CONTINUED)

	2024 TZS'000	2023 TZS'000
Share capital	636,487,061	636,487,061
Accumulated losses	<u>(860,776,009)</u>	<u>(949,465,771)</u>
Shareholders' deficit	<u>(224,288,948)</u>	<u>(312,978,710)</u>
Borrowings and shareholder's advance	965,970,270	1,069,368,512
Cash and cash equivalents	<u>(119,537,275)</u>	<u>(45,517,674)</u>
Net debt	<u>846,432,995</u>	<u>1,023,850,838</u>
Total capital	<u>622,144,047</u>	<u>710,872,128</u>
Gearing (Net debt to total capital)	<u>136%</u>	<u>144%</u>

As highlighted in note 5, the Company has started to implement various strategic capital restructuring initiatives to improve the gearing ratio of the Company.

	2024 TZS'000	2023 TZS'000
9. REVENUE		
Contract service revenue	621,257,724	551,865,661
Tower managed fees	<u>8,485,424</u>	<u>4,430,434</u>
	<u>629,743,148</u>	<u>556,296,095</u>
10. DIRECT COSTS		
Diesel costs	46,961,751	38,995,513
Maintenance costs	49,069,833	48,472,591
Depreciation of property and equipment	114,851,526	111,720,921
Amortization of intangible assets	1,553,212	1,553,212
Depreciation of right-of-use assets	12,294,963	15,861,507
Electricity costs	50,221,100	47,536,995
Other direct costs	<u>9,826,533</u>	<u>6,869,642</u>
	<u>284,778,918</u>	<u>271,010,381</u>

HTT INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TZS'000	2023 TZS'000
11. ADMINISTRATIVE EXPENSES		
Depreciation of property and equipment	512,961	402,215
Amortization of intangible assets	74,984	74,984
Depreciation of right-of-use assets	1,525,110	2,014,421
Loss on disposal of equipment	12,742,735	7,882,206
Staff costs (Note 12)	11,510,929	11,725,531
Auditor's remuneration	145,496	155,414
License fees	9,912,323	7,063,002
Other losses on inventories	838,656	-
Other administrative expenses	2,549,776	(883,213)
	<u>39,812,970</u>	<u>28,434,560</u>
12. STAFF COSTS		
Staff salaries	7,947,960	7,582,374
Staff bonus	1,921,345	1,610,582
Social security contributions	826,286	760,557
Skills and development levy	288,183	285,064
Workmen's compensation contribution	38,380	37,236
Medical expenses	483,327	456,062
Other staff costs	5,447	993,656
	<u>11,510,928</u>	<u>11,725,531</u>

The above staff costs exclude a sum of TZS 2.5 billion (2023: TZS 2.2 billion) which is included in addition to property and equipment in note 16.

	2024 TZS'000	2023 TZS'000
13. OTHER LOSSES – NET		
Realised exchange losses	20,993,354	22,290,153
Unrealised exchange losses/(gains)	7,448,443	(6,340,123)
	<u>28,441,797</u>	<u>15,950,030</u>
The above amount excludes losses and gains relating to loans.		
14. FINANCE COSTS		
Unrealised exchange gains/(losses) on borrowings (note 24)	(36,123,637)	57,872,613
Realised exchange losses/(gains) on borrowings (note 24)	6,726,650	8,835,564
Interest expense on borrowings (note 24)	63,307,536	62,939,770
Interest costs on lease liabilities	24,893,520	32,495,972
	<u>58,804,069</u>	<u>162,143,919</u>

HTT INFRACO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TZS'000	2023 TZS'000
15. INCOME TAX		
(a) Tax expense		
Current tax - current period	61,968,170	35,683,964
Current tax - prior periods	1	668,024
Deferred tax - current periods	7,474,183	(10,053,931)
Deferred tax - prior periods	-	(7,314,130)
	<u>69,442,354</u>	<u>18,983,927</u>
(b) Reconciliation of tax expense to the expected tax based on accounting profit		
Profit before tax	<u>217,905,394</u>	<u>78,757,205</u>
Tax at the statutory rate of 30% (2023: 30%)	65,371,618	23,627,162
Tax effect of expenditure not deductible for tax purposes	4,070,735	2,002,871
Prior year over provision of deferred tax (Note 15(a))	-	(7,314,130)
Current tax in relation to prior periods (Note 15(a))	1	668,024
	<u>69,442,354</u>	<u>18,983,927</u>
(c) Current tax (liability)/asset		
At the beginning of the year	1,900,739	1,307,602
Current tax charge (current and prior periods) (note 15(a))	(61,968,171)	(36,351,988)
Tax paid	<u>41,480,307</u>	<u>36,945,125</u>
	<u>(18,587,125)</u>	<u>1,900,739</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. PROPERTY AND EQUIPMENT

Cost	Leasehold improvement TZS '000	Site assets- Towers TZS '000	Other site assets TZS '000	Equipment and generators TZS '000	Computer equipment TZS '000	Furniture and fittings TZS '000	Motor vehicles TZS '000	Work in progress TZS '000	Total TZS '000
At 1 January 2023	3,981,632	284,958,236	817,327,018	325,901,061	3,865,461	754,083	1,647,665	31,116,794	1,469,551,950
Additions	-	7,958,396	20,206,934	12,181,102	-	-	216,175	44,886,603	85,449,210
Transfers in/(out)	-	3,245,666	8,240,978	4,486,842	-	-	-	(15,973,486)	-
Disposal	-	(6,258,877)	(15,891,737)	(279,360,909)	-	-	-	-	-
At 31 December 2023	<u>3,981,632</u>	<u>289,903,421</u>	<u>829,883,193</u>	<u>339,775,396</u>	<u>3,865,461</u>	<u>754,083</u>	<u>1,863,840</u>	<u>60,029,911</u>	<u>(24,944,223)</u>
At 1 January 2024	3,981,632	289,903,421	829,883,193	339,775,396	3,865,461	754,083	1,863,840	60,029,911	1,530,056,937
Additions	-	2,686,492	6,821,194	2,403,400	4,000	18,646	-	79,884,472	91,818,204
Transfers in/(out)	1,032,626	10,144,916	25,758,664	37,491,178	167,531	296,637	377,191	(75,268,743)	-
Disposal	-	(10,088,441)	(25,615,271)	(8,847,914)	-	-	-	-	(44,551,626)
At 31 December 2024	<u>5,014,258</u>	<u>292,646,388</u>	<u>836,847,780</u>	<u>370,822,060</u>	<u>4,036,992</u>	<u>1,069,366</u>	<u>2,241,031</u>	<u>64,645,640</u>	<u>1,577,323,515</u>
Depreciation									
At 1 January 2023	1,760,250	179,048,830	507,676,889	242,426,657	3,859,522	753,923	1,209,605	-	936,735,676
Charge for the year	147,283	23,224,507	58,968,681	29,527,733	5,939	160	248,833	-	112,123,136
Eliminated on disposal	-	(4,462,449)	(11,330,477)	(2,016,875)	-	-	2,436	-	(17,807,365)
At 31 December 2023	<u>1,907,533</u>	<u>197,810,888</u>	<u>555,315,093</u>	<u>269,937,515</u>	<u>3,865,461</u>	<u>754,083</u>	<u>1,460,874</u>	<u>-</u>	<u>1,031,051,447</u>
At 1 January 2024	1,907,533	197,810,888	555,315,093	269,937,515	3,865,461	754,083	1,460,874	-	1,031,051,447
Charge for the year	225,970	23,656,567	60,065,712	31,129,247	9,529	78,821	198,641	-	115,364,487
Eliminated on disposal	-	(6,971,693)	(17,701,625)	(6,919,882)	-	-	-	-	(31,593,200)
At 31 December 2024	<u>2,133,503</u>	<u>214,495,762</u>	<u>597,679,180</u>	<u>294,146,880</u>	<u>3,874,990</u>	<u>832,904</u>	<u>1,659,515</u>	<u>-</u>	<u>1,114,822,734</u>
Net book value									
At 31 December 2024	<u>2,880,755</u>	<u>78,150,626</u>	<u>239,168,600</u>	<u>76,675,180</u>	<u>162,002</u>	<u>236,462</u>	<u>581,516</u>	<u>64,645,640</u>	<u>462,500,781</u>
At 31 December 2023	<u>2,074,099</u>	<u>92,092,533</u>	<u>274,568,100</u>	<u>69,837,881</u>	<u>-</u>	<u>-</u>	<u>402,966</u>	<u>60,029,911</u>	<u>499,005,490</u>

17. INTANGIBLE ASSETS

Cost	Computer software TZS '000	Tele-communication licence TZS '000	Marketing/Collocation rights TZS '000	Total TZS '000
At 1 January 2023	18,935,614	624,868	20,191,754	39,752,236
Additions	42,872	-	-	42,872
At 31 December 2023	18,978,486	624,868	20,191,754	39,795,108
At 1 January 2024	18,978,486	624,868	20,191,754	39,795,108
Additions	107,791	-	-	107,791
At 31 December 2024	19,086,277	624,868	20,191,754	39,902,899
Amortisation				
At 1 January 2023	17,848,293	437,407	5,303,602	23,589,302
Charge for the year	-	74,984	1,553,212	1,628,196
At 31 December 2023	17,848,293	512,391	6,856,814	25,217,498
At 1 January 2024	17,848,293	512,391	6,856,814	25,217,498
Charge for the year	-	74,984	1,553,212	1,628,196
At 31 December 2024	17,848,293	587,375	8,410,026	26,845,694
Net book value				
At 31 December 2024	<u>1,237,984</u>	<u>37,493</u>	<u>11,781,728</u>	<u>13,057,205</u>
At 31 December 2023	<u>1,130,193</u>	<u>112,477</u>	<u>13,334,940</u>	<u>14,577,610</u>

18. RIGHT-OF-USE ASSETS

Year ended 31 December 2024	Land TZS '000	Building TZS '000	Motor Vehicle TZS '000	Total TZS '000
Cost				
At 1 January 2024	228,977,007	9,501,208	-	238,478,215
Additions	4,387,842	-	-	4,387,842
Disposals	(4,034,312)	(980,246)	-	(5,014,558)
At 31 December 2024	<u>229,330,537</u>	<u>8,520,962</u>	-	<u>237,851,500</u>
Depreciation				
At 1 January 2024	65,078,074	4,502,226	-	69,580,300
Charge for the year	12,294,963	1,525,110	-	13,820,073
Disposal	(6,221,806)	(980,245)	-	(7,202,051)
At 31 December 2024	<u>71,151,231</u>	<u>5,047,091</u>	-	<u>76,198,322</u>
Net book value				
At 31 December 2024	<u>158,179,306</u>	<u>3,473,871</u>	-	<u>161,653,178</u>
Year ended 31 December 2023				
Cost				
At 1 January 2023	226,851,119	5,102,280	311,426	232,264,825
Additions	11,798,067	4,435,991	-	16,234,058
Disposals	(9,672,179)	(37,063)	(311,426)	(10,020,668)
At 31 December 2023	<u>228,977,007</u>	<u>9,501,208</u>	-	<u>238,478,215</u>
Depreciation				
At 1 January 2023	65,248,162	3,628,064	254,281	69,130,507
Charge for the year	15,861,507	1,957,276	57,145	17,875,928
Disposal	(16,031,595)	(1,083,114)	(311,426)	(17,426,135)
At 31 December 2023	<u>65,078,074</u>	<u>4,502,226</u>	-	<u>69,580,300</u>
Net book value				
At 31 December 2023	<u>163,898,933</u>	<u>4,998,982</u>	-	<u>168,897,915</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. DEFERRED TAX ASSET

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

Deferred tax assets and deferred tax charge/credit in profit or loss are attributable to the following items:

	2024 TZS '000	2023 TZS '000
Accelerated depreciation over capital allowances	(12,329,692)	(14,686,311)
Other timing differences	22,223,570	32,054,372
	<u>9,893,878</u>	<u>17,368,061</u>

Movements in deferred tax balances for the year ended 31 December 2024:

	Capital allowance TZS '000	Other timing differences TZS '000	Total TZS '000
At start of the year	(14,686,311)	32,054,372	17,368,061
- Credit with respect to current year	2,356,619	(9,830,802)	(7,474,183)
- Credit with respect to prior years	-	-	-
Total charge to profit or loss (Note 15(a))	<u>2,356,619</u>	<u>(9,830,802)</u>	<u>(7,474,183)</u>
At end of year	<u>(12,329,692)</u>	<u>22,223,570</u>	<u>9,893,878</u>

Movements in deferred tax balances for the year ended 31 December 2023

	Capital allowance TZS '000	Other timing differences TZS '000	Total TZS '000
At start of the year	-	-	-
- Credit with respect to current year	(3,632,307)	13,686,238	10,053,931
- Credit with respect to prior years	(11,054,004)	18,368,134	7,314,130
Total charge to profit or loss (Note 15(a))	<u>(14,686,311)</u>	<u>32,054,372</u>	<u>17,368,061</u>
At end of year	<u>(14,686,311)</u>	<u>32,054,372</u>	<u>17,368,061</u>

	2024 TZS'000	2023 TZS'000
20. INVENTORIES		
Fuel	<u>9,073,250</u>	<u>11,563,901</u>
21. TRADE AND OTHER RECEIVABLES		
<i>Financial assets at amortized cost</i>		
Trade receivables	93,222,679	101,675,953
Less: Allowance for expected credit loss	<u>(8,167,418)</u>	<u>(7,610,037)</u>
Net trade receivables	85,055,261	94,065,916
Due from related parties (Note 28(a))	<u>1,523,616</u>	<u>-</u>
	<u>86,578,877</u>	<u>94,065,916</u>
<i>Non-financial assets</i>		
Advances to suppliers	6,401,518	10,716,711
Prepayments	79,095,304	89,594,413
Withholding tax recoverable	10,733,452	10,626,999
Other accrued income	108,603,572	88,024,218
	<u>204,833,846</u>	<u>198,962,341</u>
	<u>291,412,723</u>	<u>293,028,257</u>
22. BANK BALANCES		
Balance at banks	<u>119,537,275</u>	<u>45,517,674</u>
23. SHARE CAPITAL		
<i>Authorised share capital:</i>		
710,346,352 ordinary shares of TZS 1,000 each	<u>710,346,352</u>	<u>710,346,352</u>
<i>Issued and fully paid-up share capital:</i>		
636,487,061 ordinary shares of TZS 1,000 each	<u>636,487,061</u>	<u>636,487,061</u>
24. BORROWINGS		
<i>Borrowings from related parties</i>		
HTA Group, Ltd	529,778,132	561,352,112
HTA Holdings, Ltd	<u>111,304,955</u>	<u>183,129,215</u>
	<u>641,083,087</u>	<u>744,481,327</u>
<i>Maturities of analysis of borrowings:</i>		
Repayable after two years but less than five years	<u>641,083,087</u>	<u>744,481,327</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2024 TZS '000	2023 TZS '000
24. BORROWINGS (CONTINUED)		
<i>Movement in borrowings from related parties:</i>		
At 1 January		
Interest expense	744,481,327	720,982,438
Interest paid	40,730,859	56,670,303
Repayments of borrowings	(46,970,808)	(99,879,591)
Realized exchange losses	(67,761,304)	-
Unrealized exchange losses	6,726,650	8,835,564
	<u>(36,123,637)</u>	<u>57,872,613</u>
At 31 December	<u>641,083,087</u>	<u>744,481,327</u>

The borrowings from related parties comprises both bond USD 243,132,000 (TZS 529,778,132,000) and non-bond loans USD 53,817,000 (TZS 111,304,955,000). Bond loans have an extended maturity date of 23 October 2030 and non-bond loans have a maturity of 23 October 2030. Bond loans are charged at an interest rate of 10.125% per annum and non-bond loans at 7% per annum. Both, bond and non-bond loans are unsecured.

	2024 TZS'000	2023 TZS'000
25. TRADE AND OTHER PAYABLES		
<i>Financial liabilities at amortised cost</i>		
Trade payables		
Due to shareholders (note 28(b))	24,231,849	31,880,877
	143	-
	<u>24,231,992</u>	<u>31,880,877</u>
<i>Non-financial instruments</i>		
Value Added Tax (VAT) payable	14,716,473	15,760,089
Advance lease from tenants	37,000,457	33,112,628
	<u>51,716,930</u>	<u>48,872,717</u>
	<u>75,948,922</u>	<u>80,753,594</u>

26. LEASE LIABILITIES

Current lease liabilities:

Land

Buildings

22,205,469	26,038,112
<u>1,336,646</u>	<u>1,563,548</u>

<u>23,542,115</u>	<u>27,601,660</u>
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Non-current lease liabilities:

Land

Building

207,368,805	185,740,729
-	<u>1,373,862</u>

<u>207,368,805</u>	<u>187,114,591</u>
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The below-undiscounted cash flows do not include escalations based on CPI or indexes which change over time.

Renewal options are considered on a case-by-case basis with judgements around the lease term being based on management's contractual rights and their current liabilities.

26. LEASE LIABILITIES (CONTINUED)

The total cash paid on lease in the year was TZS 38,689,521,854 (2023: TZS 38,715,548,000).

The profile of the outstanding undiscounted contractual payments fall due as follows:

	Within 1 year TZS '000	2-5 years TZS '000	5+ years TZS '000	Total TZS '000
At 31 December 2024	<u>23,542,116</u>	<u>43,529,246</u>	<u>163,839,559</u>	<u>230,910,921</u>
At 31 December 2023	<u>12,203,740</u>	<u>43,472,509</u>	<u>159,040,002</u>	<u>214,716,251</u>
			2024 TZS '000	2023 TZS '000

27. SHAREHOLDER'S ADVANCE

Shareholder's advance - Helios Towers Tanzania Limited	<u>324,887,185</u>	<u>324,887,185</u>
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Shareholder's advance relates to amount paid by Helios Towers Tanzania Limited in 2014 on purchase of BTS towers from MIC Tanzania Limited and Vodacom Tanzania PLC. The advance is denominated in Tanzania Shillings. It is interest-free, has no fixed repayment terms and is unsecured.

28. 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 ultimate holding company and other companies related to it by virtue of common shareholding.

The following transactions were entered into with related parties during the year:

	2024 TZS '000	2023 TZS '000
a) Due from related parties		
Malawi Towers Limited	-	210,913
HTD Infraco SARL	<u>1,523,616</u>	<u>-</u>
	<u>1,523,616</u>	<u>210,913</u>

The balances pertain to the transactions involving transfer of materials to stated related entities in each respective period. The opening balances were settled during the year.

b) Due to shareholders

Dividend payable to Helios Towers Tanzania Limited	95	-
Dividend payable to HS Holdings Limited	<u>48</u>	<u>-</u>
	<u>143</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTY TRANSACTIONS AND BALANCES

c) Key management compensation (non-Directors)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration of key members of management during the year was as follows:

	2024	2023
	TZS '000	TZS '000
Short term benefits	<u>3,037,222</u>	<u>2,934,514</u>

d) Directors' emoluments and other related party balances and transactions.

There was no directors' emoluments during the year (2023: Nil). Other related party balances and transactions are disclosed in notes 24 and 27.

27. CAPITAL AND OPERATING LEASE COMMITMENTS

Capital commitments for property and equipment	<u>90,981,663</u>	<u>105,391,736</u>
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The commitment is due to the ongoing projects.

28. DIVIDENDS

The Directors recommend the payment of a dividend of TZS 148,463,040,000 in respect of the year ended 31 December 2024 (2023: TZS 59,773,278,000). The proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

Dividend of TZS 59,773,135,000 relating to financial year 2023 was approved by shareholders and paid during the year.

29. CONTINGENT LIABILITIES

The Directors evaluate the status of legal and litigation exposures on a regular basis to assess the probability of the Company incurring related liabilities. However, provisions are only made in the financial statements where, based on the Directors' evaluation, a present obligation has been established. The Directors believe that no present obligation has been established as at 31 December 2024, and therefore, no provision has been made.

30. INCORPORATION AND ULTIMATE HOLDING COMPANY

The Company is incorporated and domiciled in the United Republic of Tanzania. The capital structure of the Company is disclosed on page 4 of the financial statements. The ultimate holding company is Helios Towers Plc a company incorporated and domiciled in the United Kingdom.

31. EVENTS SUBSEQUENT TO THE YEAR-END

There were no material subsequent events apart from those disclosed in these financial statements.

32. CURRENCY

The financial statements are presented in Tanzania shillings rounded to the nearest thousand (TZS' 000).