

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

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VIETTEL TANZANIA PUBLIC LIMITED COMPANY

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Viettel Tanzania Public Limited Company
P. O. Box 34716
Plot 30 A/B, New Bagamoyo Road
Dar es Salaam
Tanzania

MAIN BANKERS

CRDB Bank Public Limited Company
Tower Branch
P. O. Box 2382
Dar es Salaam
Tanzania

Standard Chartered Bank Tanzania Limited
P. O. Box 9011
Dar es Salaam
Tanzania

National Microfinance Bank Limited
P. O. Box 9213
Dar es Salaam
Tanzania

Bank of Africa Tanzania Limited
P. O. Box 3054
Dar es Salaam
Tanzania

COMPANY SECRETARY

Nathaizya Luena Lymma
10th Floor, Tanzanite Park, Plot No. 38, South Ursino, New Bagamoyo Road,
P.O Box 34716
Dar es Salaam
Tanzania

COMPANY AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
369 Toure Drive
Pemba House
PO Box 45
Dar es Salaam, Tanzania

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

1. INTRODUCTION

The members charged with governance present their report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of Viettel Tanzania Public Limited Company (the "Company"), its subsidiary, Viettel E-Commerce Tanzania Limited (the "Subsidiary") and a consolidated structured entity, The Registered Trustees of Halopesa (the "Trust") [together the "Group"].

2. INCORPORATION AND CHANGE OF NAME

The Company is incorporated in Tanzania under the Companies Act, No. 12 of 2002 as a private company limited by shares and is domiciled in Tanzania. The address of the registered office is set out on page 1 under corporate information.

The amendment by the Finance Act 2016 of Section 26 of the Electronic and Postal Communications Act 2010 (EPOCA) requires all licensed telecommunication operators holding licences under the EPOCA, to have a minimum of 25% of their issued share capital offered and issued to the public and listed on the Dar es Salaam Stock Exchange (DSE).

The Company continues with the preparations for the Initial Public Offering to comply with this requirement. As part of this process, the Company changed its name from Viettel Tanzania Limited to Viettel Tanzania Public Limited Company (Viettel Tanzania Plc) on 25 September 2017. The Company continues with the process to meet the listing requirements.

The Subsidiary is incorporated in Tanzania under the Companies Act, No. 12 of 2002 as a private company limited by shares. The Company owns and controls 99.99% of the issued share capital of the Subsidiary.

The Trust was incorporated under the provisions of The Trustees Incorporation Act, Cap 318 of Tanzania on 24 November 2015 with registration number 5221.

3. NATURE OF OPERATIONS

The primary business of the Company is the provision of mobile telecommunication services including Voice, Short Message Service (SMS), Data and Value Added Services (VAS).

The principal activity of the Subsidiary is the provision of mobile financial services under the National Payments Systems Act, 2015 and the Electronic Money Regulations, 2015 of Tanzania.

The principal activity of the Trust is operating bank accounts and holding in trust bank deposits belonging to subscribers, agents and other customers of mobile money transfer services provided by the Group.

For more than 6 years in operation, the Company under its brand name "Halotel" has provided telecommunication services with distinct quality owing to its massive infrastructure rolled throughout the country. The Company has connected more than 15,600 villages including 1,500 villages that were previously not served.

Telecommunication and Mobile financial services in these areas have brought significant positive socio-economic development to Tanzanian traders and farmers by alleviating the need to travel long distances to seek out markets, and facilitating financial transactions driving financial inclusion to the unbanked and underbanked.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

3. NATURE OF OPERATIONS (CONTINUED)

Legislative and Regulatory environments

The Group's core principle in doing business is to always ensure 100% compliance with Tanzanian Laws and Regulations. Significant regulatory developments from the main regulators, the Tanzania Communications Regulatory Authority (TCRA) for the Communication Services, and the Bank of Tanzania for the Mobile Financial Services, include;

Data Price reform: On 4 March 2021, the TCRA issued new rules and directive that introduced a retail price floor and ceiling for data services with effect from 2 April 2021. The data price floor and ceiling was set at TZS2.03 per Mb and TZS9.35 per Mb respectively. Following public outcry on the new prices, the TCRA directed the mobile network operators to revert to the previous bundle tariffs. In July 2021, the data price floor was reinstated with a glide path from TZS1.1 per MB to TZS2.03 per Mb to be achieved within 12 months.

Airtime levy: Through the Electronic and Postal Communication Act Cap 306 of the Finance Act 2021, the government imposed a levy of between TZS 5 and TZS 223 on airtime recharges.

Mobile money levy: Through the Electronic and Postal Communication Act Cap 306 of the Finance Act 2021, the government imposed a levy of between TZS 10 and TZS 10,000 on each mobile money transaction of sending and withdrawing the same.

On August 31, 2021, the amendments of the Regulations for Electronic Transactions Levy for 2021 were signed with a view to reduce the rates by 30 percent. The government believed that the decision would provide relief to the people and enable them to raise funds to implement various development projects.

We continue to engage with TCRA, Ministry of Communication and Technology and other relevant Government institutions on industry reforms. We believe that, industry reform will foster capital investment in the country that will accelerate digital and financial inclusion.

4. RESULTS AND DIVIDENDS

The Group and the Company net loss of TZS 100,652 million and TZS 101,855 million for the year ended 31 December 2021 respectively (2020: TZS 198,170 million and TZS 198,498 million respectively) has been added to accumulated losses. The directors do not recommend the declaration of a dividend for the year.

5. PERFORMANCE FOR THE YEAR

During the year, the Company recorded Group and Company revenues of TZS 306,766 million and TZS 263,469 million respectively (2020: TZS 232,894 million and TZS 211,711 million respectively) an increase of 32% and 24% respectively as compared to the previous year. This was mainly attributed by the significant growth of our Halopesa business and Electronic card-based services despite the regulatory changes imposed on the sector and the COVID-19 pandemic.

The growth is a result of the Group's efforts in continuing to expand the mobile financial services business to reach a large number of people living in the United Republic of Tanzania; together with the improvement in the Group's network capability, through increase of 4G stations in city zones as well as enhancing the quality of 3G network.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

5. PERFORMANCE FOR THE YEAR (CONTINUED)

The Group's plan to attract more subscribers by selling 3G and 4G handsets in shops owned by the Group and working with third parties to increase distribution of handsets in the market did not materialize due to the increase in prices of handsets in the foreign market due to the COVID-19 pandemic.

The Group and the Company incurred a net loss of TZS 100,652 million and TZS 101,855 million for the year ended 31 December 2021 (2020: TZS 198,170 million and TZS 198,498 million). The decrease in losses being 47% for both the Group and the Company.

The Company operated from its Headquarters in Dar es Salaam, and its 21 branches; Arusha, Kinondoni, Ilala, Temeke, Dodoma, Geita, Iringa, Kagera, Kigoma, Kilimanjaro, Mara, Mbeya, Morogoro, Mtwara, Mwanza, Ruvuma, Rukwa, Shinyanga, Tabora, Tanga and Zanzibar. The company did not open any new branch in 2021 (2020: Nil). The number of subscribers as at 31 December 2021 was 7.2 million (2020: 6.8 million) an increase of 6% from the previous year.

6. BUSINESS OBJECTIVES AND STRATEGIES

The Group's strategy is to provide a wide range of services with the best-in-class quality at the most affordable price, thanks to its widespread network infrastructure. The Group believes that a mobile network connecting you anytime, anywhere will bring us together.

Up to now, the Group has managed to reach 95% of the Tanzanian population. The Group's mobile services are stable and affordable.

Voice, SMS and Data Packages: The Group offers various attractive Voice, SMS and Data packages which are unique, stable and at reasonable prices. The Group believes with this continued strategy, we will be able to grow our customer base from the current 7.2 million subscribers to 10 million subscribers by 2025.

Mobile internet: all Tanzanians with Halotel Sim card access the highest internet speed from their phones, tablets and other devices for surfing the web, email and enjoy social networks at the fastest speed thanks to the largest optic fiber network coverage up to rural areas. In a bid to spread digital communication countrywide, the Group has deployed over 800 4G communication towers nationwide, with a plan to have 1,400 4G communication towers by 2022.

International and Roaming Services: the Group enables every customer to get access to the local network when away from home without changing Halotel sim card and service provider at the local price and at a charge considerably less than the regular long distance charges.

Special Offers: the Group provides Special bundles for all customers at much more affordable prices based on location and customer income. Moreover, the Group offers University Bundles special for all university students in Tanzania taking into consideration their demands.

Value Added Services (VAS): the Group offers highly innovative services that appeal to all market segments, there are 5 main services and other 25 customized services; the Group's main services are:

- **Advance Airtime Credit:** the Service allows prepaid subscribers to request for a loan in the form of airtime credit, when their balance is low. The subscriber then refunds in their next recharge.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

6. BUSINESS OBJECTIVES AND STRATEGIES (CONTINUED)

- Interactive Voice Response (IVR) Story Service: the Service allows users to listen to different narrated Fictional and Non-fictional stories that reflect the Tanzanian Cultural beliefs.
- Lucky Draw Service: the service offers customers a chance to win Airtime or Smartphones by sending a lucky code to the service's given short code.

Halopesa

Halopesa is more than a Mobile Money service; it is a virtual wallet that allows subscribers to send and receive money quickly, safely, affordably and conveniently 24/7. It provides merchants and business alike convenience, and control of managing payments and transferring funds across multiple channels in real-time, anytime, anywhere.

Halopesa has linked with more than 50 billers and services including 10 major betting services in Tanzania. It is also connected to the government payment gateway (GEPG) allowing users to pay for all government services including tax, police, electricity, and water services. Furthermore, Halopesa is linked to Master pass, Visa, and over 25 banks allowing users to perform Wallet to Bank and Bank to Wallet transactions with ease. Halopesa's extensive distribution channel system with more than 50,000 active agents (Wakala) nationwide ensures convenience to customers and further accelerates financial inclusion in the country.

With a strong emphasis for simplicity and flexibility, Halopesa is focused on delivering robust and long-term solutions for the Mobile Money Market in Tanzania. In order to maximize shareholder value, the Company has set goals and strategies to deliver sustainable profitable growth.

7. FUTURE PROSPECTS/ DEVELOPMENTS

The Group has continued to improve its revenues through increasing its subscriber base by increasing its coverage area and introduction of innovative products, while carefully managing both costs and risks. The Group will continue to focus on improving productivity and introducing new products to the market.

The Group plans to improve its network capability by overall increasing the number of 4G stations, upgrading congested 3G sites as well as enhancing the quality of network by introducing Co-site to improve network strength.

The Group plans to continue expanding the mobile financial services business in 2022 and reach a large number of people living in the United Republic of Tanzania. The Group also plans to improve service and revenue channels.

Due to uncertainties, management has taken an optimistic view and expects business to grow by 5%. 2021 has been yet another challenging year for the Telecommunication sector, as the COVID-19 pandemic reduced customer spending, and delayed implementation of key projects; other challenges included the Regulatory changes.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

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8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We remain conscious of Environmental, Social and Governance issues committing to reducing impact on the environment, by creating environmentally conscious workplaces and reducing our overall environmental impact.

The mobile industry is a relatively low energy intensity industry, contributing much more to the economy than its proportion of national energy usage. Furthermore, mobile communications has the potential to make direct and indirect contributions to reducing the environmental impacts of other industries. For the total ICT sector the potential indirect benefits are estimated to about 5 times the direct benefits. As an example, the estimated environmental burden of a business roundtrip travel between Bukoba and Mtwara is 10 to 500 times greater than conducting the meeting as a wireless teleconference.

Halogreen: Halogreen is one of the many campaigns that the Group has implemented as part of giving back to the society. The campaign involved staff members in promoting environmental conservation and promoted members of the public to join in the initiative as well. The future of the environment is in our hands, so it is upon us to take care of it as much as we can.

The Group also encourages an environmentally conscious workplace by promoting conservation of energy within the office and investing in office plants. The plants in the office also uplift the overall atmosphere of the workplace, and reduce stress and anxiety for the workforce. Research reveals that indoor plants reduce 87% of indoor air pollutants within 24 hours.

9. CAPITAL STRUCTURE AND CASH FLOWS

The capital structure of the Company is outlined in Note 4 (d) and Note 26. During the year, the shareholders injected TZS 34,605 million towards additional share capital. Based on the cash flows prepared, the directors have planned to utilize the cash by investing in upgrades, network infrastructure, improving service quality, expanding coverage and focus on investing in more 4G network facilities nationwide.

The shares of the Company were held as follows:

	2021		2020	
	Number of shares	Percent holding	Number of shares	Percent holding
Viettel Global Investment Joint Stock Company	7,813,970,000	99.99987%	4,353,470,000	99.9998%
Performance Investment General Enterprises Limited	10,000	0.00013%	10,000	0.0002%
	7,813,980,000	100%	4,353,480,000	100%

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

10. RESOURCES

The organizers of the Consumer Choice Awards Africa 2021 presented the Group with the award for “Most Affordable Consumer Friendly Telecommunications Service of the Year” in the Africa region during the Consumer Choice Awards Africa 2021.

The Consumer Choice Awards Africa was established with the aim of promoting business growth through an index of consumer choice. With the honor of winning this award, the Group has increased brand awareness and spread its brand presence to millions of African customers.

The Board appointed Mr. Nguyen Dat as Chairman with effect from July 2021, and appointed Mr. Nguyen Tien Dung as Managing Director with effect from 11 January 2021.

Since July 2021, Mr. Nguyen Dat has held the position of Managing Director of Viettel Global. Mr. Nguyen Tien Dung has a wealth of knowledge and experience in our industry having served at various organizations during his career in the past 17 years. We are grateful for the contributions made by him on redesigning our strategy and look forward to its successful implementation.

11. COMMERCIAL AND OPERATIONAL RISKS

The global pandemic brought suffering and hardship to many people, challenging most of us in our industry. Our response to the pandemic was swift and decisive, safeguarding our people, and our business.

Our people responded in a positive and energetic manner. As a result of the efforts of the team, we weathered the storm successfully so far. All our people have demonstrated resilience, ability to cope with the situation, maintain positive working attitude in extremely trying times.

The senior management was able to regenerate terms with suppliers without significant additional costs.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

To ensure its financial stability and profitability, the Group has implemented policies and practices for a sound and prudent management and control of the principal financial risks to which it is exposed.

The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance. A summary of the risk management procedures is disclosed in Note 4.

13. LIQUIDITY

The company has financing arrangements with banks and related parties. Details of the borrowings and liquidity risk are disclosed in Note 4 (c).

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2021

14. CORPORATE GOVERNANCE MATTERS

The Board of Directors (the “Board”) takes overall responsibility for the Group, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, reviewing the performance and managing business plans and budgets.

The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles. The Group is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

Major issues discussed during the meetings held during the year include; Approval of strategic plans, Performance reviews, Management of risk exposure, Financial statements, Company Financing, Significant legal matters, and Business challenges.

Composition of directors

The directors, who served during the year and to the date of this report were:

Name	Position	Nationality	Age	Appointment/(resigned)
Nguyen Dat	Chairman	Vietnamese	40	01 July 2021
Do Manh Hung	Chairman	Vietnamese	48	24 October 2020 (30 Jun 2021)
Nguyen Tien Dung	Director/CEO	Vietnamese	41	11 January 2021
Nguyen Cao Loi	Director	Vietnamese	44	11 September 2018
Truong Bach Duong	Director	Vietnamese	42	23 May 2018
Nguyen Anh Son	Director/CEO	Vietnamese	47	14 May 2019 (10 January 2021)

The Company directors are appointed in accordance with the Company's Articles of Association. The directors are not subject to retirement by rotation. Directors once appointed remain as such until when they voluntarily retire or are removed by the shareholders.

None of the directors had an interest in the issued and fully paid-up shares of the Company.

15. EMPLOYEES WELFARE

The Group's employment terms are reviewed annually to ensure that they meet statutory and market conditions. The employee and employer contribute to NSSF. The Company does not contribute to any other private Pension Fund.

The Group improved the employee welfare during the year, particularly, on health insurance cover. The Group aims to continuously improve employee welfare, a goal tasked to the Human Resources, Legal and Finance departments.

In order to improve the motivation of employees, the Group provides training and holds regular meetings. Teamwork building activities are also held annually.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. DISABLED PERSONS AND GENDER BALANCE

The Group is an equal opportunity employer and makes employment decisions on the basis merit. Therefore, the Group does not discriminate and does not permit its employees to discriminate against each other or applicants because of race, colour, religion, gender identity or expression, pregnancy, marital status, national origin, citizenship, age, physical or mental disability impairment, medical condition, generic characteristics, or any other consideration, made unlawful by applicable laws.

During the year, the Group had 864 (2020: 874) employees located in Tanzania Mainland and Zanzibar. The gender parity was 732 (2020:745) male employees, which is 84.72% (2020: 85.24%) of the total employees, and 132 (2020: 129) female employees, which is 15.28% (2020: 14.76%) of the total employees. These figures include professionals, support staff and exclude expatriates from Viettel Global JSC who came to provide support during implementation of infrastructure development and technical support in departments.

17. RELATED PARTY TRANSACTIONS

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances are included in Note 35.

18. POLITICAL AND CHARITABLE DONATIONS

As a responsible corporate citizen, the Group supports the communities in which we operate to foster socio-economic development and consistently improve the livelihoods of our stakeholders.

During the year 2021, the Group engaged in a number of CSR activities including providing important needs Charity to small business women entrepreneurs at Mwananyamala market while celebrating International Women's Day, to empower them and recognize their efforts to improve life standards.

The Group provided Financial Support for different needs to the CEO of Salt Vocational Training Centre with youths of different mental and physical disabilities which provides Physiotherapy, Speech Therapy, Occupational therapy, Behavioral management, Cognitive skills, Music therapy to them.

Health basic needs and medicines provision to Muhimbili Orthopaedic Institute (MOI) in support of government initiatives towards improving medical provision to the Parents and Children with Hydrocephalus and Spinal Bifida problems.

Supported government initiatives towards solving scarcity in education facilities by providing Teachers Tables, Chairs, Printers, Desktops and an Office Shelf to Bonyokwa, one of the ward Government Secondary School in Dar es Salaam.

The Group did not make any political donations during the year.

19. PREJUDICIAL ISSUES

The Group exercises judgements in measuring the exposure to contingent liabilities relating to pending litigation or other outstanding claims subject to negotiated settlement, arbitration or government regulation as well as other contingent liabilities as indicated in Note 40.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2021**

20. SOLVENCY AND GOING CONCERN

The Group's and the Company's solvency positions are as shown in the consolidated and separate statements of financial position.

The Group and the Company incurred a net loss of TZS 100,652 million and TZS 101,855 million during the year ended 31 December 2021 respectively (2020: TZS 198,170 million and TZS 198,498 million respectively) and, as of that date, the Group's current liabilities exceeded its current assets by TZS 1,168,312 million (2020: TZS 1,183,346 million) and the Company's current liabilities exceeded its current assets by TZS 1,170,648 million (2020: TZS 1,184,463 million), and the Group's total liabilities exceeded its total assets by TZS 972,483 million (2020: TZS 906,436 million) and the Company's total liabilities exceeded its total assets by TZS 972,126 million (2020: TZS 904,876 million).


The Company's directors have made an assessment of the Group's and the Company's ability to continue as going concerns and are satisfied that the Group and the Company will have the resources necessary to continue in business for the foreseeable future. This assessment is based on the fact that the Company has obtained a letter of financial support from the parent company, Viettel Global Investment Joint Stock Company, which confirms that the parent company will assist the Company with the funding and/or other support needed to make it possible for the Company to meet its financial obligations.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlements of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

21. STATEMENT OF COMPLIANCE

The Company's Directors confirm compliance with the provisions of the Tanzania Financial Reporting Standard 1 (TFRS1) and all other statutory legislations relevant to the entity.

22. AUDITORS APPOINTED AND RESPONSIBILITY

PricewaterhouseCoopers has expressed willingness to continue in office and is eligible for re-appointment. A resolution proposing their re-appointment as auditor of the Group for the next year will be put to the Annual General Meeting. 

BY ORDER OF THE BOARD,

NGUYEN TIEN DUNG

Director's name

Date

31 March 2022




VIETTEL TANZANIA PUBLIC LIMITED COMPANY

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

The Companies Act No.12 of 2002 requires directors to prepare Group and Company financial statements for each financial year that give a true and fair view of the Group and the Company. A further requirement is that the directors ensure that the Group and the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and of the Company. The directors are also responsible for safeguarding the assets of the Group and of the Company and hence taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the Group and Company financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act No.12 of 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 Group's and Company's financial performance in accordance with the International Financial Reporting Standards (IFRS). The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

The Group and the Company are still loss making with total and current liabilities exceeding total and current assets. The Group is still dependent on the parent Company for financing capital expenditure and working capital. These conditions indicate a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns. The financial statements have been prepared on a going concern basis as the directors have received confirmation from the parent company that it will continue to provide financial support to the Company to enable the Company to meet its liabilities as and when they fall due and carry on its business operations for the foreseeable future. As such, the directors consider the Group and the Company to be going concerns.

The financial statements were approved for issue by the Board of Directors on 31 March 2022 and signed on behalf by: 



Nguyen Tien Dung
Director

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**DECLARATION BY THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2021**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995 requires financial statements to be accompanied with a declaration issued by the Head of Finance/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 true and fair view of the entity position and performance in accordance with applicable International Financial Reporting Standards (IFRS) and statutory financial reporting requirements.

Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Statement of Directors Responsibility on the statement of director's responsibilities.

I, **Brayson Usiri**, being the Head of Finance of Viettel Tanzania Public Limited Company hereby acknowledge my responsibility of ensuring that financial statements for the year ended 31 December 2021 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Viettel Tanzania Public Limited Company as of that date and that they have been prepared based on properly maintained financial records.

Signed by: 
Name: **Brayson Usiri**

Position: **Accountant**
NBAA Membership No: **GA7543**

Date: *31/12/2022*

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF VIETTEL TANZANIA PUBLIC LIMITED COMPANY

Report on the audit of the Group and Company financial statements

Our opinion

In our opinion, the Group and Company financial statements give a true and fair view of the Group and Company financial position of Viettel Tanzania Public Limited Company (the Company) and its subsidiaries (together the Group) as at 31 December 2021, and of its Group and Company financial performance and its Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

Viettel Tanzania Public Limited Company's Group and Company financial statements as set out on pages 16 to 86 comprise:

- the Group and Company statements of financial position as at 31 December 2021;
 - the Group and Company statements of profit or loss and other comprehensive income for the year then ended;
 - the Group and Company statements of changes in equity for the year then ended;
 - the Group and Company statements of cash flows for the year then ended; and
 - the notes to the financial statements, which include significant accounting policies and other explanatory information.
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Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group and Company financial statements section of our report.

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

Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2.3 of the financial statements which shows that:

- i. During the year ended 31 December 2021, the Group and the Company incurred a loss of TZS 100,652 Million and TZS 101,855 Million respectively (2020: TZS 198,170 Million and TZS 198,498 Million respectively);
- ii. As at 31 December 2021, the Group's current liabilities exceeded current assets by TZS 1,168,312 Million (2020: 1,183,346 Million) while the Company's current liabilities exceeded its current assets by TZS 1,170,648 Million (2020: TZS 1,184,463 Million); and
- iii. As at 31 December 2021, the Group was in a shareholder's deficit of TZS 972,483 Million (2020: TZS 906,436 Million) while the company was in a shareholder's deficit of TZS 972,126 Million (2020: TZS 904,876 Million).

The Group and Company are reliant on parent company support to fund its working capital and capital expenditure requirements. These circumstances cast significant doubt about the group's ability to continue as going concern. Our audit opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF VIETTEL TANZANIA PUBLIC LIMITED COMPANY

Report on the audit of the Group and Company financial statements (continued)

Other information

The directors are responsible for the other information. The other information comprises corporate information, the report by those charged with governance, statement of directors' responsibilities and declaration of the head of finance but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 Group and Company financial statements

The directors are responsible for the preparation of the Group and Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Group and Company financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company 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 Group and Company financial statements.

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

- Identify and assess the risks of material misstatement of the Group and Company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE SHAREHOLDERS OF VIETTEL TANZANIA PUBLIC LIMITED COMPANY

Report on the audit of the Group and Company financial statements (continued)

Auditor's responsibilities for the audit of the Group and Company financial statements (continued)

- 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and Company 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company financial statements, including the disclosures, and whether the Group and Company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the Company members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.



Patrick M Kiambi - TACPA

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date: 31 March 2022

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	GROUP		COMPANY	
		2021	Restated 2020*	2021	Restated 2020*
		TZS m	TZS m	TZS m	TZS m
Revenue from contract with customers	6	306,766	232,894	263,469	211,711
Cost of sales	7	(288,688)	(248,614)	(257,194)	(236,016)
Gross profit/(loss)		18,078	(15,720)	6,275	(24,305)
Other income	8	6,746	4,230	15,891	9,909
Expected credit losses	8	(3,917)	(9,954)	(3,917)	(9,954)
General and administration expenses	9	(5,435)	(75,540)	(4,003)	(72,994)
Selling and distribution expenses	10	(26,613)	(22,157)	(26,613)	(22,157)
Loss from operations		(11,141)	(119,141)	(12,367)	(119,501)
Finance income	12	2,748	2,283	-	113
Finance and related costs, and foreign exchange losses	12	(90,546)	(79,970)	(88,080)	(78,020)
Loss before tax		(98,939)	(196,828)	(100,447)	(197,408)
Income tax	13	(1,713)	(1,342)	(1,408)	(1,090)
Loss for the year		(100,652)	(198,170)	(101,855)	(198,498)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year, net of tax		(100,652)	(198,170)	(101,855)	(198,498)

*Refer to Note 37 for more details.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

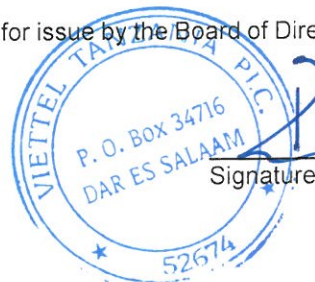
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP		31 December 2021 TZS m	Restated 31 December 2020* TZS m	Restated 01 January 2020* TZS m
Assets	Notes			
Non-current assets				
Property and equipment	16	330,279	415,793	462,834
Intangible assets	17	3,764	4,262	5,923
Right of use asset	18	262,721	243,127	263,587
Investment in subsidiary	20	-	-	-
Decommissioning asset	21(a)	1,192	1,184	1,179
Work in Progress	22	6,998	4,395	27,769
		<u>604,954</u>	<u>668,761</u>	<u>761,292</u>
Current assets				
Inventories	23	24,314	42,419	49,198
Trade and other receivables	24	38,430	64,970	104,488
Amounts due from related parties	35	1,246	503	2,856
Income tax recoverable	14	234	-	1
Cash and cash equivalents	25	14,901	18,272	10,741
Restricted cash	25	67,025	48,987	34,642
		<u>146,150</u>	<u>175,151</u>	<u>201,926</u>
Total Assets		<u>751,104</u>	<u>843,912</u>	<u>963,218</u>
Equity and Liabilities				
Equity				
Issued capital	26	78,140	7,935	7,935
Advance towards share capital	26	-	35,600	35,600
Accumulated losses		(1,050,623)	(949,971)	(751,801)
Total equity		<u>(972,483)</u>	<u>(906,436)</u>	<u>(708,266)</u>
Non-current liabilities				
Decommissioning provision	21(b)	3,231	2,717	2,276
Shareholder's loans: Non-current portion	27	60,002	92,343	369,392
Bank loans: Non-current portion	28	65,023	31,415	100,916
Lease Liabilities: noncurrent portion	19	280,869	265,376	284,503
		<u>409,125</u>	<u>391,851</u>	<u>757,087</u>
Current liabilities				
Shareholder's loans: Current portion	27	464,884	411,754	105,482
Bank loan : Current portion	28	14,972	127,974	73,267
Assets financing due to related parties	29	614,808	587,313	570,866
Other provisions	30	1,573	1,859	2,807
Trade and other payables	31	88,112	127,494	73,235
Contract liabilities	32	33,212	29,663	28,865
Government grants	33	12,967	8,381	7,525
Lease Liabilities: Current portion	19	22,006	18,085	13,682
Amounts due to related parties	35	4,305	2,775	6,394
Amounts due to customers	36	57,529	42,546	31,478
Income tax payable	14	94	653	796
		<u>1,314,462</u>	<u>1,358,497</u>	<u>914,397</u>
Total Equity and Liabilities		<u>751,104</u>	<u>843,912</u>	<u>963,218</u>

The financial statements were approved and authorised for issue by the Board of Directors on **31 March 2022** and signed on its behalf by:

Nguyen Tien Dung
Name of Director

*Refer to Note 37 for more details.



Signature

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY		31 December 2021 TZS m	Restated 31 December 2020* TZS m	Restated 01 January 2020* TZS m
Assets	Notes			
Non-current assets				
Property and equipment	16	330,262	415,754	462,834
Intangible assets	17	3,764	4,262	5,923
Right of Use Asset	18	262,646	243,025	263,587
Investment in subsidiary	20	2,750	2,750	2,750
Decommissioning asset	21(a)	1,192	1,184	1,179
Work in Progress	22	6,998	4,395	27,769
		607,612	671,370	764,042
Current assets				
Inventories	23	24,314	42,419	49,198
Trade and other receivables	24	37,926	63,401	104,036
Amounts due from related parties	35	2,616	2,599	4,519
Cash and cash equivalents	25	14,351	15,634	9,941
		79,207	124,053	167,694
Total Assets		686,819	795,423	931,736
Equity and Liabilities				
Equity				
Issued capital	26	78,140	7,935	7,935
Advance towards share capital	26	-	35,600	35,600
Accumulated losses		(1,050,266)	(948,411)	(749,913)
Total equity		(972,126)	(904,876)	(706,378)
Non-current liabilities				
Decommissioning provision	21(b)	3,231	2,717	2,276
Shareholder's loans: Non-current portion	27	60,002	92,343	369,392
Bank loans: Non-current portion	28	65,023	31,415	100,916
Lease Liabilities: noncurrent portion	19	280,834	265,308	284,503
		409,090	391,783	757,087
Current liabilities				
Shareholder's loans: Current portion	27	464,884	411,754	105,482
Bank loan: Current portion	28	14,972	127,974	73,267
Assets financing due to related parties	29	614,808	587,313	570,866
Other provisions	30	1,573	1,859	2,807
Trade and other payables	31	81,067	120,038	71,369
Contract liabilities	32	33,212	29,663	28,865
Government grants	33	12,967	8,381	7,525
Lease Liabilities: Current portion	19	21,973	18,054	13,682
Amounts due to related parties	35	4,305	2,775	6,394
Income tax payable	14	94	705	770
		1,249,855	1,308,516	881,027
Total Equity and Liabilities		686,819	795,423	931,736

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2022 and signed on its behalf by:

Nguyen Tien Dung

Name of Director

Signature



*Refer to Note 37 for more details.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Issued capital	Advance towards share capital	Accumulated losses	Total
GROUP				
Year ended 31 December 2021	TZS m	TZS m	TZS m	TZS m
At 1 January 2021	7,935	35,600	(949,971)	(906,436)
Proceeds from shares issued	34,605	-	-	34,605
Reclassification of Advance toward capital	35,600	(35,600)	-	-
Loss for the year	-	-	(100,652)	(100,652)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(100,652)	(100,652)
At 31 December 2021	78,140	-	(1,050,623)	(972,483)
Year ended 31 December 2020				
At 1 January 2020	7,935	35,600	(746,062)	(702,527)
Prior year adjustment (Note 37)	-	-	(5,739)	(5,739)
Restated balances	7,935	35,600	(751,801)	(708,266)
Loss for the year: Previously stated	-	-	(189,137)	(189,137)
Prior year adjustment (Note 37)	-	-	(9,033)	(9,033)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(198,170)	(198,170)
At 31 December 2020	7,935	35,600	(949,971)	(906,436)
COMPANY				
Year ended 31 December 2021				
At 1 January 2021	7,935	35,600	(948,411)	(904,876)
Proceeds from shares issued	34,605	-	-	34,605
Reclassification of Advance toward capital	35,600	(35,600)	-	-
Loss for the year	-	-	(101,855)	(101,855)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(101,855)	(101,855)
At 31 December 2021	78,140	-	(1,050,266)	(972,126)
Year ended 31 December 2020				
At 1 January 2020	7,935	35,600	(744,174)	(700,639)
Prior year adjustment (Note 37)	-	-	(5,739)	(5,739)
Restated balances	7,935	35,600	(749,913)	(706,378)
Loss for the year	-	-	(189,465)	(189,465)
Prior year adjustment (Note 37)	-	-	(9,033)	(9,033)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year, net of tax	-	-	(198,498)	(198,498)
At 31 December 2020	7,935	35,600	(948,411)	(904,876)

*Refer to Note 37 for more details.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	GROUP		COMPANY	
		2021 TZS m	2020 Restated TZS m	2021 TZS m	2020 Restated TZS m
Cashflows from operating activities					
Cash generated from operations	38	103,337	88,217	107,634	88,348
Income tax paid	14	(1,702)	(783)	(1,431)	(750)
Withholding tax at source	14	(745)	(485)	(529)	(399)
Net cash flows generated from operating activities		100,890	86,949	105,674	87,199
Cash flows used in investing activities					
Purchase of property and equipment	16	-	(44)	-	-
Capital expenditure advance payments	22	(14,392)	(24,566)	(14,392)	(24,566)
Proceeds from disposal of assets		12,081	3,140	12,081	3,140
Purchase of intangible assets	17	(759)	(1,884)	(759)	(1,884)
Interest received		2,734	2,170	-	-
Net cash flows used in investing activities		(336)	(21,184)	(3,070)	(23,310)
Cashflows used in financing activities					
Proceeds from share issue	26	34,605	-	34,605	-
Proceeds from asset financing facility	29	-	13,390	-	13,390
Proceeds from bank loans	28	13,458	20,521	13,458	20,521
Repayment of bank borrowings - principal	28	(88,623)	(39,724)	(88,623)	(39,724)
Bank loan repayment - Interest paid	28	(9,445)	(6,707)	(9,445)	(6,707)
Amounts received from Government Grants	33	6,224	2,065	6,224	2,065
Principal elements of lease payments	19	(41,386)	(42,064)	(41,348)	(42,026)
Lease settlement by netting off	19	(9,874)	-	(9,874)	-
Shareholder loan repayment	28	(2,917)	(2,162)	(2,917)	(2,162)
Payment for asset financing	29	(6,066)	(3,650)	(6,066)	(3,650)
Net cash flows used in financing activities		(104,024)	(58,331)	(103,986)	(58,293)
Net (decrease)/ increase in cash and cash equivalents during the year		(3,470)	7,434	(1,382)	5,596
Cash and cash equivalents at 1 January		18,272	10,741	15,634	9,941
Foreign exchange differences on cash and cash equivalents		99	97	99	97
Cash and cash equivalents at 31 December	34	14,901	18,272	14,351	15,634

*Refer to Note 37 for more details.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Viettel Tanzania Public Limited Company (the "Company") was incorporated in Tanzania under the Companies Act, No. 12 of 2002 as a private limited liability company, and is domiciled in Tanzania. The Company is preparing for an IPO and listing of shares on the Dar es Salaam Stock Exchange after which it will become a public company limited by shares. The principal activities of the Group are disclosed in the Directors' report. The registered office address is included under corporate information. The Company has one fully owned subsidiary, Viettel E-Commerce Tanzania Limited (the "Subsidiary") which is incorporated and domiciled in Tanzania, and a consolidated structured entity, The Registered Trustees of Halopesa (the "Trust").

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except where otherwise stated in the accounting policies below. The financial statements are presented in Tanzania shillings (TZS) and the amounts are rounded to the nearest Millions (TZS), except where otherwise indicated.

2.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB) and the requirements of the Tanzanian Companies Act, No. 12 of 2002.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the directors to exercise judgment in the process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.3 Going concern consideration

The Group and the Company incurred a net loss of TZS 100,652 million and TZS 101,855 million during the year ended 31 December 2021 respectively (2020: TZS 198,170 million and TZS 198,498 million respectively) and, as of that date, the Group's current liabilities exceeded its current assets by TZS 1,168,312 million (2020: TZS 1,183,346 million) and the Company's current liabilities exceeded its current assets by TZS 1,170,648 million (2020: TZS 1,184,463 million), and the Group's total liabilities exceeded its total assets by TZS 972,483 million (2020: TZS 906,436 million) and the Company's total liabilities exceeded its total assets by TZS 972,126 million (2020: TZS 904,876 million). These conditions give rise to a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns and, therefore that they may be unable to realise assets and discharge liabilities in the normal course of business.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern consideration (Continued)

However, the directors have made an assessment of the Group's and the Company's ability to continue as going concerns and are satisfied that the Group and the Company will have the resources necessary to continue in business for the foreseeable future. This assessment is based on the following factors:

- The Company has obtained a letter of financial support from the parent company, Viettel Global Investment Joint Stock Company, which confirms that the parent company will assist the Group with the funding and/or other support needed to make it possible for the Group to meet its financial obligations. This includes not recalling amounts owed, providing funds for working capital and capital expenditure.

- The Group is implementing strategic measures that are being pursued to achieve profitability. The generation of sufficient cash flows from operations is dependent on the Group achieving operational targets on subscriber numbers, churn rate and average revenue per user.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that, based on the letter of support received by the Company, funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiary and a consolidated structured entity. The Subsidiary and Trust are fully consolidated from the date of acquisition, being the date on which the Group obtained control (Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee), and continues to be consolidated until the date when such control ceases. The financial statements of the Subsidiary and Trust are prepared for the same reporting period as the parent company, using consistent accounting policies. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group balances, transactions, and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. The investment in the Subsidiary is measured at cost in the Company's separate financial statements.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss; or
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies

a) Revenue recognition

Revenue represents income arising in the course of an entity's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Group applied the portfolio approach in assessing the contracts. Revenue is stated net of value-added tax (VAT).

Revenue is primarily derived from rendering of telecommunications services for both prepaid and post-paid customers, such as subscription fees, airtime usage fees, data services, short message services (SMS), roaming fees, interconnect fees, connection fee revenues as well as rendering of mobile money transfer and similar financial services.

Prepaid airtime are services where customers purchase a specified amount of airtime or other credit in advance. Revenue is recognized as the credit is used. Unused credit is carried in the statement of financial position as a contract liability. When the Group expects to be entitled to a breakage amount, the expected breakage is recognised as revenue in proportion to the pattern of rights exercised by the customer. Breakage is the amount of revenue generated from unutilised prepaid services.

If the Group does not expect to be entitled to a breakage amount, it does not recognise any breakage amounts as revenue until the likelihood of the customer exercising its right becomes remote. The likelihood of a customer exercising its right is considered remote when his/ her SIM card remains inactive for over 6 months. Each SIM stays active for 90 days, after which it goes inactive. There is then a 90 days grace period, if the customer does not top up within this time the SIM will expire.

Revenue from provision of Mobile Financial Services (MFS) is recognized once the primary service has been provided to the customer.

The five-step model stipulated in IFRS 15 *Revenue from contracts with customers* is applied when accounting for revenue from contracts with customers. The Group accounts for a revenue contract with a customer only when all the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations.
- The Group can identify each party's rights regarding the goods or services to be transferred.
- The Group can identify the payment terms for the goods or services to be transferred.
- The contract has commercial substance (i.e., the risk, timing or amount of future cash flows is expected to change as a result of the contract); and
- It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

(a) Revenue recognition (Continued)

The Group recognises revenue from provision of services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any. Currently, the Group does not have such arrangements which could materially impact the consolidated and separate financial statements.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Cost to obtain a contract

The Group defers and amortises costs incurred to obtain revenue contracts over the period of the contract during which the services are transferred to the customers.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

b) Other income

Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income.

Gain arising on the asset donation of supplier are recognised as other income over the period necessary to match them with the depreciation costs, for which they are intended to compensate, on a systematic basis.

c) Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates or the currency that mainly influences sales price for goods and services, and labour, material or other costs of providing goods and services ("the functional currency"). The consolidated financial statements are presented in Tanzanian Shillings (TZS), which is the Group's functional and presentation currency, rounded to the nearest Millions (TZS m) except where otherwise indicated.

Transactions and balances

The Group's foreign currency transactions are mainly in United States Dollars. Foreign currency transactions are translated into TZS using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated into TZS at the spot rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with.

d) Property and equipment, and work in progress

All categories of property and equipment are initially recorded at historical cost. Subsequently, the assets are stated at historical cost, less accumulated depreciation and accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they occurred.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

d) Property and equipment, and work in progress (Continued)

Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets as follows:

Asset Class	Useful Life
Base Station Infrastructure	20 years
Network equipment, machinery and infrastructure	7 years
Motor vehicles	4 years
Furniture and fittings	8 years
BTS supporting assets	7 years

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Property and equipment are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Work-in-progress consists of the cost of assets, labour and other costs associated with property and equipment being constructed by the Group. Once the asset becomes available for use as intended, the related costs are transferred from work-in-progress to the appropriate asset category and depreciated.

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed as incurred.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

e) Intangible assets

Acquired licences and software are shown at historical costs. Licences and software have a finite useful life and are carried at costs less accumulated amortisation and impairment, if any. The costs of the operating licences are deferred and amortised over a period of 20 to 25 years or life of the licence, if lower. Amortisation is calculated on the straight-line basis over the estimated useful lives of the software which is 2 years.

Intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows for the purpose of assessing impairment. Amortisation and impairment charges are recognised in profit or loss.

The amortisation period and method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

f) Leases

The Group leases various BTS sites, offices, showrooms, warehouses and guesthouses. Rental contracts are typically made for fixed periods of 1 to 10 years but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

f) Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing, and
- The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

f) Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

g) Inventory

Inventories are stated at the lower of cost or net realizable value (NRV). Cost is determined using the weighted average method. The cost of inventories comprises purchase price and other incidental costs with respect to transport and handling. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs necessary to make the sale.

Provision is made where necessary for specific obsolete, redundant and defective stock items.

h) Employment benefits

(i) Retirement benefit obligations

The Group pays contributions to the National Social Security Fund (NSSF) and Zanzibar Social Security Fund (ZSSF), which are publicly administered pension plans, on a mandatory basis. These are defined contribution schemes. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions are recognised as an employee benefit expense when they are due

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

h) Employment benefits (Continued)

(ii) Other entitlements

Other entitlements are recognised through profit or loss in employee expenses.

i) Investment in subsidiary

The subsidiary is measured at cost in the separate Company financial statements. The Group determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy on revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

j) Financial instruments (Continued)

(i) Financial assets (Continued)

Initial recognition and measurement (Continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Only the financial assets at amortised cost (debt instruments) category was relevant to the Group for the current year.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include amounts due from related parties, trade and other receivables and bank balances.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

j) Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated and separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

j) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets (Continued)

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For amounts due from related parties, trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of financial liabilities measured at amortised cost, plus directly attributable transaction costs.

The Group's financial liabilities include amounts due to related parties, trade and other payables and interest bearing borrowings all of which are classified as financial liabilities measured at amortised cost.

Subsequent measurement

After initial recognition, amounts due to related parties, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

j) Financial instruments (Continued)

(ii) Financial liabilities (Continued)

Subsequent measurement (Continued)

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) Offsetting of financial instruments

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

k. Cash and cash equivalents

Cash on hand, demand and time deposits with banks whose original maturities do not exceed three months, less bank overdrafts, are classified as cash and cash equivalents in the consolidated and separate statements of cash flows.

l) Current income tax and deferred income tax

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

I) Current income tax and deferred income tax (Continued)

Current income tax (Continued)

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

l) Current income tax and deferred income tax (Continued)

Deferred income tax (Continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

m) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that a non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. The Group determines the recoverable amount based on the higher of its fair value less cost to sell, and its value in use, for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Where no comparable market information is available, the fair value less cost to sell is determined based on the estimated future cash flows discounted to their present value using a discount rate that reflects current market conditions for the time value of money and risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Asset retirement obligation (ARO)

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

o) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is either:

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

All other assets are classified as non-current.

A liability is current when either:

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

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

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Accounting policies (Continued)

p) Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income over the expected useful life of the related asset.

q) Expenses

Expenses are recognised as they are incurred. Prepaid expenses are deferred and recognised in periods to which they relate.

2.7 Changes in accounting policies

i. New and amended standards and interpretations that became effective during the year

Amendments to IFRS 9 ‘Financial Instruments’, IAS 39 ‘Financial Instruments

Recognition and Measurement’, IFRS 7 ‘Financial Instruments: Disclosures’, IFRS 4 ‘Insurance Contracts’ and IFRS 16 ‘Leases’ – interest rate benchmark (IBOR) reform (Phase 2)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

IFRS 16, ‘Leases’ COVID-19-Related Rent Concessions Amendment

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

Annual improvements cycle 2018 -2020

These amendments include minor changes to:

IFRS 1, ‘First time adoption of IFRS’ has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent’s transition to IFRS.

IFRS 9, ‘Financial Instruments’ has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of “the 10% test” for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

IFRS 16, ‘Leases’, amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Changes in accounting policies (continued)

ii. Standards and interpretations issued or amended but not yet effective

Amendment to IAS 1 ‘Presentation of Financial Statements’ on Classification of Liabilities as Current or Non-current (Effective for Annual periods beginning on or after 1 January 2022)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ on Onerous Contracts—Cost of Fulfilling a Contract (Effective for Annual periods beginning on or after 1 January 2022)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of ‘costs to fulfil a contract’. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Amendments to IAS 16 ‘Property, Plant and Equipment’: Proceeds before Intended Use (Effective for Annual periods beginning on or after 1 January 2022)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the Grouping disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Group’s accounting policies, management has made the judgments, apart from those involving estimations, which have had significant effects on the amounts recognized in the consolidated and separate financial statements.

Finance and operating lease commitments – Group as lessee

The Group has entered into a number of long-term telecommunication tower leases and property rental leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leased assets and the present value of the minimum lease payments not amounting to substantially all of the fair value of the leased assets, that it does not take on all the significant risks and rewards of ownership of the leased assets and accounts for these leases as operating leases

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)**

Finance and operating lease commitments – Group as lessee (continued)

In preparing the sensitivity analysis of the results to the discount rate used, the duration of the liability was relied upon. The results of the sensitivity analysis are as shown in the table below.

List of significant assumptions	2021		2020	
	Reasonable possible change	Hypothetical Impact on Lease liability	Reasonable possible change	Hypothetical Impact on Lease liability
	%	(TZS) m	%	(TZS) m
Discount rate USD	+1%	(12,644)	+1%	(13,039)
Discount rate USD	-1%	13,482	-1%	13,087
Discount rate TZS	+1%	(0.5)	+1%	(1)
Discount rate TZS	-1%	0.5	-1%	1

Going concern

The directors have exercised significant judgement in determining that the Group and the Group will continue in existence for the foreseeable future. Refer to Note 2.3 for further details on going concern.

Estimates and assumptions

The Group based its assumptions and estimates on parameters available when the consolidated and separate financial statements were prepared. Existing circumstances and assumptions about future developments may, however, change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Asset useful lives

Critical estimates are made by the directors in determining depreciation rates for property and equipment, intangible assets and their residual values. The depreciation and amortisation rates are based on the estimated useful lives of the assets.

The rates used are set out in Notes 2.6 (d) and 2.6 (e). The carrying amounts of property and equipment are set out in Note 16 while the carrying amounts of intangible assets are set out in Note 17.

Impairment losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

Impairment losses on trade receivables (continued)

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 24.

Contingencies and provisions

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

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

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

For details on the decommissioning provision and contingent liabilities, refer to Notes 21 and 40 respectively.

Due to low magnitude of the provision no sensitivity analysis was performed.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in the country.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. For further details on income tax, refer to Notes 13, 14 and 15.

.4 FINANCIAL RISK MANAGEMENT

The Company's and Group's principal financial liabilities comprise borrowings, amounts due to related parties, and trade and other payables. The Company and Group do not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company's and Group's operations. The Company's and Group's financial assets comprise amounts due from related parties, trade and other receivables and cash and bank balances, which arise directly from operations.

The main risks arising from the Company's and Group's financial instruments are liquidity risk, market risk and credit risk. Market risk comprises interest rate risk, foreign exchange risk and price risk. The Company and Group do not have significant exposure to price risk since no price sensitive financial instruments are held. Policies are reviewed and agreed upon at Group level in order to manage the financial risks as summarised below:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices relevant to the Group and Company comprise interest rate risk and foreign currency risk.

The sensitivity analysis in the following sections relate to the positions for the reporting periods presented. The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at year-end. The analysis excludes the impact of movements in market variables on non-financial instruments.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

The following assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in the respective market risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's and Group's exposure to the risk of changes in market interest rates relates primarily to the borrowings with floating interest rates.

Where necessary, the Group refinances its borrowings in order to ensure its borrowing terms remain competitive.

The Group has used a sensitivity analysis technique that measures the estimated change before and after tax to loss and equity of an instantaneous increase and decrease of 100 basis points in market interest rates on financial liabilities with all other variables remaining constant. The calculations were determined with reference to the total interest-bearing borrowings for the year. This represents no change from the prior period in the method and assumptions used. This analysis is for illustrative purposes only and represents management's best estimate of a reasonably possible change in market interest rates in the medium term. Although market indicators are that interest rates are more likely to increase, both a 1% increase and a 1% decrease have been included for purposes of comparative sensitivity analysis.

	Effect on results before tax		Effect on equity	
	1% increase	1% decrease	1% increase	1% decrease
	TZS m	TZS m	TZS m	TZS m
2021 – GROUP AND COMPANY				
Net interest-bearing facilities	12,692	(12,692)	8,884	(8,884)
2020 - GROUP AND COMPANY				
Net interest-bearing facilities	12,892	(12,892)	9,025	(9,025)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Interest rate risk (Continued)

The table below summarizes the Group's and Company's exposure to interest rate risk. Included in the table are the Group's and Company's financial instruments at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

<u>GROUP</u>	Due on demand	1 - 12 months	1 - 5 years	Non-interest bearing	Total
	TZS m	TZS m	TZS m	TZS m	TZS m
At 31 December 2021					
<u>Financial assets</u>					
Trade and other receivables*	-	-	-	11,535	11,535
Amounts due from related parties	-	-	-	1,246	1,246
Cash and bank balances	-	-	-	14,901	14,901
Restricted cash	67,025	-	-	-	67,025
	67,025	-	-	27,682	94,707
<u>Financial liabilities</u>					
Shareholder's loans	464,884	-	60,002	-	524,886
Asset financing liabilities	614,808	-	-	-	614,808
Bank loans	-	14,972	65,023	-	79,995
Trade and other payables*	58,955	-	-	19,537	78,492
Amount due to customers	57,529	-	-	-	57,529
Amounts due to related parties	-	-	-	4,305	4,305
	1,196,176	14,972	125,025	23,842	1,360,015
Net interest risk exposure	(1,129,151)	(14,972)	(125,025)	3,840	(1,265,308)
At 31 December 2020 (restated)					
<u>Financial assets</u>					
Trade and other receivables*	-	-	-	3,320	3,320
Amounts due from related parties	-	-	-	503	503
Cash and bank balances	-	-	-	18,272	18,272
Restricted cash	48,987	-	-	-	48,987
	48,987	-	-	22,095	71,082
<u>Financial liabilities</u>					
Shareholder's loans	411,754	-	92,343	-	504,097
Asset financing liabilities	587,313	-	-	-	587,313
Bank loans	-	127,974	31,415	-	159,389
Trade and other payables*	44,888	-	-	76,317	121,205
Amount due to customers	42,546	-	-	-	42,546
Amounts due to related parties	-	-	-	2,775	2,775
	1,086,501	127,974	123,758	79,092	1,417,325
Net interest risk exposure	(1,037,514)	(127,974)	(123,758)	(56,997)	(1,346,243)

*Excludes items which are not financial instruments as indicated in note 24 for trade and receivables and note 31 for trade and other payable.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Interest rate risk (Continued)

<u>COMPANY</u>	Due on demand	1 - 12 months	1 - 5 years	Non- interest bearing	Total
	TZS m	TZS m	TZS m	TZS m	TZS m
At 31 December 2021					
<u>Financial assets</u>					
Trade and other receivables*	-	-	-	11,535	11,535
Amounts due from related parties	-	-	-	2,616	2,616
Cash and bank balances	-	-	-	14,351	14,351
	-	-	-	28,502	28,502
<u>Financial liabilities</u>					
Shareholder's loan	464,884	-	60,002	-	524,886
Asset financing liabilities	614,808	-	-	-	614,808
Bank loans	-	14,972	65,023	-	79,995
Trade and other payables*	58,955	-	-	14,821	73,776
Amounts due to related parties	-	-	-	4,305	4,305
	1,138,647	14,972	125,025	19,126	1,297,770
Net interest risk exposure	(1,138,647)	(14,972)	(125,025)	9,376	(1,269,268)
At 31 December 2020 (restated)					
<u>Financial assets</u>					
Trade and other receivables*	-	-	-	2,023	2,023
Amounts due from related parties	-	-	-	2,599	2,599
Cash and bank balances	-	-	-	15,634	15,634
Restricted cash	-	-	-	-	-
	-	-	-	20,256	20,256
<u>Financial liabilities</u>					
Shareholder's loan	411,754	-	92,343	-	504,097
Assets financing liabilities	587,313	-	-	-	587,313
Bank loans	-	127,974	31,415	-	159,389
Trade and other payables*	44,888	-	-	69,870	114,758
Amounts due to related parties	-	-	-	2,775	2,775
	1,043,955	127,974	123,758	72,645	1,368,332
Net interest risk exposure	(1,043,955)	(127,974)	(123,758)	(52,389)	(1,348,076)

*Excludes items which are not financial instruments as indicated in note 24 for trade and receivables and note 31 for trade and other payable.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's and Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, when expenses are denominated in a different currency from the Company's and Group's functional currency.

Foreign currency risk is managed at an operational level and monitored by the Chief Financial Officer. Exposure to losses from foreign currency liabilities is managed through prompt payment of outstanding liabilities and matching of receipts with payments in the same currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling (TZS) and foreign currencies (mainly US dollar, other currencies are considered to be immaterial), with all other variables held constant, of the Group's equity (due to changes in the fair value of monetary assets and liabilities).

GROUP	2021		2020	
	Increase / (decrease) in the value of TZS Vs USD	Effect on loss and equity TZS m	Increase / (decrease) in the value of TZS Vs USD	Effect on loss and equity TZS m
Net effect based on the statement of financial position	+5%	(63,961)	+5%	(66,812)
Net effect based on the statement of financial position	-5%	63,961	-5%	66,812
COMPANY				
	Increase / (decrease) in the value of TZS Vs USD	Effect on loss and equity TZS m	Increase / (decrease) in the value of TZS Vs USD	Effect on loss and equity TZS m
Net effect based on the statement of financial position	+5%	(63,961)	+5%	(64,677)
Net effect based on the statement of financial position	-5%	63,961	-5%	64,677

The Company's and Group's sensitivity analysis has been determined based on net transaction exposure as at year-end. A change in 5% is used when the net foreign currency transaction risk reported internally to key management personnel to assess reasonably possible change in foreign exchange rates.

The various currencies to which the Company and Group were exposed are summarised in the table below.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign currency risk (continued)

GROUP	Exposure in USD	Exposure in other currencies	In functional currency (TZS)	Total
At 31 December 2021	TZS m	TZS m	TZS m	TZS m
<u>Financial assets</u>				
Trade and other receivables*	353	-	11,182	11,535
Amounts due from related parties	1,246	-	-	1,246
Cash and bank balances	1,625	-	13,276	14,901
Restricted cash	-	-	67,025	67,025
	3,224	-	91,483	94,707
<u>Financial liabilities</u>				
Shareholder's loan	524,886	-	-	524,886
Asset financing liabilities	614,808	-	-	614,808
Bank loans	79,282	-	713	79,995
Trade and other payables*	59,157	-	19,335	78,492
Amounts due to related parties	4,305	-	-	4,305
Amounts due to customers	-	-	57,529	57,529
	1,282,438	-	77,577	1,360,015
Net foreign currency exposure	(1,279,214)	-	18,906	(1,265,308)
GROUP - At 31 December 2020				
<u>Financial assets</u>				
Trade and other receivables*	381	-	2,939	3,320
Amounts due from related parties	503	-	-	503
Cash and bank balances	1,370	-	16,902	18,272
Restricted cash	-	-	48,987	48,987
	2,254	-	68,828	71,082
<u>Financial liabilities</u>				
Shareholder's loans	504,097	-	-	504,097
Asset's financing liabilities	587,313	-	-	587,313
Bank loans	156,714	-	2,675	159,389
Trade and other payables*	45,050	-	76,155	121,205
Amounts due to related parties	2,775	-	-	2,775
Amounts due to customers	42,546	-	-	42,546
	1,338,495	-	78,830	1,417,325
Net foreign currency exposure	(1,336,241)	-	(10,002)	(1,346,243)

*Excludes items which are not financial instruments as indicated in note 24 for trade and receivables and note 31 for trade and other payable.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

Foreign currency risk (continued)

COMPANY	Exposure in USD	Exposure in other currencies	In functional currency (TZS)	Total in functional currency
At 31 December 2021	TZS m	TZS m	TZS m	TZS m
Financial assets				
Trade receivables and other receivables*	353	-	11,182	11,535
Amounts due from related parties	1,246	-	1,370	2,616
Cash and bank balances	1,625	-	12,726	14,351
	3,224	-	25,278	28,502
Financial liabilities				
Shareholder's loan	524,886	-	-	524,886
Assets financing liabilities	614,808	-	-	614,808
Bank loans	79,282	-	713	79,995
Trade and other payables*	59,157	-	14,619	73,776
Amounts due to related parties	4,305	-	-	4,305
	1,282,438	-	15,332	1,297,770
Net exposure	(1,279,214)	-	9,946	(1,269,268)
COMPANY				
At 31 December 2020				
Financial assets				
Trade and other receivables*	381	-	1,642	2,023
Amounts due from related parties	658	-	1,941	2,599
Cash and bank balances	1,370	-	14,264	15,634
	2,409	-	17,847	20,256
Financial liabilities				
Shareholder's loan	504,097	-	-	504,097
Assets financing liabilities	587,313	-	-	587,313
Bank loans	156,714	-	2,675	159,389
Trade and other payables*	45,050	-	69,708	114,758
Amounts due to related parties	2,775	-	-	2,775
	1,295,949	-	72,383	1,368,332
Net foreign currency exposure	(1,293,540)	-	(54,536)	(1,348,076)

*Excludes items which are not financial instruments as indicated in note 24 for trade and receivables and note 31 for trade and other payable.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Foreign currency risk (continued)

Applicable exchange rates:	USD
Average for the year ended 31 December 2021	2,298
At 31 December 2021	2,297
<hr/>	
Average for the year ended 31 December 2020	2,294
At 31 December 2020	2,315
<hr/>	

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. By the nature of the Group's business and contract assets, there is no significant credit risk exposure resulting from contract assets.

The Group manages credit risk related to bank balances by banking with reputable regulated financial institutions. Management does not believe there are significant risks of non-performance by these counterparties and maintains a diversified portfolio of banking partners. Allocation of deposits across banks are managed such that the Group's counterparty risk with a given bank stays within limits which have been set based on each bank's credit rating.

A large portion of the revenue arises from prepaid airtime. For post-paid subscribers, the Group follows risk control procedures to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit exposure to post paid subscribers is minimised through scrutiny of potential customers before connection to the network and barring them from service when they default.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Dealers make up the distribution network for the Group. Dealers operate either on a cash basis or on credit following successful application of the credit facility. Amounts receivable from other telecom operators form part of the total trade and other receivables balances. Credit exposure to these operators is minimised by the regulatory nature of the telecommunication industry, in which licenses are normally only issued to creditworthy companies. The Group monitors amounts due from other telecommunication operators on a regular basis and makes provisions for expected credit losses based on the expected collectability. The Group has international roaming agreements in place. Amounts due from the roaming partners are settled within 30 days unless a dispute arises.

With respect to trade receivables, the Company and Group deal only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis, with the result that the Company's and Group's exposure to bad debts is considered and expected credit losses recognised where appropriate. The Group evaluates the concentration of risk with respect to trade receivables as low, as the customers are in industries that operate in largely independent markets.

The Company's and Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the gross carrying amount of these instruments. The maximum exposure to credit risk at the reporting date is the carrying amount of the balances indicated below:

	Note	GROUP		COMPANY	
		2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
Trade and other receivables - Gross	24	11,535	3,320	11,535	2,023
Amounts due from related parties - Gross	35	1,246	503	2,616	2,599
Bank balances - Gross	25	14,769	18,242	14,223	15,604
Restricted cash	25	67,025	48,987	-	-
		94,575	71,052	28,374	20,226

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Set out below is the information about the credit risk exposure on the Group and company's trade receivables using a provision matrix:

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

At 31 December 2021	Up to 30 days TZS m	30 - 60 days TZS m	61 - 90 days TZS m	Over 90 days TZS m	Over 1 year TZS m	Total TZS m
Gross carrying amount	2,958	335	283	575	5,783	9,935
Expected credit loss rate (%)	9%	13%	15%	31%	100%	-
Expected credit loss	266	44	42	178	5,783	6,314
At 1 January 2021						
Gross carrying amount	3,202	124	305	1,015	393	5,040
Expected credit loss rate (%)	9%	13%	15%	31%	100%	-
Expected credit loss*	288	16	46	315	393	1,058

*For 2020 on top of the above, additional general provision of TZS 3,572 million was taken.

(c) Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available and thus the Group being unable to fulfil its existing and future cash flow obligations. The directors have assessed that there are no breaches of borrowing agreement covenants which could materially impact the Group's and Company's liquidity.

The Group monitors its liquidity risk by using cash flow projections. The Group's objective is to maintain a balance between continuity of funding through the use of assets financing facilities, creditors and term borrowings.

The table below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as this approximates the expected future cash outflows.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

GROUP	Due on demand TZS m	1 - 12 months TZS m	1 - 5 years TZS m	After 5 years TZS m	Total TZS m
At 31 December 2021					
Shareholder's loans	464,884	-	60,002	-	524,886
Assets financing liabilities	614,808	-	-	-	614,808
Bank loans	-	14,972	65,023	-	79,995
Lease Liability	-	47,978	225,304	264,264	537,546
Trade and other payables	58,955	19,537	-	-	78,492
Amounts due to related parties	-	4,305	-	-	4,305
Amounts due to customers	57,529	-	-	-	57,529
	1,196,176	86,792	350,329	264,264	1,897,561
At 31 December 2020					
Shareholder's loans	411,754	-	92,343	-	504,097
Assets financing liabilities	587,313	-	-	-	587,313
Bank loans	-	127,974	31,415	-	159,389
Lease liability	-	33,734	168,968	201,210	403,912
Trade and other payables	44,888	76,317	-	-	121,205
Amounts due to related parties	-	2,775	-	-	2,775
Amounts due to customers	42,546	-	-	-	42,546
	1,086,501	240,800	292,726	201,210	1,821,237
COMPANY					
At 31 December 2021					
Shareholder's loans	464,884	-	60,002	-	524,886
Assets financing liabilities	614,808	-	-	-	614,808
Bank loans	-	14,972	65,023	-	79,995
Lease liability	-	47,978	225,304	264,264	537,546
Trade and other payables	58,955	14,781	-	-	73,736
Amounts due to related parties	-	4,305	-	-	4,305
	1,138,647	82,076	350,329	264,264	1,835,316
At 31 December 2020					
Shareholder's loans	411,754	-	92,343	-	504,907
Asset financing liabilities	587,313	-	-	-	587,313
Bank loans	-	127,974	31,415	-	159,389
Lease Liability	-	33,734	168,932	201,210	403,876
Trade and other payables	44,888	69,870	-	-	114,758
Amounts due to related parties	-	2,775	-	-	2,775
	1,043,955	234,353	292,690	201,210	1,772,208

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may seek for additional financing from shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years presented.

The Group and Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt assets financing facilities liabilities, interest-bearing borrowings less cash and cash equivalents. Capital includes issued and fully paid share capital, accumulated losses and other reserves.

	Note	GROUP		COMPANY	
		2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
Shareholder's loan	27	524,886	504,097	524,886	504,097
Bank loans	28	79,995	159,389	79,995	159,389
Asset financing liabilities	29	614,808	587,313	614,808	587,313
Less: Cash and cash equivalents	34	(14,901)	(18,272)	(14,351)	(15,634)
Net debt		1,204,788	1,232,527	1,205,338	1,235,165
Total capital		(972,483)	(906,436)	(972,126)	(904,876)
Capital and net debt		232,305	326,091	233,212	330,289
Gearing ratio		(519%)	378%	(517%)	374%

The Electronic Money Regulations of 2015 require an Electronic Money Issuer to maintain at all times minimum capital of TZS 500 million. The minimum capital requirement means the minimum amount of financial resources that an electronic money issuer is required to effectively cover the costs and expenses necessary to operate the business. This requirement is applicable to the Subsidiary. The Subsidiary's issued capital as at year-end was more than TZS 500 million.

5 FINANCIAL INSTRUMENTS BY CATEGORY

All the Group's and Company's financial assets are categorised as debt instruments at amortised cost while the financial liabilities are categorised as financial liabilities measured at amortised cost.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	GROUP		COMPANY	
	2021	2020	2021	2020
	TZS m	TZS m	TZS m	TZS m
6 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Recognised at a point in time:				
Handsets	217	1,530	217	1,530
SIM kits	3,180	2,306	3,180	2,306
Other goods sold	24	259	24	259
	3,421	4,095	3,421	4,095
Recognised over time:				
Airtime revenue	240,119	180,039	240,119	180,039
International Private Leaseline Circuit service charges	3,844	4,908	3,844	4,908
Interconnection service	20,679	23,535	20,679	23,535
Roaming services	1,005	268	1,005	268
Value added services (VAS)	472	210	472	210
Mobile financial services revenue	43,297	21,184	-	-
Deferred airtime revenue	(6,071)	(1,345)	(6,071)	(1,345)
	303,345	228,799	260,048	207,616
To revenue from contracts with customers	306,766	232,894	263,469	211,711
7 COST OF SALES				
Interconnect costs	23,353	24,544	23,353	24,544
Handsets, sim kits, vouchers and related items	7,013	7,431	7,013	7,431
Depreciation and amortization	113,719	115,018	113,701	115,018
Labor cost - technical Section (note 11)	4,304	4,130	4,304	4,130
Network operating costs	69,365	58,986	69,336	58,986
Leased line costs	11,471	9,935	11,471	9,935
Other operating costs	20,465	17,431	17,295	15,988
Provision for slow moving stock and obsolete stock	10,721	(16)	10,721	(16)
Commission expense - Halopesa	28,277	11,155	-	-
	288,688	248,614	257,194	236,016

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

7 COST OF SALES (CONTINUED)	GROUP		COMPANY	
	2021 TZS m	Restated 2020 TZS m	2021 TZS m	Restated 2020 TZS m
Depreciation and amortization are analysed and allocated as follows:				
Depreciation on property and equipment	86,553	87,800	86,529	87,795
Amortisation of intangible assets	1,257	3,545	1,257	3,545
Amortisation of Right of use assets	26,307	24,010	26,280	23,984
	114,117	115,355	114,066	115,324
Allocated as follows:				
Cost of sales	113,719	115,018	113,701	115,018
General and administration expenses	368	337	365	306
	114,087	115,355	114,066	115,324
8 OTHER INCOME/(EXPENSES)				
<u>(a) Other income</u>				
Gain on disposal of assets	1,493	499	1,493	499
Mobile financial services revenue	-	-	-	116
Service fee charges to Halopesa	-	-	9,198	5,563
Amortisation of government grant	1,638	1,209	1,638	1,209
Amortisation of contract liabilities	2,522	2,522	2,522	2,522
De recognition of Payable	1,024	-	1,024	-
Interest income	55	-	-	-
Other	14	-	16	-
	6,746	4,230	15,891	9,909
<u>(b) Other expenses - Expected credit losses</u>				
Trade and other receivables (Increase)	(3,749)	(9,977)	(3,749)	(9,977)
Bank balances charges	(4)	(1)	(4)	(1)
Amounts due from related parties (increase)/decrease	(164)	24	(164)	24
	(3,917)	(9,954)	(3,917)	(9,954)
9 GENERAL AND ADMINISTRATION EXPENSES				
Staff costs (note 11)	3,878	4,608	3,293	4,099
Depreciation and amortisation	368	337	365	306
Regulatory fees and charges	11,473	6,931	11,473	6,931
TCRA penalty- (reversal)/accrued	(30,000)	42,000	(30,000)	42,000
Administrative expenses	19,927	10,549	19,081	8,513
Amortisation of the decommissioning asset	79	74	79	74
Auditors' remuneration	232	219	183	169
Other expenses	(522)	10,821	(470)	10,902
	5,435	75,540	4,003	72,994

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

10 SELLING AND MARKETING EXPENSES	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
Customer care expense	1,577	1,529	1,577	1,529
Taxes and fees	547	176	547	176
Advertisement and public relations programs	716	837	716	837
Selling fee and service development	19,116	14,873	19,116	14,873
Operating cost for sales activities	6	35	6	35
Salary cost - sales staffs section (note 11)	4,467	4,655	4,467	4,315
Other expenses	184	52	184	52
	26,613	22,157	26,613	22,157

11 STAFF COSTS	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
Analysis and allocation of staff costs:				
Cost of sales	4,304	4,130	4,304	4,130
General and administrative	3,878	4,608	3,293	4,099
Selling and marketing	4,467	4,655	4,467	4,315
	12,649	13,393	12,064	12,884
Staff costs comprise of the following:				
- Salaries and wages including allowances	10,426	10,801	9,922	10,363
- Social security contributions (Defined contribution plan)	1,030	1,052	982	1,008
- Skills development levy	419	459	398	441
- Other staff Costs	774	1,081	762	1,072
	12,649	13,393	12,064	12,884

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

12 FINANCE INCOME AND FINANCE RELATED COSTS

	GROUP		COMPANY	
	2021	2020	2021	2020
		Restated		Restated
	TZS m	TZS m	TZS m	TZS m
(a) Finance income				
Interest income - Mobile money deposits	2,748	2,283	-	113
	2,748	2,283	-	113
(b) Finance and related costs, and foreign exchange losses				
Interest expense at the effective interest rate	(68,982)	(41,140)	(68,982)	(41,140)
Unwinding of the decommissioning provision (Note 21)	(427)	(362)	(427)	(362)
Loan arrangement fees	(142)	(166)	(142)	(166)
Interest and related expenses - Mobile money agents	(2,459)	(1,941)	-	-
Interest on lease liability	(24,773)	(23,790)	(24,766)	(23,781)
Finance and related costs	(96,783)	(67,399)	(94,317)	(65,449)
Unrealised foreign exchange gains/(losses)	6,935	(12,631)	6,934	(12,631)
Realised foreign exchange gains/(losses)	(698)	60	(697)	60
	6,237	(12,571)	6,237	(12,571)
Total finance and related costs, and foreign exchange losses	(90,546)	(79,970)	(88,080)	(78,020)
Net finance and related costs	(87,798)	(77,687)	(88,080)	(77,907)
The interest expense is made up as follows:				
Interest on shareholder's loans	26,347	20,515	26,347	20,515
Interest on asset financing contracts	37,081	11,150	37,081	11,150
Interest on bank loans	5,554	9,475	5,554	9,475
	68,982	41,140	68,982	41,140

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

13 INCOME TAX EXPENSE	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
Current income tax charge	281	35	-	-
Current tax from prior periods	(16)	(56)	(40)	(56)
Alternative minimum tax	1,389	1,146	1,389	1,146
Withholding tax at source	59	217	59	-
	<u>1,713</u>	<u>1,342</u>	<u>1,408</u>	<u>1,090</u>

A reconciliation between the tax expense and the product of accounting loss multiplied by the standard tax rate of 30% is as follows:

	2021	2020	2021	2020
Loss before tax	<u>(98,939)</u>	<u>(196,828)</u>	<u>(100,447)</u>	<u>(197,408)</u>
Tax calculated at the tax rate of 30%	<u>(29,682)</u>	<u>(59,048)</u>	<u>(30,134)</u>	<u>(59,222)</u>
Tax effect of:				
Other expenses not deductible for tax purposes	10,839	23,255	11,282	23,252
Income tax at source	59	217	59	-
Alternative minimum tax	1,389	1,146	1,389	1,146
Deferred tax not recognized	19,124	28,952	18,852	29,028
Prior year deferred tax adjustments not recognized	-	6,876	-	6,942
Current tax from prior periods	<u>(16)</u>	<u>(56)</u>	<u>(40)</u>	<u>(56)</u>
	<u>1,713</u>	<u>1,342</u>	<u>1,408</u>	<u>1,090</u>

14 INCOME TAX PAYABLE/(RECOVERABLE)

	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
At beginning of the year	653	797	705	769
Current income tax charge-(Note 13)	281	35	-	-
Alternative minimum tax (Note 13)	1,389	1,146	1,389	1,146
Current income tax charge- prior periods (Note 13)	(16)	(56)	(40)	(56)
Payment made during the year	(1,702)	(783)	(1,431)	(756)
Withholding Tax Credit	(745)	(485)	(529)	(399)
At end of the year	<u>(140)</u>	<u>653</u>	<u>94</u>	<u>705</u>

The net current income tax payable is comprised of:

	2021	2020	2021	2020
Income tax payable - Company	94	653	94	705
Income tax recoverable - Subsidiary	(234)	-	-	-
	<u>(140)</u>	<u>653</u>	<u>94</u>	<u>705</u>

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

14 INCOME TAX PAYABLE/(RECOVERABLE) (CONTINUED)

The normal procedure for agreeing final income tax liabilities in Tanzania involves the Company filing its final income tax returns with the Tanzania Revenue Authority (TRA) followed by TRA performing its own review of the Company's submissions and issuing a notice of final income tax assessment to the Company. The final income tax assessment as may be determined by TRA after their review and possible site visit may differ from the assessments determined by the Company and procedures are in place for the Company to object and appeal against the TRA assessments. It is common that the timeframe from the Company's own submission of its final tax returns and for TRA performing its reviews and issuing of notice of final tax assessment may be several months or years.

15 DEFERRED TAX ASSET	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
At beginning of year - not recognized	(224,931)	(195,979)	(224,480)	(195,452)
Movement during the year - profit or loss impact	(19,124)	(28,952)	(18,852)	(29,028)
At end of year - not recognized	(244,055)	(224,931)	(243,332)	(224,480)

GROUP	31 December 2020 TZS m	Movement TZS m	31 December 2021 TZS m
Property and equipment	1,105	(6,594)	(5,489)
Tax losses carried forward	(189,242)	(12,020)	(201,262)
Other temporary differences	(36,794)	(510)	(37,304)
Deferred tax asset	(224,931)	(19,124)	(244,055)
Deferred tax recognised	-	-	-
Deferred tax not recognized	(224,931)	(19,124)	(244,055)

COMPANY	31 December 2020 TZS m	Movement TZS m	31 December 2021 TZS m
Property and equipment	1,099	(6,582)	(5,483)
Tax losses carried forward	(188,795)	(12,019)	(200,814)
Other temporary differences	(36,784)	(251)	(37,035)
Deferred tax asset	(224,480)	(18,852)	(243,332)
Deferred tax recognised	-	-	-
Deferred tax not recognized	(224,480)	(18,852)	(243,332)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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15 DEFERRED TAX ASSET (CONTINUED)

GROUP	31 December 2019 TZS m	Movement TZS m	31 December 2020 TZS m
Property and equipment	946	159	1,105
Tax losses carried forward	(159,327)	(29,915)	(189,242)
Other temporary differences	(37,598)	804	(36,794)
Deferred tax asset	(195,979)	(28,952)	(224,931)
Deferred tax recognised	-	-	-
Deferred tax not recognized	(195,979)	(28,952)	(224,931)
COMPANY	31 December 2019 TZS m	Movement TZS m	31 December 2020 TZS m
Property and equipment	159	940	1,099
Tax losses carried forward	(158,901)	(29,894)	(188,795)
Other temporary differences	(36,710)	(74)	(36,784)
Deferred tax asset	(195,452)	(29,028)	(224,480)
Deferred tax recognised	-	-	-
Deferred tax not recognized	(195,452)	(29,028)	(224,480)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16 PROPERTY AND EQUIPMENT GROUP

	Machinery & equipment	Base Station Infrastructure	Furniture & fixtures	Motor vehicles	Tower support assets	Total
	TZS m	TZS m	TZS m	TZS m	TZS m	TZS m
Cost						
As at 1 January 2021	528,250	227,966	2,205	9,391	822	768,634
Transferred from work in progress	12,632	4,913	-	-	-	17,545
Disposals and derecognition	(32)	(13,639)	-	-	-	(13,671)
Reclassified to WIP	(5,920)	-	-	-	-	(5,920)
As at 31 December 2021	534,930	219,240	2,205	9,391	822	766,588
Depreciation						
As at 1 January 2021	303,740	37,482	1,421	9,377	820	352,840
Charge for the year	74,768	11,492	277	14	2	86,553
Disposals	(18)	(3,065)	-	-	-	(3,083)
As at 31 December 2021	378,489	45,909	1,698	9,391	822	436,309
Net carrying amount						
As at 31 December 2021	156,440	173,331	508	-	-	330,279
GROUP						
Cost						
As at 1 January 2020	715,989	-	2,201	11,182	822	730,194
Additions	44	-	-	-	-	44
Transferred from work in progress	43,350	-	4	-	-	43,354
Disposals and derecognition	(3,167)	-	-	(1,791)	-	(4,958)
Reclassification of closing balances	(227,966)	227,966	-	-	-	-
As at 31 December 2020	528,250	227,966	2,205	9,391	822	768,634
Depreciation						
As at 1 January 2020	254,537	-	1,146	11,023	654	267,360
Charge for the year	87,213	-	275	146	166	87,800
Disposals	(528)	-	-	(1,792)	-	(2,320)
Reclassification of closing balances	(37,482)	37,482	-	-	-	-
As at 31 December 2020	303,740	37,482	1,421	9,377	820	352,840
Net carrying amount						
As at 31 December 2020	224,509	190,484	784	14	2	415,793

Tower support assets include air conditioning equipment, oil fuel tanks and generators for base transmission sites (BTS).

No property and equipment was pledged as collateral for liabilities.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

16 PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY	Machinery and equipment	Base Station infrastructure	Furniture & fixtures	Motor vehicles	Tower support assets	Total
	TZS m	TZS m	TZS m	TZS m	TZS m	TZS m
Cost						
As at 1 January 2021	528,205	227,966	2,205	9,391	822	768,589
Transferred from work in progress	12,632	4,913	-	-	-	17,545
Disposals and derecognition	(31)	(13,639)	-	-	-	(13,670)
Reclassified to WIP	(5,920)	-	-	-	-	(5,920)
As at 31 December 2021	534,886	219,240	2,205	9,391	822	766,544
Depreciation						
As at 1 January 2021	303,735	37,482	1,421	9,377	820	352,835
Charge for the year	74,744	11,492	277	14	2	86,529
Disposals	(17)	(3,065)	-	-	-	(3,082)
As at 31 December 2021	378,462	45,909	1,698	9,391	822	436,282
Net carrying amount						
As at 31 December 2021	156,424	173,331	507	-	-	330,262
Cost						
As at 1 January 2020	715,989	-	2,201	11,182	822	730,194
Additions	-	-	-	-	-	-
Transferred from work in progress	43,350	-	4	-	-	43,354
Disposals and derecognition	(3,168)	-	-	(1,791)	-	(4,959)
Reclassification of closing balances	(227,966)	227,966	-	-	-	-
As at 31 December 2020	528,205	227,966	2,205	9,391	822	768,589
Depreciation						
As at 1 January 2020	254,537	-	1,146	11,023	654	267,360
Charge for the year	87,208	-	275	146	166	87,795
Disposals	(528)	-	-	(1,792)	-	(2,320)
Reclassification of closing balances	(37,482)	37,482	-	-	-	-
As at 31 December 2020	303,735	37,482	1,421	9,377	820	352,835
Net carrying amount						
As at 31 December 2020	414,954	190,484	784	14	2	415,754

Tower support assets include air conditioning equipment, oil fuel tanks and generators for base transmission sites (BTS).

No property and equipment was pledged as collateral for liabilities.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

17 INTANGIBLE ASSETS

	GROUP AND COMPANY		
	Operating licences	Software licences	Total
	TZS m	TZS m	TZS m
Cost			
At 1 January 2021	3,472	21,479	24,951
Additions	-	759	759
As at 31 December 2021	3,472	22,238	25,710
Amortization			
At 1 January 2021	705	19,984	20,689
Charge for the year	192	1,065	1,257
As at 31 December 2021	897	21,049	21,946
Net carrying amount			
As at 31 December 2021	2,575	1,188	3,764
Cost			
At 1 January 2020	3,472	19,595	23,067
Additions	-	1,884	1,884
As at 31 December 2020	3,472	21,479	24,951
Amortization			
At 1 January 2020	477	16,667	17,144
Charge for the year	228	3,317	3,545
As at 31 December 2020	705	19,984	20,689
Net carrying amount			
As at 31 December 2020	2,767	1,495	4,262

	GROUP		COMPANY	
	2021	Restated 2020	2021	Restated 2020
	TZS m	TZS m	TZS m	TZS m
18 Right of use asset				
At January	243,127	263,587	243,025	263,587
Additions	29,338	247	29,338	119
Change in assumption	16,563	3,303	16,563	3,303
Disposals	-	-	-	-
Amortisation	(26,307)	(24,010)	(26,280)	(23,984)
At 31 December	262,721	243,127	262,646	243,025
19 Lease Liabilities				
At 01 January	283,461	298,185	283,362	298,185
Additions	29,338	247	29,338	119
Change in assumption	16,563	3,303	16,563	3,303
Interest expense	24,773	23,790	24,766	23,781
Settlement by netting during the year	(9,874)	-	(9,874)	-
Payments	(41,386)	(42,064)	(41,348)	(42,026)
At 31 December	302,875	283,461	302,807	283,362
Lease liabilities				
Current	22,006	18,085	21,973	18,054
Non-current	280,869	265,376	280,834	265,308
	302,875	283,461	302,807	283,362

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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20 INTERESTS IN OTHER ENTITIES	GROUP AND COMPANY	
	2021	2020
	TZS m	TZS m
Investment in subsidiary Viettel E-Commerce Tanzania Limited		
At 1 January	2,750	2,750
Additional investment	-	-
At 31 December	2,750	2,750

Viettel E-Commerce Tanzania Limited

The National Payments Act, 2015 of Tanzania requires mobile telecommunication operators to form an entity that will apply for the electronic money issuer license. The law further requires electronic money issuers to be owned by the local telecommunication companies. In line with this regulation, the Company incorporated and fully owns Viettel E-Commerce Tanzania Limited (the "Subsidiary"). The subsidiary is domiciled in Tanzania and its key activity is mobile financial services business. The Subsidiary is a private entity that is not listed on any public stock exchange and there are no published price quotations for the fair value of this investment. The value of the investment relates to the cost of the issued shares acquired in the subsidiary by the Company.

There were no indications that the investment could be impaired as at year-end. The reporting date and reporting year of the Subsidiary are the same as those of the Group and both use uniform accounting policies.

Below is an extract from the separate financial statements of the Subsidiary:

	2021	2020
	TZS m	TZS m
Statement of financial position		
Total assets	10,942	8,353
Net assets	2,253	1,190
Statement of profit or loss and other comprehensive income		
Gross profit	11,803	6,556
Profit after tax	1,063	329

The Registered Trustees of Halopesa

The Electronic Money Regulations of 2015 require a licenced electronic money issuer to establish a separate legal entity in the form of a trust entity to manage the trust accounts on which the mobile financial services agents' deposits are maintained. The Subsidiary registered a trust entity called The Registered Trustees of Halopesa (the "Trust") to meet this requirement. The interest earned on the bank deposits accrues to the agents and not to the electronic money issuer or the telecommunication platform provider.

The Trust is a consolidated structured entity at the Subsidiary and Group levels.

There are no significant restrictions on the ability of the Group to access or use the assets and settle liabilities of the Subsidiary and Trust. There are no protective rights of non-controlling interests since the Group has no non-controlling interests. There were no changes in ownership or control of the Subsidiary and Trust during the year. The Company has no interests in unconsolidated subsidiaries or structured entities.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

20 INTERESTS IN OTHER ENTITIES (CONTINUED)

Below is an extract from the separate financial statements of the Trust

	2021	2020
	TZS m	TZS m
Statement of financial position		
Total current assets	67,025	48,987
Statement of profit or loss and other comprehensive income		
Profit before tax	2,748	2,170
Profit after tax	275	217

21 SITE DECOMMISSIONING ASSET AND PROVISION

	GROUP AND COMPANY	
	2021	2020
	TZS m	TZS m
(a) Decommissioning asset		
Cost		
At 1 January	1,489	1,410
Increase during the year	87	79
At 31 December	1,576	1,489
Amortisation		
At 1 January	305	231
Charge for the year	79	74
At 31 December	384	305
Net carrying amount	1,192	1,184

The site decommissioning asset carrying amount represents the future cost which will be incurred by the Company in reversing the modifications made to the landscape when building tower sites. The asset is amortised over the useful lives of the related towers, which is 20 years.

	GROUP AND COMPANY	
(b) Decommissioning provision		
At January	2,717	2,276
Additional provision	87	79
Amortisation - interest charge	427	362
At 31 December	3,231	2,717

This represents the directors' best estimate of the future expected costs for dismantling telecommunication towers and restoring the sites to their condition prior to installation of the equipment. The directors are of the opinion that past events undertaken by the Company give rise to a constructive and/or legal obligations in respect of restoring the sites in mainland Tanzania and Zanzibar.

The key assumptions used in determining the provision are:

- The discount rate used was 15.41% (2020: 15.41%)
- The expected useful life of the sites is 20 years (2020: 20 years)
- Tanzania long term inflation rate is expected to be 3.9% (2020: 5%)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

22 WORK IN PROGRESS	GROUP AND COMPANY	
	2021	Restated 2020
	TZS m	TZS m
Equipment and raw material costs	5,112	1,406
Labour, instalment cost	155	885
Transportation and customs clearance	121	569
BTS electrical installation costs	256	30
Other costs	258	563
Material to asset	178	-
Other inventories	918	942
	6,998	4,395
<u>Movement in work in progress</u>		Restated
	2021	2020
	TZS m	TZS m
At 1 January	4,395	27,769
Additions during the year	14,228	19,980
Transfer to property and equipment	(17,545)	(43,354)
Reversal from property and equipment	5,920	-
At 31 December	6,998	4,395
23 INVENTORIES	GROUP AND COMPANY	
	2021	Restated 2020
	TZS m	TZS m
BTS Materials	26,899	34,321
Goods in transit	5,567	3,593
Other construction materials	421	819
Scratch cards and sim-cards	2,591	4,128
Provision for slow moving stock and obsolete stock	(11,163)	(442)
	24,314	42,419

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

23 INVENTORIES (CONTINUED)	GROUP		COMPANY	
	2021	2020	2021	2020
	TZS m	TZS m	TZS m	TZS m
Provision for slow moving stock and obsolete stock:				
As at 1 January	442	458	442	458
Increase during the year	10,721	(16)	10,721	(16)
As at 31 December	11,163	442	11,163	442

The provision for inventories is the result of management assessment on the recoverability of costs against selling prices and the existence and value of inventories which are damaged or cannot be traced at the end of the reporting. Where items are subsequently traced, the provision is reversed.

The changes in the provision for obsolete inventories are recognised in cost of sales.

24 TRADE AND OTHER RECEIVABLES	GROUP		COMPANY	
	2021	2020	2021	2020
	TZS m	TZS m	TZS m	TZS m
Financial assets				
Trade receivables	9,935	5,040	9,935	5,040
Other receivables	20,647	13,579	20,647	12,282
Gross financial assets	30,582	18,619	30,582	17,322
<i>Expected credit losses:</i>				
Trade receivables	(6,314)	(4,630)	(6,314)	(4,630)
Other receivables	(12,733)	(10,669)	(12,733)	(10,669)
Total expected credit losses	(19,047)	(15,299)	(19,047)	(15,299)
Net financial assets	11,535	3,320	11,535	2,023
Non-financial assets				
Advances to suppliers	540	2,140	-	2,140
Prepayments	12,016	12,975	11,772	12,703
VAT recoverable	11,110	42,728	11,110	42,728
Deposits	1,187	1,485	1,187	1,485
Other receivables	2,582	2,322	2,322	2,322
	38,430	64,970	37,926	63,401

Terms and conditions of trade and other receivable as follows:

- i) Trade receivables are non-interest bearing and are normally settled on 15 to 60 days terms.
- ii) Other receivables are non-interest bearing and are normally settled on 90 to 120 days terms.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

GROUP AND COMPANY

The ageing analysis of the trade receivables was as follows:

	2021	2020
	TZS m	TZS m
Up to 30 days	2,958	3,203
31 - 60 days	335	124
61- 90 days	283	305
Over 91 days	575	1,015
Over 365 days	5,783	393
At 31 December	9,935	5,040

	2021	2020
	TZS m	TZS m
Expected credit losses (ECL) on trade and other receivables:		
At 1 January	(15,299)	(5,322)
Increase in ECL	(3,748)	(9,977)
At 31 December	(19,047)	(15,299)

Refer to Note 4(b) for further disclosures on ECL.

25 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021	2020	2021	2020
	TZS m	TZS m	TZS m	TZS m
Bank balances	14,769	18,242	14,223	15,604
Expected credit losses	(14)	(10)	(14)	(10)
Net bank balances	14,755	18,232	14,209	15,594
Cash in hand	146	40	142	40
Cash and cash equivalents	14,901	18,272	14,351	15,634
Restricted Cash	67,025	48,987	-	-
Total cash and bank balances	81,926	67,259	14,351	15,634

Expected credit losses on bank balances:

At 1 January	(10)	(8)	(10)	(8)
Increase in ECL	(4)	(2)	(4)	(2)
At 31 December	(14)	(10)	(14)	(10)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

26 EQUITY

(a) Number of authorised and issued shares

	GROUP		COMPANY	
	2021	2020	2021	2020
<i>Number of authorised shares</i>				
Opening balance	15,600	15,600	15,600	15,600
Closing balance	15,600	15,600	15,600	15,600
<i>Number of issued shares</i>				
Opening balance	4,353	4,353	4,353	4,353
Shares issued during the year	3,461	-	3,461	-
Closing balance	7,814	4,353	7,814	4,353

(b) Authorised, issued and fully paid share capital

	GROUP		COMPANY	
	2021	2020	2021	2020
<i>Authorised share capital</i>				
15,600,000,000 ordinary shares of TZS 10 each	156,000	156,000	156,000	156,000
<i>Issued and paid up share capital</i>				
Opening balance	43,535	43,535	43,535	43,535
Ordinary shares issued	34,605	-	34,605	-
Closing balance	78,140	43,535	78,140	43,535

The Company has only one class of ordinary shares which carries no right to fixed income.

(c) Shareholding structure

The ownership structure is as follows:	%	%	%	%
Viettel Global Investment JSC	99.99987	99.9987	99.99987	99.9987
Performance Investment General Enterprises Limited	0.00013	0.0002	0.00013	0.0002
	100.00	100.00	100.00	100.00

(d) Non-controlling interest

There are no non-controlling interests since the Subsidiary is fully owned by the Company.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

27	SHAREHOLDER'S LOANS	2021			2020 Restated		
		TZS m	TZS m	TZS m	TZS m	TZS m	TZS m
GROUP AND COMPANY		Loan A vtg	Loan B vtg	Total	Loan A vtg	Loan B vtg	Total
Principal							
	Opening balance	343,930	60,068	403,998	340,526	59,498	400,024
	Unrealised foreign exchange losses	(1,776)	(298)	(2,074)	3,404	570	3,974
	Closing balance	342,154	59,770	401,924	343,930	60,068	403,998
Interest accrued							
	Opening balance	91,871	8,228	100,099	70,886	3,964	74,850
	Reclassification from Trade Payables	-	-	-	4,517	1,504	6,021
	Accrued during the year	23,000	3,347	26,347	17,571	2,944	20,515
	Interest paid *	(2,293)	(624)	(2,917)	(1,852)	(310)	(2,162)
	Unrealised foreign exchange losses	(485)	(82)	(567)	749	126	875
	Closing balance	112,093	10,869	122,962	91,871	8,228	100,099
Movement in the total shareholder's loans							
	Opening balance	435,801	68,296	504,097	411,412	63,462	474,874
	Reclassification from Trade Payables	-	-	-	4,517	1,504	6,021
	Interest accrued	23,000	3,347	26,347	17,571	2,944	20,515
	Interest paid	(2,293)	(624)	(2,917)	(1,852)	(310)	(2,162)
	Unrealised foreign exchange losses	(2,261)	(380)	(2,641)	4,153	696	4,849
	Closing balance	454,247	70,639	524,886	435,801	68,296	504,097
	Non-current liability						
	Principal amount	2,326	57,676	60,002	32,275	60,068	92,343
	Current liability						
	Principal amount	339,828	2,094	341,922	311,655	-	311,655
	Accrued interest	112,093	10,869	122,962	91,871	8,228	100,099
		451,921	12,963	464,884	403,526	8,228	411,754
	Total shareholder's loans	454,247	70,639	524,886	435,801	68,296	504,097

* This relates to withholding tax paid to TRA.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

27 SHAREHOLDER'S LOANS (CONTINUED)

Terms and conditions for the shareholder's loan

Loan Type	Agreement date	Interest rate	Maturity - principal	Currency	Amount committed (USD)	Amount drawdown (USD)
Loan A vtg	26 September 2014	4.50%	72 months after drawdown	USD	150,000,000	148,000,000
Loan B vtg	26 August 2016	4.50%	60 months after drawdown	USD	24,796,417	24,796,417

Other terms - Loan A vtg

The parent company, Viettel Global, provided a loan facility of up to USD 100 million at an interest rate of 4.5% per annum. The initial agreement was entered on 26 September 2014. On 8 July 2015, an addendum was made to the agreement which increased the loan facility limit from USD 100 million to USD 150 million. As at 31 December 2021, the Company had drawdown up to USD 148 million in order to implement, deploy and operate its telecommunication network in Tanzania as per the agreement.

Other terms - Loan B vtg

On 26 August 2016, the parent company agreed to provide a second loan facility of up to USD 24,796,417 at an interest rate of 4.5% per annum. As at 31 December 2021, the Company had drawdown the entire amount committed in order to implement, deploy and operate the telecommunication network. Each drawdown shall be repaid to the lender in full within 60 months after the drawdown date. The first drawdown was done on 22 May 2018. For interest payments, the borrower has to fulfil obligation within the period of 06 months (the first interest payment is within 06 month from first drawdown date).

	GROUP AND COMPANY	
	2021	2020
Undrawn borrowing facilities	TZS m	TZS m
Shareholder's loan (A)	4,664	4,664
	4,664	4,664

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

28 BANK LOANS

	GROUP AND COMPANY	
	2021	2020
	TZS m	TZS m
Standard Chartered Bank - Mauritius	13,601	31,249
Viettin Bank Deutsche - Loan No.1 (USD 15 million)	58,231	58,521
TP Bank	-	57,363
National Microfinance Bank Plc - Loan A	713	2,675
National Microfinance Bank Plc - Loan C	7,450	9,581
	79,995	159,389
Non-current	65,023	31,415
Current	14,972	127,974
	79,995	159,389

Bank loans terms details:

Lender	Interest rate	Maturity	Currency
Standard Chartered Bank - Mauritius	3.5%+LIBOR	Based on drawdown date*	USD
Viettin Bank Deutsche - Loan No.1 (USD 15 million)	Bank's base interest rate + margin of 3.75%	September 2021	USD
TP Bank	Bank's base interest rate + margin of 1.7%	September 2021	USD
National Microfinance Bank Plc - Loan A	13%	April 2022	TZS
National Microfinance Bank Plc - Loan C	7.5%	November 2024	USD

Standard Chartered Bank – Mauritius

* This loan relates to the outstanding short term loan amounting to USD 25,000,000 which was received in instalments with an interest rate of USD Libor + 2.5% per annum payable by the last day of its term having a 1 year tenor, which was obtained on 8 February 2017. The loan was acquired from Standard Chartered Bank - Mauritius and was guaranteed by Viettel Investment Joint Stock Company. The loan was obtained for the purpose of financing operating expenses. The loan agreement is for year but renewable. The agreement was renewed on 03 March 2018 and 05 November 2019. The maximum amount of the agreement was increased from USD 15,000,000 to USD 25,000,000 in the latest agreement.

The 2016 loan amount relates to the outstanding term loan amounting to USD 15,000,000 with an interest rate of USD 4.5% payable on the last day of its term having a 60 months tenor, which was obtained on 19 September 2016. The loan was acquired from Vietin Bank Deutsche and was guaranteed by Viettel Investment Joint Stock Company. The loan was obtained for the purpose of financing capital expenditure requirements for the network rollout program in Tanzania.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

28 BANK LOANS (CONTINUED)

Vietin Bank Deutsche

In 2017 another loan a

mount of USD 10,000,000 with an interest rate of USD 4.5% payable on the last day of its term having a 60 months tenor, which was received on 07 February 2017. The loan was acquired from Vietin Bank Deutsche and was guaranteed by Viettel Investment Joint Stock Company. The loan was obtained for the purpose of financing capital expenditure requirements for the network rollout program in Tanzania.

In 2017 another loan amount of USD 10,000,000 with an interest rate of USD 4.5% payable on the last day of its term having a 60 months tenor, which was received on 07 February 2017. The loan was acquired from Vietin Bank Deutsche and was guaranteed by Viettel Investment Joint Stock Company. The loan was obtained for the purpose of financing capital expenditure requirements for the network rollout program in Tanzania.

National Microfinance Bank (NMB)

Loan A relates to the outstanding term loan amounting to USD 3,000,000 which was drawdown in the TZS equivalent. The loan has an interest rate of 13% per annum. The loan was obtained on 27 April 2018. The principal and interest amounts are repayable monthly, starting from 27 May 2018 to 27 April 2022. The loan was guaranteed by Viettel Investment Joint Stock Company. The loan was obtained for the purpose of financing capital expenditure requirements for the network rollout program in Tanzania.

Loan C relates to the outstanding term loan amounting to USD 5,000,000 which was drawdown in the USD equivalent. The loan has an interest rate of 7.5% per annum. The loan was obtained on 05 November 2019. The principal and interest amounts are repayable monthly, starting from 05 November 2019 to 05 November 2024. The loan was guaranteed by Viettel Investment Joint Stock Company. The loan was obtained for the purpose of financing capital expenditure requirements for the network rollout program in Tanzania.

<i>Movement in bank loans:</i>	NMB - Loan A	NMB - Loan C	Standard Chartered Bank	Vietin Bank Deutsche	TP Bank	Total
GROUP AND COMPANY	TZS m	TZS m	TZS m	TZS m	TZS m	TZS m
At 31 December 2021						
Opening balance	2,675	9,581	31,249	58,521	57,363	159,389
Amounts received	-	-	13,458	-	-	13,458
Interest accrued	235	642	504	2,968	1,205	5,554
Principal paid	(1,963)	(2,182)	(29,938)	-	(54,540)	(88,623)
Interest paid	(234)	(642)	(1,596)	(2,958)	(4,015)	(9,445)
Foreign exchange losses	-	51	(76)	(300)	(13)	(338)
Closing balance	713	7,450	13,601	58,231	-	79,995
At 31 December 2020						
Opening balance-restated	4,390	11,510	38,210	57,979	62,094	174,183
Amounts received	-	-	20,521	-	-	20,521
Interest accrued	483	794	1,852	2,952	3,394	9,475
Principal paid	(1,725)	(2,022)	(28,250)	-	(7,727)	(39,724)
Interest paid	(473)	(793)	(1,512)	(2,984)	(945)	(6,707)
Foreign exchange losses	-	92	428	574	547	1,641
Closing balance	2,675	9,581	31,249	58,521	57,363	159,389

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

29 ASSET FINANCING LIABILITIES DUE TO RELATED PARTIES

The assets financing liabilities are interest free, due on demand and unsecured.

<u>GROUP AND COMPANY</u>	TZS m	Contract date	Repayment terms	Current portion TZS m
At 31 December 2021				
- Viettel Global Investment JSC	605,581	Several in 2015 to 2019		605,581
- Viettel Cambodia	7,866	Several in 2015 to 2019	Due on demand	7,866
- Viettel Movitel	-			-
- Viettel Peru S.A.C	1,361	Several in 2015 to 2019		1,361
	614,808			614,808

<u>GROUP AND COMPANY</u>	TZS m	Contract date	Repayment terms	Current portion TZS m
At 31 December 2020-restated				
- Viettel Global Investment JSC	576,869	Several in 2015 to 2019		576,869
- Viettel Cambodia	8,819	Several in 2015 to 2019	Due on demand	8,819
- Viettel Movitel	257			257
- Viettel Peru S.A.C	1,368	Several in 2015 to 2019		1,368
	587,313			587,313

Movement in assets financing liabilities	Viettel Global TZS m	Viettel Cambodia TZS m	Viettel Movitel TZS m	Viettel Peru S.A.C TZS m	Total TZS m
At 31 December 2021					
Opening balance (Restated)	576,869	8,819	257	1,368	587,313
Interest accrued	37,081	-	-	-	37,081
Amounts paid	(5,156)	(910)	-	-	(6,066)
Foreign exchange losses	(3,213)	(43)	(11)	(7)	(3,274)
Roaming expenses for the year	-	-	(194)	-	(194)
Roaming netted off for the year	-	-	972	-	972
De recognition of Payable	-	-	(1,024)	-	(1,024)
Closing balance	605,581	7,866	-	1,361	614,808

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

29 ASSET FINANCING LIABILITIES DUE TO RELATED PARTIES (CONTINUED)

Movement in assets financing liabilities (continued)	Viettel Global	Viettel Cambodia	Viettel Movitel	Viettel Peru S.A.C	Total
At 31 December 2020	TZS m	TZS m	TZS m	TZS m	TZS m
Opening balance-restated	560,501	8,741	269	1,355	570,866
Adjustment of opening balance	483	-	1	-	484
Amounts accrued	13,390	-	-	-	13,390
Amounts paid	(3,626)	(9)	(15)	-	(3,650)
Foreign exchange losses	5,886	87	2	13	5,988
Reclassification of closing balance to trade and other payable: Service fee	(10,915)	-	-	-	(10,915)
Interest accrued	11,150	-	-	-	11,150
Closing balance (restated)	576,869	8,819	257	1,368	587,313

30 OTHER PROVISIONS	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
Opening balance	1,859	2,807	1,859	2,807
Decrease in provision	(286)	(948)	(286)	(948)
Closing balance	1,573	1,859	1,573	1,859

At year-end, there were pending legal cases where the Company was a defendant. Provision has been made for those cases whose outcome the directors considered it probable might be unfavourable to the Company.

The increase/ decrease in provision is recognised in profit or loss under general and administration expenses.

31 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2021 TZS m	Restated 2020 TZS m	2021 TZS m	Restated 2020 TZS m
Financial liabilities				
Trade payables to third parties	6,747	33,124	4,670	29,995
Accrued expenses	9,011	38,767	9,011	38,767
Balance due to related party	58,955	44,888	58,955	44,888
Other payables	3,651	4,301	1,004	986
Payroll liabilities	128	125	136	122
	78,492	121,205	73,776	114,758
Non-financial liabilities				
Government levy on trust accounts.	1,653	-	-	-
Other taxes payable	7,967	6,289	7,291	5,280
	88,112	127,494	81,067	120,038

Terms and conditions for trade and other payable are as follows:

- Trade payables are non-interest bearing and normally settled in 30 days terms.
- Other payables and accrued expenses are non-interest bearing and have an average term of 1 - 3 months.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

32 CONTRACT LIABILITIES

	GROUP AND COMPANY	
	2021	2020
	TZS m	TZS m
Deferred revenue on prepaid airtime cards of customers	12,143	6,072
Towers' marketing rights	16,473	17,971
Donation assets income – Huawei and ZTE	4,596	5,620
At 31 December	33,212	29,663

Amortisation analysis excluding deferred revenue	2021			2020		
	Towers' marketing rights	Donation assets income	Total	Towers' marketing rights	Donation assets income	Total
At 1 January	17,971	5,620	23,591	19,469	4,669	24,138
Additions	-	-	-	-	1,975	1,975
Amortisation to revenue (note 8)	(1,498)	(1,024)	(2,522)	(1,498)	(1,024)	(2,522)
At 31 December	16,473	4,596	21,069	17,971	5,620	23,591

The performance obligations relating to the outstanding contract liabilities are expected to be fulfilled in less than three months after year-end.

33 GOVERNMENT GRANTS

This relates to a grant received from Universal Communication Service Access Fund (UCSAF) which is a government institution. The aim of UCSAF is to enable accessibility to communication services with a view to promote social, education and economic development of the under-served areas of the country.

The UCSAF Authority identifies locations which need network coverage and launches tenders for the provision of the network service among the Mobile Network Operators (MNOs). The MNO which wins the tender is awarded the grant to build the network infrastructure in the specified locations. The MNO is required to provide telecommunication network services in the locations for a minimum period of five years from the commencement of the service provisioning.

	GROUP AND COMPANY	
	2021	2020
	TZS m	TZS m
At 1 January	8,381	7,525
Additions	6,224	2,065
Amortization during the year	(1,638)	(1,209)
Closing balance	12,967	8,381

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

34 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
For the purpose of the statement of cash flows, cash and cash equivalents comprise of following:				
Cash and bank balances (Note 25)	81,926	67,259	14,351	15,634
Less: Restricted bank balances*	(67,025)	(48,987)	-	-
	<u>14,901</u>	<u>18,272</u>	<u>14,351</u>	<u>15,634</u>

*The restricted bank balances relate to deposits and bank interest thereon from mobile money agents held by The Registered Trustees of Halopesa that are not available for use in the Group's day-to-day activities.

35 RELATED PARTIES

The Group's related parties are its ultimate parent, immediate parent, shareholders with significant influence, subsidiaries, other related companies including sister companies and key management personnel including directors.

	Notes	GROUP AND COMPANY	
		2021 TZS m	Restated 2020 TZS m
i) Amounts due to related parties			
Shareholder's loans			
- Viettel Global Investment JSC - principal	27	401,924	403,998
- Viettel Global Investment JSC - accrued interest	27	122,962	100,099
		<u>524,886</u>	<u>504,097</u>
Assets financing liabilities			
- Viettel Global Investment JSC	29	605,581	576,869
- Viettel Cambodia	29	7,866	8,819
- Viettel Movitel	29	-	257
- Viettel Peru S.A.C	29	1,361	1,368
		<u>614,808</u>	<u>587,313</u>
Rendering of services			
- Viettel Global Investment JSC	31	58,955	44,888
Other amounts due to related parties			
- Viettel Telecommunication Limited - commercial contract		384	386
- Viettel Construction Tanzania Limited		429	240
- Viettel Cyber Security Center Branch of Viettel Group		-	164
- Nexttel Cameroon SA		1,164	1,170
- Viettel Digital Service Corporation		812	815
- Viettel Import Export Limited Company		1,516	-
		<u>4,305</u>	<u>2,775</u>

Refer to Notes 27 and 29 for terms and conditions for the shareholder's loans and assets financing liabilities respectively. For the other amounts due to/from related parties, the outstanding balances are unsecured, interest free and settlement occurs in cash and there have been no guarantees provided or received for any of these related party balances

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

35 RELATED PARTIES	GROUP		COMPANY	
	2021 TZS m	2020 TZS m	2021 TZS m	2020 TZS m
ii) Amounts due from related parties				
The gross amount is made up as follows:				
- Viettel Movitel	985	-	985	-
- Viettel Burundi S.A	263	256	263	256
- Viettel Business Solution Corporation	318	402	318	402
- Viettel E-commerce Limited (VTE)	-	-	1,369	2,096
	<u>1,565</u>	<u>658</u>	<u>2,935</u>	<u>2,754</u>
Expected credit losses in relation to above	<u>(319)</u>	<u>(155)</u>	<u>(319)</u>	<u>(155)</u>
	<u>1,246</u>	<u>503</u>	<u>2,616</u>	<u>2,599</u>
Customer's deposit - Viettel E-commerce Limited (VTE)	-	-	4,464	2,093
iii) Transactions with related parties				
Viettel Global JSC				
Receiving of services	(14,067)	(10,915)	(14,067)	(10,915)
Interest expenses on assets financing	(37,081)	(11,150)	(37,081)	(11,150)
Interest expense on shareholder loan	(26,347)	(20,515)	(26,347)	(20,515)
Sister Companies				
Roaming Revenue	991	-	991	-
Waiver/write off liability	1,024	-	1,024	-
Total Revenue	<u>1,915</u>	<u>-</u>	<u>1,915</u>	<u>-</u>
Roaming expenses	<u>(194)</u>	<u>-</u>	<u>(194)</u>	<u>-</u>
Viettel E-Commerce				
Provision of outsourcing services	-	-	9,198	5,563

iv) Bank loan guarantee

Viettel Global Investment JSC has guaranteed a Standards chartered Bank- Mauritius loan (note 28), a loan with exposure at year end of TZS 13,601 million (TZS 31,249 million). The loan agreement is for a year but renewable.

v) Support for going concern

Viettel Global Investment JSC has provided a letter of financial support which confirms that it will assist the Group with the funding and/or other support needed to make it possible for the Group to meet its financial obligations. This includes not recalling amounts owed, providing funds for working capital and capital expenditure.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

35 RELATED PARTIES (CONTINUED)

vi) Compensation for key management personnel

	GROUP		COMPANY	
	2021	2020	2021	2020
	TZS m	TZS m	TZS m	TZS m
Short term employment benefits	622	998	429	865
Post-employment benefits - defined social security contributions	105	100	86	87
	727	1,098	514	952

Key management personnel are described as the persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including executive directors and Heads of Departments.

vii) Directors' remuneration

No remuneration was paid to the directors during the year in their capacity as directors (2020: Nil).

36 AMOUNTS DUE TO CUSTOMERS

	GROUP AND COMPANY	
	2021	2020
	TZS m	TZS m
Customer deposits before interest allocation	52,066	39,542
Accrued interest	5,463	3,004
Total amounts due to customers	57,529	42,546

37 PRIOR PERIOD ADJUSTMENTS

The below prior year adjustments referenced a, b, c, d and e arise from the following:

- Lease contracts previously excluded from determination of lease liabilities and right of use assets in accordance with IFRS 16 requirements. The reclassification has an impact on the amortization charge for the right of use asset recorded under cost of sales and the interest expense on lease liabilities recorded under finance costs.
- Inventory items previously classified as capital work in progress.
- Other payable items previously classified within borrowings and accrued interest previously classified within trade and other payables.
- Amounts due to customers (mobile money business) previously classified within trade and other payables.
- Interest expense previously classified under general and administrative expenses.

The restatements on the statement of cash flows relate to the above errors and other errors in the statement of cash flows previously presented.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

37 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

i. Statement of profit or loss and other comprehensive income – year ended 31 December 2020

		As previously stated	Adjustments	As restated
	Reference	TZS m	TZS m	TZS m
GROUP				
Cost of sales	a	(243,401)	(5,213)	(248,614)
Finance and related costs	a and e	(65,406)	(14,564)	(79,970)
General and administrative expenses	e	(86,284)	10,744	(75,540)
COMPANY				
Cost of sales	a	(230,803)	(5,213)	(236,016)
Finance and related costs	a	(63,456)	(14,564)	(78,020)
General and administrative expenses	e	(83,738)	10,744	(72,994)

ii. Statement of financial position

		As previously stated	Adjustments	As restated
	Reference	TZS m	TZS m	TZS m
GROUP				
Year ended 31 December 2020				
Right of use assets	a	185,300	57,827	243,127
Work in progress	b	43,126	(38,731)	4,395
Inventories	b	3,688	38,731	42,419
Accumulated losses	a	935,199	14,772	949,971
Lease liabilities: noncurrent portion	a	(186,835)	(78,541)	(265,376)
Shareholder's loans: current portion	c	(405,732)	(6,022)	(411,754)
Bank loan: current portion	c	(123,822)	(4,152)	(127,974)
Assets financing due to related parties	c	(615,949)	28,636	(587,313)
Trade and other payables	c and d	(151,578)	24,084	(127,494)
Amount due to customers	d	-	(42,546)	(42,546)
Lease liabilities: current portion	a	(24,027)	5,942	(18,085)
Year ended 31 December 2019				
Right of use assets	a	211,836	51,751	263,587
Work in progress	b	66,760	(38,991)	27,769
Inventories	b	10,207	38,991	49,198
Accumulated losses	a	746,062	5,739	751,801
Lease liabilities: noncurrent portion	a	(192,945)	(91,558)	(284,503)
Shareholder's loans: current portion	c	(105,482)	-	(105,482)
Bank loan: current portion	c	(71,882)	(1,385)	(73,267)
Assets financing due to related parties	c	(598,608)	27,742	(570,866)
Trade and other payables	c and d	(78,356)	5,121	(73,235)
Amount due to customers	d	-	(31,478)	(31,478)
Lease liabilities: current portion	a	(47,750)	34,068	(13,682)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

37 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

ii. Statement of financial position (continued)

		As previously stated	Adjustments	As restated
		TZS m	TZS m	TZS m
	Reference			
COMPANY				
Year ended 31 December 2020				
Right of use assets	a	185,198	57,827	243,025
Work in progress	b	43,126	(38,731)	4,395
Inventories	b	3,688	38,731	42,419
Accumulated losses	a	933,639	14,772	948,411
Lease liabilities: noncurrent portion	a	(186,767)	(78,541)	(265,308)
Shareholder's loans: current portion	c	(405,732)	(6,022)	(411,754)
Bank loan: current portion	c	(123,822)	(4,152)	(127,974)
Assets financing due to related parties	c	(615,949)	28,636	(587,313)
Trade and other payables	c	(101,576)	(18,462)	(120,038)
Lease liabilities: current portion	a	(23,996)	5,942	(18,054)
Year ended 31 December 2019				
Right of use assets	a	211,836	51,751	263,587
Work in progress	b	66,760	(38,991)	27,769
Inventories	b	10,207	38,991	49,198
Accumulated losses	a	744,174	5,739	749,913
Lease liabilities: noncurrent portion	a	(192,945)	(91,558)	(284,503)
Shareholder's loans: current portion	c	(105,482)	-	(105,482)
Bank loan: current portion	c	(71,882)	(1,385)	(73,267)
Assets financing due to related parties	c	(598,608)	27,742	(570,866)
Trade and other payables	c	(45,012)	(26,357)	(71,369)
Lease liabilities: current portion	a	(47,750)	34,068	(13,682)

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

37 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

III. Statement of cash flows

Group	As previously stated	Adjustment	Restated
Year ended 31 December 2020	TZS Million	TZS Million	TZS Million
Cash generated from operations	81,849	6,368	88,217
Income tax paid	(727)	(56)	(783)
Withholding tax at source	(304)	(181)	(485)
Net cash flows generated from operating activities	80,818	6,131	86,949
Cash flows used in investing activities			
Purchase of property and equipment	(44)	-	(44)
Proceeds from disposal of assets	3,140	-	3,140
Purchase of intangible assets	(1,884)	-	(1,884)
Capital expenditure advance payments	(19,721)	(4,845)	(24,566)
Interest received	2,170	-	2,170
Net cash flows used in investing activities	(16,339)	(4,845)	(21,184)
Cashflows used in financing activities			
Proceeds from share issue	-	-	-
Proceeds from bank loans	20,521	-	20,521
Repayment of bank borrowings - principal	(39,724)	-	(39,724)
Bank loan repayment - Interest paid	(6,707)	-	(6,707)
Amounts received from government grants	-	2,065	2,065
Principal elements of lease payments	(42,026)	(38)	(42,064)
Lease settlement by netting off	-	-	-
Shareholder loan repayment	-	(2,162)	(2,162)
Proceeds from asset financing facility	13,390	-	13,390
Payment for asset financing	(2,499)	(1,151)	(3,650)
Net cash flows used in financing activities	(57,045)	(1,286)	(58,331)
Net (decrease)/ increase in cash and cash equivalents during the year	7,434	-	7,434
Cash and cash equivalents at 1 January	10,741	-	10,741
Foreign exchange differences on cash and cash equivalents	97	-	97
Cash and cash equivalents at 31 December	18,272	-	18,272

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

37 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

III. Statement of cash flows (continued)

	As previously stated	Adjustment	Restated
	TZS Million	TZS Million	TZS Million
Cash generated from operations	81,808	6,540	88,348
Income tax paid	(702)	(48)	(750)
Withholding tax at source	-	(399)	(399)
Net cash flows generated from operating activities	81,106	6,093	87,199
Cash flows used in investing activities			
Purchase of property and equipment	-	-	-
Proceeds from disposal of assets	3,140	-	3,140
Purchase of intangible assets	(1,884)	-	(1,884)
Capital expenditure advance payments	(19,721)	(4,845)	(24,566)
Interest received	-	-	-
Net cash flows used in investing activities	(18,465)	(4,845)	(23,310)
Cashflows used in financing activities			
Proceeds from share issue	-	-	-
Proceeds from bank loans	20,521	-	20,521
Repayment of bank borrowings - principal	(39,724)	-	(39,724)
Bank loan repayment - Interest paid	(6,707)	-	(6,707)
Amounts received from government grants	-	2,065	2,065
Principal elements of lease payments	(42,026)	-	(42,026)
Lease settlement by netting off	-	-	-
Shareholder loan repayment	-	(2,162)	(2,162)
Proceeds from asset financing facility	13,390	-	13,390
Payment for asset financing	(2,499)	(1,151)	(3,650)
Net cash flows used in financing activities	(57,045)	(1,248)	(58,293)
Net (decrease)/ increase in cash and cash equivalents during the year	5,596	-	5,596
Cash and cash equivalents at 1 January	9,941	-	9,941
Foreign exchange differences on cash and cash equivalents	97	-	97
Cash and cash equivalents at 31 December	15,634	-	15,634

IV. Notes

- The Notes to the financial statements were restated to conform to the above restatements affecting profit and loss, statement of financial position and statement of cash flows.
- Note 16 for property, plant and equipment was revised to disclose the appropriate property classes (Base stations) that were previously not disclosed (previously disclosed within machinery and equipment).
- Note 35 for related party transactions and balances was revised to disclose related party transactions that were previously not disclosed.

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

38. Statement of cashflows notes

	Note	GROUP		COMPANY	
		2021 TZS m	2020 Restated TZS m	2021 TZS m	2020 Restated TZS m
Cash generated from operations					
Loss before tax		(98,939)	(196,828)	(100,447)	(197,408)
Adjustments for:					
Interest income	12	(2,748)	(2,283)	-	(113)
Interest from shareholder loan	12	26,347	20,515	26,347	20,515
Interest in asset financing	12	37,081	11,150	37,081	11,150
Interest on finance lease liability	12	24,773	23,790	24,766	23,781
Interest on bank loans	12	5,554	9,475	5,554	9,475
Finance cost - decommissioning provision	21	427	362	427	362
Effects of changes in foreign exchange rates	12	(6,237)	12,571	(6,237)	12,571
Expected credit losses	8(b)	3,917	9,954	3,917	9,954
Expected credit losses-due from related parties		164	(24)	164	(24)
Depreciation of property and equipment	16	86,553	87,800	86,529	87,795
Amortization of Right of Use Assets	18	26,307	24,010	26,280	23,984
Amortisation of intangible assets	17	1,257	3,545	1,257	3,545
Amortisation of the decommissioning asset	21	79	74	79	74
Gain on disposal	8(a)	(1,493)	(499)	(1,493)	(499)
Increase/(decrease) in provision for inventories	23	10,721	(16)	10,726	(16)
Provision for litigation	30	(286)	(948)	(286)	(948)
Amortisation of contract liabilities	32	(2,522)	(2,522)	(2,522)	(2,522)
Amortisation of Government Grants	33	(1,638)	(1,209)	(1,638)	(1,209)
Write-off of amounts due to related parties.	35	(1,024)	-	(1,024)	-
Cash flows from/(used in) operations before working capital changes		108,293	(1,083)	109,480	467
Decrease in inventories excluding provisions	23	7,383	6,795	7,383	6,795
Decrease in trade and other receivables excluding ECL	24	22,792	29,540	21,727	30,657
Decrease/(Increase) in amounts due from related parties less ECL	35	907	(2,377)	181	(1,944)
Increase/(Decrease) in amounts due to related parties	35	1,530	(3,619)	1,530	(3,619)
Increase/(decrease) in trade and other payables	31	(41,362)	52,413	(39,516)	46,167
Increase in restricted cash balances	25	(18,038)	(14,345)	-	-
Reclassified interest under shareholder loans	27	-	6,021	-	6,021
Increase in deposits from customers	36	14,983	11,068	-	-
Deferred revenue	32	6,071	1,345	6,071	1,345
Donation of assets		-	1,975	-	1,975
Increase in asset financing excluding forex & payment	29	778	484	778	484
Cash generated from operations		103,337	88,217	107,634	88,348

VIETTEL TANZANIA PUBLIC LIMITED COMPANY

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

39 CAPITAL COMMITMENT

Capital expenditure contracted for at the reporting date but not recognised in the consolidated and separate financial statements was as follows:

	GROUP AND COMPANY	
	2021	2020
(i) Capital commitments	TZS m	TZS m
Construction of network assets	7,655	4,984
	7,655	4,984
(ii) Lease commitments		
Future minimum lease payments under irrevocable lease arrangements:	TZS m	TZS m
Not later than 1 year	312	543
Later than 1 year but not later than 5 years	4,212	490
Later than 5 years	265	4,263
	4,789	5,296
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,853	1,853

40 CONTINGENT LIABILITIES

Litigation

The Group is currently involved in various legal proceeding and has, in consultation with its legal counsel, assessed the outcome of these proceedings. Following this assessment, the Group's management has determined that adequate provision has been made as indicated in note 30 in respect of these legal proceeding as at 31 December 2021. The group has determined that contingent liability relating to these cases is immaterial (2020: immaterial).

The Group has also considered all matters in dispute with the tax authority and has accounted for any exposure identified, if required. The Group has not disclosed all the details in relation to the open tax disputes because the matters are still under the dispute resolution process.

41 FAIR VALUE

The fair values of the Group's and Company's financial instruments reasonably approximate the carrying amounts due to the short-term nature of the instruments or fact that long-term interest-bearing instruments bear interest rates that reasonably approximate market rates

42 APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated and separate financial statements were authorised for issue by the Board of Directors on the date shown on the consolidated and separate statements of financial position. They are subject to approval by the members in the Annual General Meeting.

43 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking of the company, Viettel Global Investment Joint Stock Company, a state-owned company in the Socialist Republic of Vietnam.

The ultimate parent undertaking of the company is Government of Socialist Republic of Vietnam which is the ultimate controlling party of the group.

44 SUBSEQUENT EVENTS

There are no subsequent events that have occurred, which could materially affect the financial statements, and should be disclosed or adjusted for in the financial statements.