

VIETTEL TANZANIA PUBLIC LIMITED COMPANY



BUSINESS PROPOSAL

2023-2025

Report written by: Viettel Tanzania Plc

June, 2023

Contents

| | |
|--|-----------|
| PART 1: OVERVIEW AND INVESTMENT RATIO OF THE PROJECT | 4 |
| 1) Provide a general overview of the project | 4 |
| 2) The remarkable accomplishments of HALOTEL. | 4 |
| 3) The forthcoming strategic blueprint of HALOTEL: | 5 |
| PART 2: RESULTS OF INVESTMENT UNDER EXEMPTION NO : 110102 PERIOD 2022-2023..... | 6 |
| 1) Evaluate the effectiveness of government projects | 6 |
| <i>a) Preamble to obligation implementation</i> | <i>6</i> |
| <i>b) Rural area (villages) connectivity</i> | <i>7</i> |
| <i>c) Rural coverage connectivity technologies</i> | <i>7</i> |
| <i>d) Status of the rural connectivity.</i> | <i>8</i> |
| <i>e) These are challenges mentioned since 2017 on implementation Of village coverage</i> | <i>8</i> |
| <i>f) Six core optic fiber for the government.</i> | <i>9</i> |
| <i>g) Distribution/provision of internet services to government authorities</i> | <i>13</i> |
| 2) Report on the number of subscriptions up to the present time | 13 |
| <i>a) Achievement on business</i> | <i>13</i> |
| <i>b) Achievement on tax contribution to Tanzania Government</i> | <i>14</i> |
| <i>c) Achievement in relation to the project with former Ministry of Communication, Science and Technology (MCST) to provide services in rural areas of Tanzania</i> | <i>15</i> |
| 3) The contribution for Tanzania Citizen | 16 |
| <i>a) The contribution for Tanzania Citizen</i> | <i>16</i> |
| <i>b) Income Generation Plan for Tanzanian People</i> | <i>17</i> |
| PART 3: FINANCIAL STRATEGY BLUEPRINT FOR 2023-2025 | 18 |
| 1) Project financial expenditure at 31/12/2022 | 18 |
| 2) Halotel's Strategic Direction for 2023-2025: | 18 |
| <i>a) Enhancing the Subscriber Base</i> | <i>18</i> |
| <i>b) Introducing New Products and Services</i> | <i>19</i> |
| <i>c) Generating Sustainable Revenue Growth.....</i> | <i>19</i> |
| 3) Becoming a Leading Company in the Application of Digital Services | 20 |
| 4) Prioritizing Legal Compliance to Ensure Company Sustainability | 20 |
| 5) Strategic Plan for 2023-2025..... | 20 |
| ✓ Subscriber Milestones | 20 |
| ✓ Revenue Projections | 20 |
| ✓ Development of a Digital Ecosystem Based on 4G and Super App..... | 20 |

| | |
|--|----|
| ✓ Deployment of Broadcast Stations | 21 |
| 6) Specific Objectives for 2023-2025: | 21 |
| 7) Project financing | 21 |
| <i>a) Equity.</i> | 21 |
| <i>b) Shareholder’s Loan</i> | 22 |
| <i>c) Bank Loans</i> | 22 |
| PART 4: CHALLENGE AND PROPOSAL FOR HALOTEL INVESTMENT. | 23 |
| 1) Taxation and Floor Price Policies | 23 |
| <i>a) Taxes and levies</i> | 23 |
| <i>b) Price Floor Policy</i> | 24 |
| 2) The scarcity of frequency source | 25 |
| 3) The difficulties in deployment of network infrastructure | 25 |
| CONCLUSION: | 26 |

PART 1: OVERVIEW AND INVESTMENT RATIO OF THE PROJECT

1) Provide a general overview of the project

In 2014, Viettel Global Investment JSC, a Viettel Group subsidiary, commenced a pivotal direct investment in Tanzania, aligning with the nation's call for investment. The initiative led to the inception of HALOTEL, with a cumulative investment of nearly \$700 million, which has bolstered infrastructure and business across Tanzania. Distinctively, HALOTEL has prioritized rural and remote areas, focusing on improving connectivity in these underserved regions, and offering services in overlooked markets. This strategy has fueled the economy and elevated the local population's standard of living, attaining a subscriber base of 5 million within six years, 60% of whom reside in suburban and rural areas.

2) The remarkable accomplishments of HALOTEL.

Back in 2014, Viettel Global Investment JSC, a subsidiary of Viettel Group, started its direct investment to Tanzania in response to the call for investment of the Government of Tanzania at that time. Because of its total investment volume, Viettel Global's telecommunications project in Tanzania was considered as one of the largest projects in Tanzania at that time, thus caused the recognition of Viettel Tanzania PLC as a strategic investor and partner of the State.

Through HALOTEL, Viettel Global has invested more than USD 600 million so far for building infrastructures and facilities as well as establishing business network throughout the country.

Our development strategy is to focus on remote and rural areas because we have always been aware that telecommunication and Internet connectivity is still beyond the reach of most citizens living in rural areas and mobile data is particularly expensive with users in these places. We want to lead and provide communication services in the least favorite marketplaces, where other operators forget or do not pay attention to.

Different than other operators that focused on cities and urban areas with more potential of high ARPU subscribers, HALOTEL has chosen a different approach to provide facilities and services to people in suburban and countryside where the coverage of telecommunication network was significantly low at the time that we joined that market. We believed that by providing affordable services in these places, HALOTEL would help driving the development of general economy as well as leveraging the people's quality of life. And that would lead to a win-win situation, where the growth of the company is on the same road with the development of the country.

Following the direction of development, we have achieved a number of remarkable milestones in Tanzania which are:

Since 2014, we have successfully deployed the largest telecommunication network which cover almost all population in both urban and border and remote areas.

Since 2015, we have been providing communications technology and services throughout the territory of Tanzania and our network has attracted approximately 7.2 million subscribers up to now. It is noted that 60% of our subscribers are living in the countryside.

Our company has been offering a great number of direct jobs to around 1,000 local employees and over 60,000 indirect jobs through our distribution channels of sales and freelancing collaborators.

Along with the scale of the investment, the Company has also been making significant contribution to the nation by offering technology transfer to the national active workforce, paying taxes and delivering telecom and digital services nationwide.

As the result of a large coverage network, HALOTEL further took steps in the process of popularizing telecommunications in Tanzania. We have delivery broadband mobile service to almost 64,000 villages, which previously had not been connected making around 60 million of people connected.

Besides, the Company has also provided termination for internet for hundreds of district hospital, district council office, district police, post office and internet connectivity to 450 schools throughout the country.

Moreover, in effort to contribute to the improvement of the sector in Tanzania, the Company has been supplying six cores from its connection capacity to the state authorities which helps with fastening of electronic government.

3) The forthcoming strategic blueprint of HALOTEL:

HALOTEL is proud to be the most active operator in conducting the commitment of investing on networking widely and effectively in Tanzania. For years, we have been closely cooperating with UCSAF carrying out on building facilities and stations for serving and providing services to citizen in remote areas, islands and borders (the “UCSAF Project”).

So far, the partnership between HALOTEL and UCSAF has been going well through the completion of Phases 1, 2, 3 and 4 of the Project. And we hope that, on such well-established foundation, the relationship between HALOTEL and the UCSAF will keep blooming in the future with the joining of HALOTEL to further phases of the Project.

The main target of HALOTEL in 2023 is to expand the coverage of 4G network. Firstly, we want to make 4G technology more and more popular, and secondly the 4G would help us improve the quality of network service that bring better experience to our subscribers.

Since early 2022, we have successfully deployed more than 1,800 4G base stations and the plan is still going with 430 more stations are on the way to be set up by the end of 2023. We hope that the Ministry and the Government of Tanzania will keep providing supports to HALOTEL not only by granting necessary exemptions, but also assisting our company in hiring foreign experts, who will play important roles in implementing new technologies and services.

In 2023 and upcoming years, beside UCSAF Project which is still on-going, HALOTEL wishes to join the Government in other ICT projects and we believe that with the passion and philosophy of development, HALOTEL will still be a trusted partner with the Government of Tanzania and its Agencies in the development of the national ICT.

PART 2: RESULTS OF INVESTMENT UNDER EXEMPTION NO : 110102 PERIOD 2022-2023.

1) Evaluate the effectiveness of government projects

The Government of Tanzania through the former Ministry of Communication, Science and Technology (MCST) signed a Memorandum of Agreement (MOA) with VIETTEL on 16th July, 2014 to invest in the telecommunications infrastructure and services in the rural areas. The project aimed to complement the Government initiatives for establishment of Universal Communication Services Access Fund (UCSAF) which has a role of providing communication services to rural and underserved areas.

The project implementation is of a Public Private Partnership (PPP) arrangement whereas the obligations or responsibilities of the government (The ministry) were to

The ministry shall provide to Viettel at no cost wright of way permits required from government authorities such as Tanroads, RAhco, Municipalities, National parks reserved areas and any other government area for the purpose of implementation of this project,

Incase of any delay of the ministry to implement its obligation outlined in the clause 9 of the MOU, which may affect the Time frame for VIETTEL to complete its obligations, the time frame shall be allowed to be reasonably reviewed and extended corresponding to the time delay of the ministry in the implementation of the government's commitment prior notification of Viettel.

The ministry shall only use the 06 cores of optic fibers for government non- commercial purpose(s) and shall not transfer or sublease a party or the whole of such use to any other third party without prior written consent of Viettel

The ministry shall be obligated to provide equipment to ensure such 06 cores capable of handling CWDM/DWDM traffic bandwidth.

The ministry may at its best effort create a conducive environment to assist Viettel in obtaining other relevant permits regarding the deployment and operations of Viettel's Network. The ministry shall review quarterly progress report submitted under clause 9.6 to a certain project progress and shall from time to time make site visit for the purpose of verify actual progress and quality of works.

While Viettel was obligated to perform the following as the satisfaction of the ministry's commitments;

The importance of providing rural coverage connectivity of optic fiber cable and internet services to the public institutions (schools, hospitals, police stations, councils) by high speed internet and its infrastructure that VIETTEL has built, the Government and its authorities should acknowledge and appreciate the effort performed by VIETTEL to improve the Communication in Tanzania Government and their Citizens.

Hence after the first Phase of implementation, the Government formulated a team of Government representatives to conduct the inspection of the project and to verify whether the work done meets the required standards as per MOA while VIETTEL did prepare all the completed obligations to handover to the Government after the inspection. The inspection was successfully completed where Government representatives presented of the report of their satisfactory verification of the implementations performed by Viettel to meet the required standards as per MOA.

However, some of challenges and snags were notified in which some were solved immediately once the team arrived on the location while others that needed long term supervision were termed as Snags which were also resolved and the reports were shared to the Government team for their verification.

a) Preamble to obligation implementation

The general objective of the project was to establish and deploy network connectivity to all villages that were shared from UCSAF to be covered by Halotel Network by which there were no network at all to people who lives in these undeserved area, the purpose of this was to support local government authorities to easy access and use of communication services in rural and underserved areas. The project also aims to enhance capacity to harness the power of ICTs and availability of e-services among people in these areas and their relatives who lives in capital

cities and abroad. The project was not only based on this but also to increase the national penetration to ict services in rural and undeserved areas.

Moreover, availability of fiber infrastructures to underserved community will enhance communication and transform ways of doing work by fast tracking digital gap not only in the way of doing work but also by transforming business processes, teaching, learning experience and digital hospitals by deploying different systems that couldn't be easily accessed by underserved society due to the existence of digital gap (Halotel should introduce new ict services to rural and undeserved areas.

b) Rural area (villages) connectivity

Village connectivity is one among many that Halotel has opt to invest it's power to the Government of Tanzania through ministry of communication science and technology where by Company has putted a lot of efforts to acquire lands for building antenna mast and installation of transmission equipment to bring network signal to poor villages it was not an easy task at all, it takes Halotel such a long time and a lot of compliance procedures to build just a first site which where built at Kibaha district , Kikongo ward and Kikongo village, the villages and people around this village were so happy to receive standing tall tower of 71.5m high for the first time in their life this was our first mile stone that we will always remember to this village and people around it. Since December 2014 we started sending massive number of staffs from Halotel regional offices all over the country to survey and negotiate with land owner to acquire their lands for building foundation and other telecom infrastructures, our teams where distributed in district wise based on the design of our network to cover 4000 villages where by we have succeeded to rent most of the demanded areas in most of regions we acknowledge to receive a good cooperation from Rukwa, Katavi, Mwanza, Morogoro, Dodoma, Tabora, Kigoma and all southern regions.

c) Rural coverage connectivity technologies

Most of these villages that we have connected with Halotel Network is covered with 2G and some with also 3G network. People are using smart phones to access internet information more over people are using mobile money to send and receive money from their relatives which were not possible at first but through this project all 4000 villages has been covered with high speed network that allow people to use mobile network for increase productivity in their daily life.

The mainly purpose of Halotel to provide such technology to people lives in these villages is to ensure that life standard and style of people in these areas have internet services and mobile money. We also provide work opportunity to people who live in these areas. From the provision of the said technology we have seen the society is improving on the usage of data and mobile money as also technology bring us not only that but also the society is:

- ✓ Use of Fiber optic cable to provide quality network to people in villages the usage of optical fiber cable increases network speed and data speed to mobile users, we have supplied high quality fiber cable with low or no attenuation at all to provide villagers with good and quality network.
- ✓ To date we have succeeded to install/deploy more 18000KM of fiber optic cable which we have 12000KM of underground cables including Zanzibar island and 6000KM of overhead cable to ensure that the signal quality meet current world requirement and standards to the consumers.
- ✓ The number of base stations that we have calculated to cover 4000 villages in rural underserved area where more than 4000 Base stations to ensure network is reliable and in good quality (-95dB) to the center of the villages and about (-100dB) to the border of the villages.
- ✓ The number of base stations so far is 4000 base stations all over the country covering more than 78,000 villages. Site to site connectivity we either use fiber to connect site to site in all places where there is fiber cable and deployment to the site is affordable, to some of sites which are very remote and geographical area of the site is not suitable we normally use Microwave instead of fiber cable this is mostly done in areas where the site is in deep forest, mountain with more than 13 kilometers from bottom to the top of Mountain (in Same District Mountain Shengena is one example where we have transported material to the top of mountain of not less than 17kilometers) deployment of fiber cable to these sites couldn't be done that's why we opt to use microwave link as the transmission technology rather than using fiber optic cable because of geographical featus of this area.

d) Status of the rural connectivity.

The current status of rural connectivity is in its final stages as number of villages that are connected and having a network coverage reach 4,000 see Attached Annex 1 of all villages that are covered 100% and people are enjoying digital life style of using social network, learning on internet and other fast tracking development all over the country and we have finalized building and connecting 100 villages as replacement list to cover a total of 4,000 villages provided by Ministry to be covered, see below break down of the villages that were not yet covered to August/2018 due to different reasons that were addressed to Ministry, all of these sites are on-air and people in these villages are enjoying Halotel signals.

e) These are challenges mentioned since 2017 on implementation Of village coverage

Having reported to the Ministry before, previously, main obstacle on completion of project on time are the followings:

Difficulties in acquisition of necessary PERMITS to deploy the infrastructure especially on BTS sites, main permit that took long time to have where the permits from National Environmental Management Council(NEMC) where it took us up to 3 to 4 month to receive environment permit which to us we didn't expect to take such long time, not only obstacle on acquisition of EIA alter the project implementation time schedule but also causes Halotel to pay a lot of money on fall up of the said permits. The other side of project on fiber we have good cooperation with authorities so there were no delays at all except on places where there is no network, we suffer a lot to facilitate materials and close supervision was a big challenge due to no signal at all to these areas. In Building permit acquisition it was a big challenge as there were no uniform fee for each site, the price of one building permit where differ depends on the district, region and area (rural and township) whereby in some district we have evidence of paying up to 1,000,000 to get just one building permit while the MOU is saying we are supposed to get building permits at no cost.

⇒ Government Areas (Reserved areas, TANAPA, Forest Reserved Areas, local government Open spaces) we have faced and we still facing a challenge of acquisition of lands to these areas due to technical feasibility conducted by Experts there are sites that are supposed to be builtd on to this area to cover villages like (Isoko forest reserve in Mbeya , Ileje district) till to date we are having contradiction on these sites which real need to have common understanding of it, it's a big challenge to Halotel as we are facing a lot of challenge on the operation of these sites on the forest this is just one site but we have many with the same problem to Tanzania Forest Services.

⇒ Access Road to Rural areas is one of the factor that we are facing currently and it's not yet solved we have managed to build a lot of sites in Ngoro Ngoro National Park areas, it was not an easy task as we were constructing a distance 17km road so as to transport material easily to the site the construction cost of the access road is almost third quarter of the antenna mast construction cost, it is a hard party of the construction of BTS sites.

⇒ Delay of materials in Port due to conjunction it takes up-to 3 to 4 month to clear material from sea port which in other hand contribute to our delay on project completion not only that but also Halotel has entered contract with ZTE for the provision and supply of Power equipment in early 2017 but because of conflict between China and America it took us up to 1 year and some months to find alternative solution as we have paid to ZTE all money for supply of power equipment of more than 500 BTS sites which contribute to material delivery to finish sites on-air process.

⇒ Delay in extended of incentive Certificate from TIC and TRA, this is due to the following:

+The TIC officers take some times reviewing and approving the request this causes delay in some consignment at Port.

+ Interlink between TIC and TRA in approving the List of exempted goods is part of the delay procedure that causes high congestion on the Process of Approving Certificate of Incertives.

⇒ Delay in approving CGL or exempted capital goods in TRA. This procedure sometimes delays our goods at Port Due to the fact that the evaluation of balanced goods that already imported and the goods not yet imported this

cause delay and increases cost on waiting to deliver goods on sites during Renewal of CGL they need to calculate the Quantity imported and Less the Remained Quantity this procedure requires TRA to Calculate and evaluate Total Balanced goods need to be imported in new list of goods exempted.

⇒ We have also faced a lot of challenges on the sites that they claim for increase of rental fee, cheating in ownership which result into attraction for court cases, penalties and other stop orders which have negative impact to our project at hand.

However, even though facing the difficulties, Halotel has been making all effort to fulfill the commitment to provide services to the people of Tanzania.

f) Six core optic fiber for the government.

VIETTEL investment in deploying of VIETTEL's optic Fiber with 24 cores and Optic Fiber Infrastructure with the aim to cover nationwide of the United Republic of Tanzania where by the Government owns six cores in all the deployed Fiber Optic cable aimed at connecting Local Government Authorities to easy access and use communication services in rural, underserved areas and increase the national penetration to Government ICT services.

VIETTEL was obligated to Handover to the Ministry 6 cores of Optic fibers after the completion of each complete Segment for developmental only and non-commercial purposes.

In 2017 VIETTEL submitted the progress report of 15000 KM completed 6 core Segments to the Ministry for Verification and Handover for utilization. However, the Ministry formulated a Team of representative to visit all these segments so as to verify whether implementations performed by VIETTEL meet the required standards as per MOA.

- Six core inspection briefs

Inspection started on 9th October, 2017 by visiting all Districts of twenty-six (26) regions namely Tanga, Kilimanjaro, Arusha, Manyara, Singida, Simiyu, Mwanza, Mara, Mbeya, Songwe, Rukwa, Katavi, Kigoma, Kagera, Geita, Shinyanga, Tabora, Pwani, Lindi, Mtwara, Ruvuma, Njombe, Iringa, Dodoma, Morogoro and Dar es Salaam as were required to inspect six cores of fibre optic, assessing connectivity to government's institutions and internet services to schools as per MOA.

- Inspection team

The inspection team was divided into three groups, each group comprised of four Government representatives and three Viettel (Halotel) staff.

- Scope of work

The Scope includes:

- ✓ To test the six cores (number 7 to 12) dedicated for Government on the entire Viettel Network.
- ✓ To inspect Completion of termination of optic fiber cable to selected Government Institutions.
- ✓ To inspect the status of the internet services provided to three secondary schools in each District.

- Findings

- ✓ Testing of six cores

The representative from both sides performed inspection to verify the quality and standard of the six cores before handing over and studying on how the Government will utilize its six cores from VIETTEL Fibre Network. Testing was done to the main routes to check the fibre optic continuity and its attenuation coefficient (segment cable loss per kilometre) if meets the standard loss criteria of 0.35 dB/km using Optical Time Domain Reflectometer (OTDR) ANRITSU MT 9080 Series. The general status of the tested optic fibre routes was verified to be satisfactory as per measurements standards.

The Handover was successfully completed where Viettel Handed over 18,000 Km of all fibre optic routes with six cores for the government and information of the six core routes and the location of the Point of Preference that was Handed over to the Government are stipulated briefly on the attached Annex: List and Information of Completed Six Core Segments for the Government. see Attached Annex 3

✓ Termination of 6 core fiber to nearest NICTBB pop.

Termination of the six cores from the nearest Viettel POP to the Government POP was done by Viettel Team in good faith and to maintain the good cooperation that exists between Viettel and the Government. Hence the list of areas where Viettel should route the Fiber cable with six cores from Viettel POP to nearest Government POP was provided and was attended as requested as below Table illustrates:

TERMINATION OF SIX CORE FIBER FROM HALOTEL POP TO NICTBB POP REPORT

| No. | Site | Lat | Long | Note |
|-----|--------------------------|---------------|----------------|--------|
| | 22 | 22 | 22 | |
| 1 | Arusha (TTCL Office) | 03°22'08.00"S | 36°38'35.00"E | Finish |
| 2 | Babati (TTCL Office) | 04°12'42.00"S | 35°44'55.00"E | Finish |
| 3 | Bukoba (TTCL Office) | 01°19'41.80"S | 31°48'35.40"E | Finish |
| 4 | Dodoma (TTCL office) | 06°10'55.00"S | 35°44'49.00"E | Finish |
| 5 | DSM (TTCL Office) | 06°48'57.00"S | 39°17'07.00"E | Finish |
| 6 | Iringa (TTCL Office) | 07°46'44.00"S | 35°41'46.00"E | Finish |
| 7 | Kigoma (TTCL office) | 04°52'32.00"S | 29° 38'17.00"E | Finish |
| 8 | Lindi(TTCL Office) | 09°59'51.0"S | 39°42'28.0"E | Finish |
| 9 | Makambako (TTCL office) | 08°50'31.60"S | 34°49'33.60"E | Finish |
| 10 | Mbeya (TTCL office) | 09°59'51.0"S | 33°26'31.00"E | Finish |
| 11 | Morogoro (TTCL office) | 06°49'04.00"S | 37°39'54.00"E | Finish |
| 12 | Moshi (TTCL office) | 03°20'48.00"S | 37°20'29.00"E | Finish |
| 13 | Musoma (TTCL Office) | 01°29'24.00"S | 33°48'20.00"E | Finish |
| 14 | Mwanza (TTCL office) | 02°30'49.00"S | 32°53'26.00"E | Finish |
| 15 | Shinyanga (TTCL office) | 03°40'08.00"S | 33°25'42.00"E | Finish |
| 16 | Singida (TTCL office) | 04°48'50.00"S | 34°44'52.00"E | Finish |
| 17 | Tabora (TTCL office) | 05°01'26.3"S | 32°48'37.6"E | Finish |
| 18 | Tanga (TTCL office) | 05°03'59.00"S | 39°06'16.00"E | Finish |
| 19 | Sumbawanga (TTCL office) | 07°57'42.0"S | 31°36'53.0"E | Finish |

| | | | | |
|----|----------------------|---------------|---------------|--------|
| 20 | Mtwara (TTCL office) | 10°16'10.0"S | 40°11'16.0"E | Finish |
| 21 | Songea (TTCL office) | 10°40'54.05"S | 35°40'04.06"E | Finish |
| 22 | Nzega(TTCL office) | 10°40'54.05"S | 35°40'04.06"E | Finish |

Interconnection to NICTBB POP from nearest VIETTEL POP status: 22/22 Government NICTBB POP completed.

- Current status on six core optic fiber handovers.

The Implementations on the six core and allocation of Completed Six core Segments to the Ministry status is as follows:

| No. | GENERAL PLANNED ACTIVITY | SPECIFIC TASKS IMPLEMENTED | STATUS | NOTE |
|-----|---|--|--|----------------|
| 1 | Allocating for the Ministry 6 cores of Optic Fiber | 18000 KM Optic Fiber is deployed including the six-core allocated for the Ministry. | 18,000 KM completed Six core Segments are allocated for the Ministry. | Completed 100% |
| 2 | Handover of the completed Six Core Optic Fiber Segments | Both parties perform Inspection and verify the completed Six core Optic Fiber Segments whether they meet the standards per MOA | Government and Viettel representative performed inspection and verified the Handover. Inspection Report was submitted. | Completed 100% |

| No. | GENERAL PLANNED ACTIVITY | SPECIFIC TASKS IMPLEMENTED | STATUS | NOTE |
|-----|---|---|--|----------------|
| | | Submission of Inspection Report that verifies the satisfaction of both parties on Completed Six core Segments. | Approved Hard copy of the Inspection Report was submitted to the Ministry in October 2017. | Completed 100% |
| | Submission of the Documents and information for Official Handover | Submission of information of all Completed Six core Segments showing Distance, latitude, longitude and if ready to use. | Information of already Handover Completed Six Core Segments was submitted to the Ministry after Inspection and Verification see Attached Annex 3 | Completed 100% |

| | | | | |
|---|---|---|--|----------------|
| 3 | | Submission of as built in diagrams (Diagrams showing Completed Six core Segments) | As built in were used as maps for guiding Teams in inspection and were also submitted to the Ministry after the Inspection. | Completed 100% |
| | | Service Level Agreement | Already submitted Drafted Service Level Agreement. Waiting for the Ministry to make amendments/ approve the SLA. see Attached Annex 10 | COMPLETE 100% |
| 4 | OFFICIAL HANDOVER and Marking the Obligation of Allocating Completed Six Core Segments as Closed. | Official Public Announcement by the Ministry as Viettel Accomplishment on the Project on Allocation of completed Six Core Segments. | Halotel is waiting for government to announce date and venue for handover | PENDING |

- General challenges on the implementations of the six core segments.

✓ There are frequent fiber cable cuts on the Halotel network which are mainly caused by developmental activities such as road expansions and constructions by road authorities, fire burning and other human activities. However, Viettel has 50% of incidents per day due to the reason of unknown people cutting cable, where we kindly ask the Ministry to support Viettel by making awareness of the importance of Viettel infrastructure to the citizens of united Republic of Tanzania and Local Government Authorities.

✓ Viettel incur more cost on repeating to repair the completed six core Fiber Segments while Viettel did repair all the Six core for Handover and the Government to start using, however after Handover the Government did not use the six core leading to the six core being not okay or not through due to everyday cable cuts experienced.

✓ Government requesting to use six core segments without any notification to Viettel for preparing the respective six cores by repairing them. Hence leading the Government implementations be delayed for a long time. However, Viettel already requested the Government to share with Viettel the plan of the six cores Fiber segments is to be used two months before the implementations so as Viettel prepares them ready to be used by the time the Government implement their task.

- Co-location services for the government use the allocated six cores

In terms of good relationship with the Government, Halotel is ready to provide co- location for free up to ten sites for 1 year.

For avoidance of doubt, from the 2nd year and from the 11th site in the first year, Halotel shall charge the co-location fee.

g) Distribution/provision of internet services to government authorities

| S/N | Planned Activity | Status |
|-----|---|--------|
| I | RESULT OF INFRASTRUCTURE DEPLOYMENT | |
| | PROGRESS OF IMPLEMENTING VIETTEL COMMITMENTS (The target number is based on the list the Ministry provided Halotel up to now) | |
| 1 | Provide Internet service completed 455/450 schools (Annex 01) | 101% |
| 2 | Optical fiber termination for District Council Office: 150/150 offices by optical cable. (Annex 02) VTZ have 1 District Council Office pending (Buchoswa link,) due there is no VTZ's infrastructure near these sites.VTZ have been requestiong Ministry support to provide 1 replacement site that VTZ can finish 100% but the Ministry has delay | 100% |
| 3 | Optical fiber termination for District Hospital: 150/150 hospitals by optical cable. (Annex 03) | 100% |
| 4 | Optical fiber termination for District Police: 121/150 Police by optical cable. (Annex 04) Optical fiber termination for Law court Office to combine District Police: 26 sites. (Annex 05) ⇒ Total: Optical fiber termination for District Police (Low court) : 150/150 | 100% |
| 5 | Optical fiber termination for Department Post Office: 65/65 Offices by optical cable. (Annex 06) | 100% |

2) Report on the number of subscriptions up to the present time

a) Achievement on business

Halotel's achievement on business activities are as follows:

• In general:

- We are investing to reach new level of Revenue with target increasing at least 21,6% compare last year & Increasing 10% total subscribers compare last year
- Encourage customer enjoy our speed with 4G- new technology, digital service & change habit in voice to data & 4G, mobile money & digital
- Implementing & support for customer more service especially in Rural, Village & focus on young people, disable customer, women, students, old person....
- Reach at least 1M 4G subscriber in 2022
- Join in some major project install & connecting internet service to School, Government Office, Hospital & Domestic Company....
- Improve & coordinate with Government/Company, support & give to Tanzania citizen with ICT solutio

• In terms of subscribers:

- Increasing 10% ~600.000subscribers in 2022 (nearly 5,5M 15C3D subscribers in 30days & 7,4M subscribers in 90days) & keeping that performance in 2023/2024
- Reaching 1million 4G subscribers in 2022; 2million 4G subscribers in 2023 & 3 millions 4G subscribers in 2024

• In terms of revenue:

| REVENUE (Miliion Tsh) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|
| Halotel | 8,095,646 | 115,334,204 | 160,324,891 | 157,219,185 | 171,329,300 | 211,711,104 | 263,469,000 |

- Keeping performance with speed average at least >20% increasing in Revenue & 10% in Subscribers (compare last year)
- Move from customer using only Voice/Sms to Data/Digital/Mobile Money service
- Improve more market share & at least 10% of total customer using smartphone per year

• In terms of network coverage and quality:

Station locations :2,857 (2G / 3G / 4G: 2,707/1,942/927) (including 1,497 sites hiring from HHT Towers and 1,356 Halotel’s sites)

About coverage: 2G / 3G / 4G achieved:

- o 2G: urban (99.53%), rural (75.5%), nationwide (88.5%).
- o 3G: urban (98.70%), rural (65.02%), nationwide 70.5%).
- o 4G: Nationwide (42.12%)

• In terms of transmission

o VTZ transmission network is built on the basis of all IP technology combined with DWDM for routes longer than 80 km; including 2 General stations connected by 3 DWDM axes; 04 core zones, 221 AGG devices, 20 CTs, 1248 SRT, 1556 IP microwave , routes, 18,984km of trunk and branch cables.

b) Achievement on tax contribution to Tanzania Government

| Year | Amount |
|-------|--------------------|
| 2014 | 1,244,908,041.00 |
| 2015 | 60,790,867,354.10 |
| 2016 | 34,060,038,596.11 |
| 2017 | 64,098,293,766.18 |
| 2018 | 64,124,103,056.04 |
| 2019 | 64,560,080,746.93 |
| 2020 | 66,097,330,077.66 |
| 2021 | 91,151,880,273.18 |
| 2022 | 144,850,423,508.01 |
| Total | 590,977,925,419.21 |

c) Achievement in relation to the project with former Ministry of Communication, Science and Technology (MCST) to provide services in rural areas of Tanzania

The Government of Tanzania through the former Ministry of Communication, Science and Technology (MCST) signed a Memorandum of Agreement (MOA) with VIETTEL on 16th July, 2014 to invest in the telecommunications infrastructure and services in the rural areas. The project aimed to complement the Government initiatives for establishment of Universal Communication Services Access Fund (UCSAF) which has a role of providing communication services to rural and underserved areas.

Though the project Viettel has managed to deploy network connectivity to almost all villages that were shared from UCSAF to be covered by Halotel Network where there were no network at all to people who lives in these undeserved area. It also supported local government authorities to easy access and use of communication services in rural and underserved areas. The project has also being a go forward to enhance capacity to harness the power of ICTs and availability of e-services among people in these area and their relatives who lives in capital cities and abroad.

Village connectivity is one among many that Halotel has opt to invest it's power to the Government of Tanzania through ministry of communication science and technology where by the Company has putted a lot of efforts to acquire lands for building antenna mast and installation of transmission equipment to bring network signal to poor villages and up to now we have managed to cover 4,000 villages.

Most of these villages that we have connected with Halotel Network are covered with 2G and 3G network, people are using smart phones to access internet information more over people are using mobile money to send and receive money from their relatives which were not possible at first but through this project all 4000 villages has been covered with high speed network that allow people to use mobile network to increase productivity in their daily life. And as of now we are waking towards 4G network. All these activities have also enable work opportunity to people who live in these areas.

✓ To date we have succeeded to install/deploy more than 18,780 KM of fiber optic cable including underground and overhead cable through mainland and Zanzibar Island to ensure that the signal quality meet current world requirement and standards to the consumers.

✓ The number of base stations that we have calculated to cover 4000 villages in rural underserved area where more than 4000 Base stations to ensure network is reliable and in good quality (-95dB) to the center of the villages and about (-100dB) to the border of the villages.

Six core segments for the Government: Moreover Viettel has invested in deploying of VIETTEL's optic Fiber with 24 cores and Optic Fiber Infrastructure with the aim to cover national wide of the United Republic of Tanzania, where by the Government owns six cores in all the deployed Fiber Optic cable which are aimed at connecting Local Government Authorities to easy access and use communication services in rural, underserved areas and increase the national penetration to Government ICT services. The deployment is done pending the handover which is implemented segment by segment.

On the part of internet we have been able to provide internet to different Government authorities as listed below in the table as also indicating the requirement and what has been done.

DISTRIBUTION OF INTERNET SERVICES TO GOVERNMENT AUTHORITIES

| S/N | Planned Activity | Status |
|-----|--|--------|
| I | RESULT OF INFRASTRUCTURE DEPLOYMENT | |
| | PROGRESS OF IMPLEMENTING VIETTEL COMMITMENTS (The target number is based on the list the Ministry provided Halotel up to now) | |
| 1 | Provide optical fiber termination completed 455/450 schools | 101% |
| 2 | Optical fiber termination for District Council Office: 150/150 offices by optical cable. | 100% |
| 3 | Optical fiber termination for District Hospital: 150/150 hospitals by optical cable. | 100% |
| 4 | Optical fiber termination for District Police: 150/150 Police by optical cable. Optical fiber termination for Law court Office to combine District Police: 26 sites. ⇒ Total: Optical fiber termination for District Police (Low court) : 150/150 | 100% |
| 5 | Optical fiber termination for Department Post Office: 66/65 Offices by optical cable. | 101% |

3) The contribution for Tanzania Citizen

a) The contribution for Tanzania Citizen

With immense pride, we declare Viettel Tanzania Plc as an embodiment of equality in the corporate world. As a company, we stand firm against any form of discrimination, treating each employee equally regardless of their gender, nationality, race, or disability.

Our employees are our most cherished asset, and their welfare is at the heart of our priorities. As of 2022, our diverse and vibrant family is composed of 696 Tanzanian employees, including 110 women and 586 men, hailing from both mainland Tanzania and Zanzibar. Each member of our team is a testament to our commitment to creating employment opportunities as we continue to expand our network infrastructure.

We take immense pride in ensuring that our employment terms are up-to-date, adhering to statutory requirements and reflecting market conditions. Our employees enjoy a comprehensive benefits package that includes competitive salaries, bonuses, social security contributions, and well-deserved paid annual and sick leaves. We are especially proud of the fact that all of our employees are members of a defined contribution plan, contributing 10% of their gross salaries to the National Social Security Fund ("NSSF") and the Zanzibar Social Security Fund ("ZSSF"), in a commitment that is matched by the company. Moreover, our continuous enhancement of employee welfare, particularly in health insurance coverage, reflects our unwavering dedication to our team.

We are thrilled to provide regular training and engage in frequent meetings with all our staff. Our annual team-building activities are a source of immense pride as they foster a culture of camaraderie and mutual respect. We

take great satisfaction in the knowledge, experiences, and skills that are being seamlessly transferred from experts to Tanzanian employees. In 2022 alone, we celebrated as 70 Tanzanian employees ascended to Head of Department, Director, and Head of Centre positions, while an additional six were promoted to Vice Head of Department positions. This progress is a testament to the extensive training they have received over the years.

Moreover, we are proud to have facilitated international exposure for over 40 employees who have travelled abroad for extensive technical training. This focus on development has significantly enhanced our employees' skills and knowledge, leading to greater efficiency and success in our operations. As Viettel Tanzania Plc continues to thrive, we look forward to more milestones and achievements that make us proud.

b) *Income Generation Plan for Tanzanian People*

Expand Digital Wallets and Mobile Money Services: These services provide an easy and secure platform for financial transactions. They can reach a large audience, particularly those in remote or underbanked regions, giving them access to banking services without the need for a physical bank account. Promote mobile money services as a solution for payment of goods and services, funds transfer, airtime purchase, and savings.

Introduction of Microfinance Services: Offer micro-loans and micro-insurance products to individuals and small businesses that might otherwise struggle to access these services from traditional banks. This can provide capital for small business owners, farmers, and entrepreneurs to expand their operations and create new jobs.

Partner with Local Businesses and E-commerce platforms: Develop partnerships to enable digital payment options for local businesses, including small and medium-sized enterprises (SMEs). This can help to boost their sales by giving customers a more convenient way to pay.

Develop Value-Added Services: Launch services like digital payment of utilities, school fees, hospital bills, and government services. This can reduce the need for physical travel and make these essential services more accessible.

Job Creation and Skills Development: As digital services expand, there will be a need for more personnel to manage and expand these services. This could create job opportunities in areas such as software development, customer service, digital marketing, and more. Moreover, provide training programs for Tanzanians to gain the necessary skills to participate in the digital economy.

Digital Literacy and Financial Education Programs: As you introduce more digital financial services, it's important to ensure that customers understand how to use them. Providing digital literacy and financial education programs can empower people to use digital services effectively and safely.

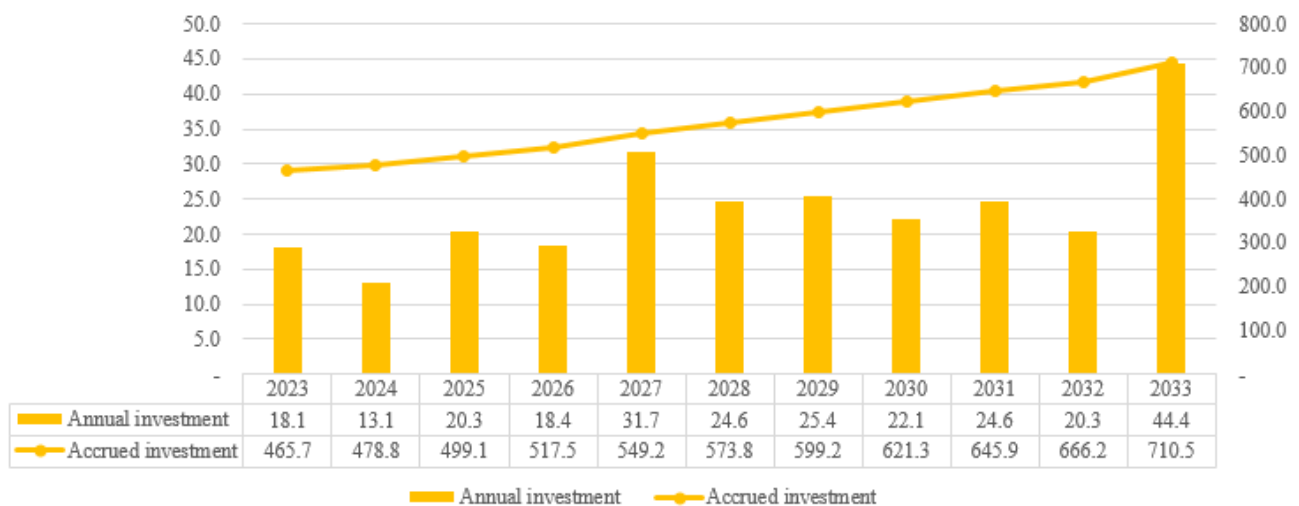
Ensure Security and Trust: Maintain robust security measures to protect users' financial information and build trust in digital transactions. Transparent policies on data usage and privacy will also be critical.

PART 3: FINANCIAL STRATEGY BLUEPRINT FOR 2023-2025

1) Project financial expenditure at 31/12/2022

| | | |
|----------------------------|---|------------------------|
| Land Building | : | Tsh 0 |
| Plant and Machinery | : | Tsh 820,329,934,335 |
| Vehicle | : | Tsh 9,390,939,191.92 |
| Furniture | : | Tsh 2,205,395,665.30 |
| Office Equipment | : | Tsh 6,292,820,646.68 |
| Insurance cover | : | Tsh 0 |
| Pre-operational Expenses: | | Tsh 0 |
| Working sub-total capital: | | Tsh -1,399,018,000,000 |

ANNUAL INVESTMENT PLAN (tr\$)



2) Halotel's Strategic Direction for 2023-2025:

This business and investment proposal outlines Viettel Tanzania's strategic plans from 2023 to 2025, including our projected subscriber milestones, revenue growth, and broadcast station deployment.

The proposal aims to set forth a comprehensive strategic plan for Viettel Tanzania to expand and optimize its operations and market reach within Tanzania. The main focus areas include enhancing our subscriber base, introducing new products and services, and generating sustainable revenue growth.

a) Enhancing the Subscriber Base

Rural Market Penetration: In the coming years, we plan to continue focusing on the rural market, which is less saturated than urban markets and shows significant growth potential. Our aim is to be the leading provider of 2G services in rural areas by ensuring 10%-20% lower prices than competitors.

4G Market Expansion: We plan to become one of the top three operators with the largest 4G coverage. This would involve a substantial investment in our network infrastructure to improve our service quality and expand our reach.

Increase Data Subscribers: We aim to increase the total data subscribers (3G + 4G) to reach an accumulated total of 5.5 million subscribers by 2025. Of these, we target 3.5 million to be 4G subscribers.

b) Introducing New Products and Services

Digital Services: We are planning to establish Halotel as a leading company for digital services, with a focus on automation and modernization. This will involve the introduction of various digital services based on 4G technology and the development of a super app integrating entertainment, games, electronic lottery, and multimedia services.

IT Solutions: We are planning to implement appropriate IT solutions currently available in Vietnam for deployment in Tanzania. This would involve solutions for healthcare, education, digital traffic, and e-government services.

c) Generating Sustainable Revenue Growth

Revenue Targets: We aim for an average service revenue growth of 20% for the period of 2021-2025, with a target to reach \$402 million by 2025.

Profit Before Tax: We are striving to turn around our financial position from a loss of \$53.4 million in 2021 to a profit of \$11.5 million by 2025.

EBITDA: Our target is to achieve an average EBITDA growth of 37% per annum during 2021-2025, with a goal to reach an EBITDA of \$87.8 million by 2025.

Cash Flow: During the period 2021-2025, we aim to achieve a cash inflow of \$170 million, with a target of \$70 million by 2025.

These plans are contingent on various factors, including favorable economic conditions, supportive governmental policies, effective control of Covid-19, and the competitive landscape in Tanzania. The plan aligns with our mission to provide Tanzanians with quality, affordable, and reliable digital services, contributing to the digital transformation of Tanzania.

Objectives and Goals

- ✓ Increasing the 2G Subscriber Base in Rural Areas

Expansion of Network Infrastructure: In order to reach rural populations, we plan to build and expand our network towers, primarily focusing on 2G technology to connect with users who have basic feature phones. We aim to build an additional 500 network towers in the next 5 years.

Affordable Pricing: We plan to maintain a price advantage over our competitors, targeting a 10%-20% price decrease for our services. The goal is to make our services more affordable to the lower-income populations in rural areas.

Marketing and Awareness: We plan to launch marketing campaigns specifically targeting rural areas, including roadshows and community events, and using local influencers to raise awareness of our affordable services.

- ✓ Implementing New IT and ICT Solutions, Digital Wallets, and Value-Added Services

IT and ICT Solutions: We plan to implement a variety of IT solutions, such as healthcare, education, digital traffic, and e-government services, that are currently used in Vietnam. We believe these technologies can greatly benefit Tanzanian society.

Value-Added Services: We aim to introduce value-added services like music streaming, video-on-demand, and games through our network. The goal is to increase user engagement and consequently, revenues.

3) **Becoming a Leading Company in the Application of Digital Services**

Digital Transformation: We plan to invest in and leverage digital technologies to automate and modernize our operations. This includes implementing new technologies for network monitoring and maintenance, customer relationship management, and billing.

Workforce Training: We aim to upskill our workforce to adapt to the digital transformation of our operations. This includes providing regular training on digital tools and software to our employees.

Collaboration and Partnerships: We aim to collaborate with leading IT companies to help us in our digital transformation journey.

4) **Prioritizing Legal Compliance to Ensure Company Sustainability**

Legal Team: We aim to strengthen our legal team to ensure we are fully aware of and in compliance with all Tanzanian regulations related to telecom services.

Regular Audits: We plan to perform regular legal audits to identify any potential legal issues and resolve them proactively.

Compliance Training: We plan to provide regular legal compliance training to all our employees to minimize any potential legal risks arising from ignorance or misunderstanding of laws and regulations.

Legal Risk Management: We aim to develop a comprehensive legal risk management framework that will help us identify, evaluate, mitigate, and monitor legal risks.

5) **Strategic Plan for 2023-2025**

✓ Subscriber Milestones

Subscriber Acquisition: We plan to employ aggressive marketing strategies, attractive pricing, improved network coverage, and high-quality customer service to attract an additional 2.9 million subscribers.

Achieving 75% Data Subscriber Ratio: In order to reach a 75% data subscriber ratio, we will launch several initiatives to encourage the use of data services. These include offering affordable data plans, marketing campaigns focused on the benefits of data usage, and special promotions to incentivize data use.

Achieving 48% 4G Subscriber Ratio: With the continuous expansion of our 4G network, we aim to increase our 4G subscriber base. Strategies include incentivizing 4G device purchases, providing fast and reliable 4G connections, and promoting 4G services through effective advertising.

✓ Revenue Projections

Service Revenue Growth: To achieve our targeted average growth rate of 20% in service revenue, we plan to introduce innovative services and enhance our existing product portfolio, specifically focusing on high revenue-generating areas such as data services, digital services, and value-added services.

Generating USD 402 Million Total Revenue: We aim to diversify our revenue streams through the introduction of new products and services, ensuring maximum utilization of our network capacity, and the acquisition of new customers to increase total usage.

✓ Development of a Digital Ecosystem Based on 4G and Super App

Entertainment and Games: We will leverage our 4G network to offer high-quality online entertainment, including music, video streaming, and games. We will also develop partnerships with entertainment providers to broaden our offerings.

E-Lottery: Our Super App will include an e-lottery system, allowing users to participate in lottery games conveniently from their mobile devices.

Multimedia Services: We will introduce multimedia services such as on-demand video, live TV, and digital magazine subscriptions.

✓ Deployment of Broadcast Stations

Market Research: We plan to conduct a comprehensive study of market demand to determine the most strategic locations for our broadcast stations. This will involve data collection on population density, data usage patterns, and potential customer preferences.

Regulatory Considerations: We will thoroughly review all regulatory requirements for setting up broadcast stations in Tanzania. This includes studying the legal aspects of tower installation, spectrum allocation, and broadcasting rights.

Infrastructure Planning: Based on the results of the market study and regulatory considerations, we will devise a detailed plan for the construction and deployment of new broadcast stations. This will include the design, procurement, installation, and maintenance aspects.

Please note that detailed timelines, budgets, and specific strategies related to each of these points will be developed as part of the operational plan.

6) Specific Objectives for 2023-2025:

Average Service Revenue Growth: Target a growth rate of 20% between 2023 and 2025. The goal is to reach \$402 million by 2025 (using a fixed exchange rate).

Pre-Tax Profit: Turn around the situation from -\$53.4 million to achieve a pre-tax profit of \$11.5 million by 2025.

Average Ebitda Growth: Aiming for a yearly increase of 37% between 2023 and 2025, reaching \$87.8 million Ebitda by 2025. The average Ebitda Margin in this period should reach 25%.

Cash Flow to Vietnam: Expected to achieve \$170 million between 2023 and 2025, with \$70 million expected in 2025.

Subscribers: Between 2023 and 2025, the aim is to acquire an additional 2.9 million subscribers, bringing the total to 7.3 million (about 18.5% of the cumulative market share). • 3G + 4G data subscribers: Aiming to total 5.5 million subscribers, with a data subscription rate of 75%. • 4G data subscribers: Aiming to total 3.5 million subscribers, with a 4G subscription rate of 48%.

Average Investment: Between 2023 and 2025, plan to invest an average of \$21 million per year, totaling a cumulative project investment of \$485.8 million by 2025.

7) Project financing

a) Equity.

At the end of 2014, Viettel Global JSC acquired 99.99% shares of Epocha & Golden Ocean (Tanzania) Limited (“Eocha”)’s shares from its former shareholders and became the major shareholder of the Company. The amount of USD 21,615,385.00 spent to acquire Epocha’s shares. Total equity of Epocha at the end of 2014 was TZS (12,813,643.00) due to the loss incurred from previous financial years (Epocha then was changed its name to Viettel Tanzania LTD/ PLC from 2015).

In December 2018, Viettel Global JSC, the shareholder of Viettel Tanzania PLC has injected capital of USD 16 million which is approximately equivalent to Tanzanian shillings 35.60 billion making the total of Viettel Tanzania PLC's contributed capital at the time being is Tshs 43,534,800,000.

In April, 2021, Viettel Global JSC also contributed capital of USD 15 million to Viettel Tanzania PLC. At the ending of 2021, the contributed capital of Viettel Tanzania PLC is TZS 78,274,800.00.

b) Shareholder's Loan

The parent company has provided Viettel Tanzania PLC with two facility loans of USD 150 Million and USD ~24,8 Million. Until now the amount has already been drawn down is USD 148 Million (under USD 150 Million facility) and all USD ~24,8 Million (under the USD ~24,8 Million facility).

c) Bank Loans

Viettel Tanzania PLC's loans at ending of 2022 come from 02 oversea banks and 01 local bank:

- + Vietin Bank – USD 25 Million facility in which now the amount has already been drawn down is USD 25 Million
- + SCB Mauritius – USD 25 Million facility in which now the amount has already been drawn down is USD 19.7 Million
- + NMB – USD 5 million facilities. in which now the amount has already been drawn down is USD 2.2 Million

PART 4: CHALLENGE AND PROPOSAL FOR HALOTEL INVESTMENT.

1) Taxation and Floor Price Policies

Most of Halotel's subscribers are low-income households who have limited budget for telecommunication services. We always try our best to keep our services at the most affordable price so that anyone could have a chance to the connectivity. However, upon the challenges from objective factors of policy, tax and levy, we have been driven to the situation that we cannot keep the service fees as low as before:

a) Taxes and levies

Please find below examples of taxes and levies that is imposing to our services:

- High rate of levy for airtime top-up: a rate from 5 Shillings to 223 shillings is levied per top-up from the range of 1000 TSH to 100.000 TSH
- Fees for registering identification and fingerprint of subscribers with National Identification Authority (NIDA): TSH 500 per use. This means that every time that our subscribers scan their fingerprints, we will have to pay for NIDA amount of TSH 500 for accessing and using NIDA information. Considering the number of our subscribers who need to access to NIDA for verification of their identities every month, the total costs for NIDA that we have to paid always at very high.
- To many fees applied for public advertisement: Every time that Halotel starts a campaign to advertise and promote our services in rural and remote regions, we have to pay an average of 10,000 TZS for each feet square of advertisement materials to be showed to the public.
- High rate of transaction levy for e-money services: a rate from 10 Shillings to 7000 shillings is levied on every Mobile Money transfer from under 1000 to above 3 million.

The particular of the payment for taxes of Halotel since the date of establishment along with the tax/revenue ratio for your information:

Dvt: m.usd

| No | CONTENT | AMOUNT PAID | year 2014 | year 2015 | year 2016 | year 2017 | year 2018 | year 2019 | year 2020 | year 2021 | year 2022 | Q1-year 2023 |
|----|-------------------------------------|--------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 1 | Paid to tax and customs authorities | 285.0 | 0.8 | 32.6 | 16.5 | 27.6 | 28.6 | 32.6 | 36.2 | 46.8 | 50.4 | 13.0 |
| 2 | Tax withheld at source | 8.0 | - | - | (0.2) | - | - | - | - | - | 6.6 | 1.6 |
| 3 | Submit to the Ministry of Post and | 46.3 | - | 2.5 | 3.8 | 4.8 | 5.1 | 6.1 | 6.7 | 7.6 | 7.4 | 2.3 |
| 4 | TOTAL | 339.3 | 0.8 | 35.2 | 20.1 | 32.4 | 33.7 | 38.7 | 42.8 | 54.4 | 64.5 | 16.8 |
| | Revenue | | - | 4.0 | 59.1 | 82.7 | 81.5 | 88.2 | 110.0 | 139.4 | 129.9 | 39.4 |
| | % rate | | 0% | 885% | 34% | 39% | 41% | 44% | 39% | 39% | 50% | 43% |

As of Q1 of 2023, Viettel has contributed more than 340M USD of taxes to the Government. Comparing to Mozambique, it can be seen that the tax/revenue ratio of Viettel in Tanzania is almost doubled to its neighbor market Mozambique.

| No | Contents | Unit | Tanzania | Mozambique |
|----|---|-----------|---|------------|
| 1 | Corporate income tax ("CIT") | % | 30,0% | 32,0% |
| 2 | Minimum tax | % | 0,5% | N/a |
| 3 | Value added tax ("VAT") - Out put | % | Mainland -18% Zanzibar - 15% | 17,0% |
| 4 | VAT on imported goods | % | 18,0% | 17,0% |
| 5 | Excise duty for selling good and seervice | % revenue | 17,0% | N/a |
| 6 | Import and export tax | % | 0% - 25% | 7,5% |
| 7 | Universal Telecommunications Access Fund | % revenue | 1,0% | 1,0% |
| 8 | Telecommunication fee, fund - Royalty | % revenue | 1,0% | 2,0% |
| 9 | Service Levy | % revenue | 0.3% | N/a |
| 10 | skills and development levy | % | Mainland -4% Zanzibar - 5% | N/a |
| 11 | Withholding tax | % | 15,0% | 20,0% |
| 12 | Airtime Levy | | "-Up to 1,000 Tsh : 5 tsh - 1,001 to 2,500 Tsh : 10 tsh - 2,501 to 5,000 Tsh : 21 tsh - 5,001 to 7,500 Tsh : 40 tsh - 7,501 to 10,000 Tsh : 76 tsh - 10,001 to 25,000 Tsh : 113 tsh - 25,001 to 50,000 Tsh : 153 tsh - 50,001 to 100,000 Tsh : 186 tsh - 100,001 and above Tsh: 222.7 tsh | N/a |
| 13 | Fiber Deployment Fee | | 1,000 USD/01 km Fiber | N/a |

b) Price Floor Policy

- The most crucial factor to the price is the application of the current Price Floor Policy which forces Halotel to increase the price of our bundles much higher than they used to be. The policy not really affects high-income subscribers; however, it negatively impacts low-income ones, whose telecommunication budgets are quite limited. Meanwhile, most of Halotel subscribers are the low earners in countryside and rural areas. And that, not only the subscribers are facing negative impact but also, we are struggled as well.
- The massive reduction of subscribers, who are impacted by the policy, damages our business and reinvestment schedule. Also, this will be felt hardest by poorer Tanzanians putting at risk the attainment of wider development goals.

Affordability is one of the key barriers to connectivity. The levy policy and fees applied to telecommunication operators will raise the cost of mobile services that will push affordability barrier even further, making it even more difficult for low-income households to access mobile connectivity. Furthermore, due to the increasing nature of the levy amount and the airtime amount loaded, the levy will not only negatively impact adoption but also will discourage high top up amount, this will significantly reduce usage of mobile services.

⇒ VIETTEL TANZANIA PROPOSAL:

Our commitment to offering affordable services to low-income households is being challenged by existing tax and levy policies. The high rates of levy for airtime top-up, fees for registering identification, advertisement costs, and transaction levies for e-money services are significantly impacting our operational costs. In particular, the Price Floor Policy is disproportionately affecting our low-income subscribers and our operations.

We kindly request the government to consider revising the aforementioned policies and fees, considering the socio-economic implications for low-income households. Furthermore, an evaluation of the taxation regime and its impact on telecommunication services could be beneficial.

2) The scarcity of frequency source

Halotel is acknowledging a number of issues regarding the frequency resources, which are:

- The scarcity of radio spectrum source in Tanzania;
- The disproportionality of allocation of radio spectrum to Halotel comparing to other operators. In particular, Halotel is having least spectrum with approximately 50% comparing to other operators.
- Halotel is the only operation without 5G frequency band.

In this respect, Halotel would like to sincerely propose for your support in obtaining more radio spectrum for Halotel, especially 5G bands, for the purpose of competing and developing new technology.

⇒ VIETTEL TANZANIA PROPOSAL:

The disproportionality of allocation of radio spectrum to Halotel comparing to other operators. In particular, Halotel is having least spectrum with approximately 45% comparing to other operators.

We hereby seek the government's assistance in obtaining additional radio spectrum, particularly 5G bands, to ensure we can compete effectively and develop new technologies that will benefit our customers.

3) The difficulties in deployment of network infrastructure

Halotel intends to expand its networking infrastructure for a better quality and deducting the weak spots by building more and more fiber routes and BTS. However, in some areas, Halotel faces difficulties for building these infrastructures as competent authorities, and/or land owners do not grant permission to Halotel's deployment. In particular, to obtain specific permits for construction, it is usually taken a quite long time for competent authorities to consider and issue to us so that we have to wait for the permits to be fulfilled before deploying the construction.

In addition, we have been received requests for payment of fees from Tanzania Rural and Urban Roads Agency (TARURA) and Tanzania National Roads Agency (TANROADS) in order to be granted with permits. Even though, we, upon implementation of telecommunication project in Tanzania via Halotel, have entered into a general agreement with the Government. On the basis of the agreement, Halotel has been granted the right to use road reserves without paying ROW. The payment requests from TARURA and TANROADS cause us into confusion and troublesome upon constructing telecommunications infrastructure.

⇒ VIETTEL TANZANIA PROPOSAL:

Our efforts to enhance our network infrastructure are being hindered by issues related to permits and fees from the Tanzania Rural and Urban Roads Agency (TARURA) and the Tanzania National Roads Agency (TANROADS).

We kindly ask for your intervention in expediting the permit process and resolving the confusion regarding payments to TARURA and TANROADS, in line with our previous agreement with the government.

CONCLUSION:

In light of the aforementioned challenges, we propose a new initiative aimed at improving connectivity in remote areas of Tanzania. This project will involve significant capital investment to enhance our infrastructure, provide better services, and potentially create job opportunities.

We hope to partner with the Government to support our mission of making telecommunications services accessible and affordable for all Tanzanians.

We look forward to your positive response and remain available for further discussions at your earliest convenience.

ON BE HALF OF VIETTEL TANZANIA PLC

ANNEX FOR PICTURE OF PROJECT IMPLIMENTATION



Network time is not synchronized
Local: Mar 16, 2023 5:46:37 PM GMT+03:00
Remark: Mt site 00138 newala kijiji Cha mchangan



Network time is not synchronized
Local: Mar 13, 2023 5:37:09 PM GMT+03:00
Remark: MTWA SITE I'd 00138 newala kijiji cha nabudi mchangan





19 Apr 2023 16:10:43
-1.1741S +34.3120E
MA139



Za-00 99 angle miter secret 3
Mar 14, 2023 15:30:06.7

Mar 13, 2023 3:05:51 PM
1.17471S 31.87144E
KA0157 New site



Network time is not synchronized
Local: Mar 13, 2023 5:32:46 PM GMT+03:00
Remark: MTWA SITE Id 00138 newala kijiji cha nabudi mchangan

