OASIS

Payless Energy Limited

STRATEGIC INVESTOR STATUS REQUEST

DECEMBER 2025

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1. EXECUTIVE SUMMARY

Payless Energy Ltd. is a project with a capital investment of USD 26,117,730 that seeks to implement a groundbreaking Payless electric mobility innovation. In its initial phase, the focus will be on the assembly of electric two- and three-wheelers, local manufacturing of EV chassis and lithium-ion batteries, and the deployment of clean energy charging and automated battery-swapping stations. It is estimated that by the end of the year 2026, the Payless Energy will have manufactured a total of 8,000 units of E-Bodaboda, 6,000 units of E- Bajaj, and 6,000 units of E-Bajaj Cargo, and to have 1,000 Lithium-ion batteries swaps done in the year.

The primary objective is to accelerate the industrialization of the United Republic of Tanzania, support the achievement of the Sustainable Development Goal (SDG) on climate action by reducing 30,000+ tonnes per year of CO2 emissions, and make electric mobility affordable for all Tanzanians. This initiative is also expected to drive urbanization and the development of sustainable cities.

Payless Energy Limited is a pioneer in lithium-ion battery manufacturing in the region, which uniquely positions it to become a major manufacturer and supplier of lithium batteries in the East and Southern African markets. This will increase foreign exchange earnings for the country and boost the national economy. It will also reduce the region's reliance on costly battery imports and enhance regional supply chain resilience.

The project is expected to give rise to an estimated 300 direct jobs, engaging engineers, technicians, assemblers, marketing, sales, and distribution staff. In addition, 1,200+ indirect jobs within the supporting ecosystem surrounding lithium battery and EV manufacturing such as local component suppliers, packaging and material handlers.

It will also facilitate the transfer of technology, as expatriates, in line with company policy, will work closely with local employees to impart skills and knowledge. Furthermore, the company has set a standard of sending employees to China and other heavily industrialized countries for intensive training.

It will also positively impact ancillary sectors like the Finance sector financing arrangements to facilitate motorcycle purchases, Insurance sector by stimulating demand for motor vehicle coverage and the Energy sector by increasing electricity consumption while reducing reliance on fossil fuels, thereby conserving foreign exchange reserves.

The project will also capitalize on the Mapinga site, where its expansive growth will bring significant community benefits, including infrastructure development and opportunities for local enterprises. Overall, it will contribute meaningfully to Tanzania's economic development.

It is projected that the company will remit its fair share of taxes, including corporate tax, value-added tax, withholding tax, employment taxes, and other applicable levies. In the year of the project's full scale operations, corporate tax payments are projected from each of its line of business are projected to reach TZS 81.56 billion making a notable contribution to public finances.

Payless Energy believes that this project will position Tanzania as a pioneer in lithium-ion battery manufacturing and electric vehicle assembly. In turn, this will attract foreign investment, foster international trade relations, and improve the welfare of Tanzanian citizens.

2. COMPANY OVERVIEW

2.1 ESTABLISHMENT

Payless Energy Limited (hereafter referred to as "the Company" or "Payless Energy") is a locally owned company incorporated in the Republic of Tanzania with incorporation number 141727044 dated 21st May, 2020.

The registered offices of the Company are located at Mikocheni, Dar es Salaam.

2.2 SHAREHOLDING STRUCTURE

Payless Energy is wholly owned by two local companies. The company shareholding structure is as follows:

No.	Name	Share Percentage
1	Oasis Financial Services Limited	99%
2	Stambuli Stephen Myovela	1%
	Total	100%

2.3 CORE BUSINESS

The core or principal business of the Company is to;

i. Assemble electric two and three wheelers,
ii. To manufacture and Sell lithum-ion batteries for use in the two and three wheelers,
iii. To manufacture Electric vehicles' Chassis, and
iv. To deployment of clean energy charging and automated battery swapping stations.

Both of the manufacturing processes have started to be done locally.

3. PAYLESS ENERGY PROJECT

3.1 INTRODUCTION

The Payless Energy project is a strategic investment initiative aiming at making Tanzania a pioneer at the forefront of electric mobility innovation in East and Southern Africa.

This project involves the construction of industrial facilities where manufacturing, assembly, and testing will be done. It also involves the importation and construction of charging and battery swapping stations across the country to make the use of electric two and three wheelers affordable and convenient for the consumers.

The rationale of the project is centred around the need to reduce the rising of greenhouse gas emissions, severe air pollution in urban centers, and growing dependency on imported fossil fuels which is catalyzed by the rise in urbanization and motorization in Africa.

Various studies done by Payless Energy show that at a global level, the size of e-mobility market was estimated at USD 597.27 Billion in 2024, as released by Precedence Research. Based on this estimates the expected potential growth is a compound annual growth rate (CAGR) of 22.96% between 2024 and 2034.

However, it did not go unnoticed during the research that; One of the most pressing challenges hindering the adoption of Electric Vehicles (EVs) is the high cost of importing electric vehicles (EVs) and components into markets like Tanzania. Because import duties, shipping logistics, and currency fluctuations significantly raise the end-user price of EVs, making them inaccessible to most consumers and micro-entrepreneurs. In addition, the lack of localized manufacturing and assembly capacity hampers affordability, limits job creation, and increases reliance on external supply chains.

Compounding these barriers is the inadequate availability of charging and battery-swapping infrastructure, particularly in peri-urban and underserved areas. Without a reliable and accessible ecosystem to support EV adoption, market growth remains stagnant. These challenges underline the urgent need to localize EV production, assembly, and charging infrastructure in Africa not only to lower costs and increase access, but also to build resilient, green industrial value chains that serve regional markets among many other benefits.

The reforms such as the EU's net-zero target by 2050 and China's ICE phase-out by 2035 and challenges have presented an opportunity for the project's promoters to invest in the project and play a role in the supply of both capital goods and other necessary infrastructures to commence the project. The project's promoters believe in the importance of the project in transforming Tanzania's goal to be industrialized for economic growth and hence their decision to embark on the project.

3.2 PROJECT LOCATION AND SITE OVERVIEW

The Payless Energy factory is located at Plot No. 7, Block B, Kunduchi–Ununio, Dar es Salaam, covering an area of 6,006 square meters. To support its expansion plans, the company has also acquired an additional parcel of land at Mapinga, measuring 98,227 square meters, intended for the future development of its manufacturing plant.

Image 1: Construction of the Factory at Ununio.

Image 2: Factory expansion site at Mapinga.

3.3 CAPITAL INVESTMENT

Payless Energy has already been injected with USD 4.35 million in equity used for the acquisition of factory plots, renovation and expansion of the factory building, acquisition of initial machinery and equipment, purchase of inventories (two & three wheelers' accessories) and importation of lithium batteries raw materials.

The company has also secured grant of USD 4.79 million from UNIDO to finance the acquisition of machinery for the assembling of motor cycles and lithium batteries.

The company is also seeking additional funds that will utilized on the following:-

ITEM	WORK DESCRIPTION	TOTAL (US$)
1	Construction of new factory at Mapinga (Steel Structure)	6,000,000.00
2	Construction of new factory at Mapinga (labor and	7,714,098.00
2	Purchase of additional machinery for motor cycle assembly	1,239,000.00
3	Purchase of additional machinery for Lithium battery	293,000.00
4	Battery charging station	6,500,000.00

5	Land acquisition and buildings	3,371,632.00
6	Working capital	1,000,000.00
TOTAL INVESTMENT AMOUNT		**26,117,730.00**

3.4 CONSTRUCTION OF FACTORY (Pre-fabricated Steel Structure) (USD 4,149,882).

To meet the projected annual production capacity of 70,000 electric two- and three-wheelers, the establishment of a state-of-the-art manufacturing facility is essential. This facility will accommodate the advanced machinery and equipment required for the efficient production and assembly of both electric vehicles and lithium batteries.

The steel structure is a pinnacle of modern prefabricated engineering. It is designed to be a single-story industrial warehouse spanning 136 meters in length, 84 meters in width, and 10 meters to the eave height, with a total covered surface of 11,424 square meters. Its dimensions makes it ideal for manufacturing and as a storage hub.

Its strength is derived from a primary frame utilizing high-grade Q355B variable-section steel beams and columns, reinforced by extensive secondary bracing systems including tie rods, angle steels, and high-strength HS10.9S bolts, ensuring exceptional resistance to seismic activity, high winds, and heavy loads up to the integration of photovoltaic panels on a gently sloped 1:20 roof.

Key features include a fully insulated roof and ceiling system with 50mm rockwool rolls sandwiched between 0.4mm corrugated steel panels for superior thermal efficiency and noise reduction, complemented by natural ventilation equipment, stainless steel gutters, and PVC down pipes for optimal moisture management; the wall system employs durable 0.4mm single-layer V840 panels with an array of 33 aluminum alloy windows and 10 customizable doors (including fireproof and sliding variants) to maximize natural light, airflow, and accessibility.

This state-of-the-art design excels in modularity and sustainability, allowing for rapid production and on-site assembly and this minimize labor and downtime, while its crane-ready beams and galvanized components guarantee longevity with low maintenance.

The structure will be procured from Chinese suppliers who offers the best price and quality of the structure and its components.

- **Construction Materials**: The structure will be constructed using high-quality materials, including carbon steel columns, galvanized roofing sheets, reinforced concrete foundations, and insulated wall panels to ensure durability, energy efficiency, and resistance to corrosion.

- **Safety Systems**: The structure will be equipped with safety features including emergency bracing systems (such as tie rods and column bracing), high-strength bolts (HS10.9S M20*70 H.S.B), and anchor bolts (M30 L=1000mm) to secure the foundation. Fireproof doors (Class A) and ventilation equipment will further enhance occupant safety, with provisions for seismic and wind load resistance integrated into the design.

- **Compliance:** The structure will adhere to international standards and local regulations, with its design reflecting best practices for industrial buildings. The use of certified materials and detailed engineering drawings ensures alignment with standards set by organizations like ISO.

3.5 Construction of new factory at Mapinga (labor and consultancy) (USD 5,220,000)

The construction of the new factory at Mapinga involves significant investment in both materials and professional expertise.

- **Construction materials and labor:** The project has utilized locally sourced construction materials including cement, concrete, steel reinforcements, aggregates, and finishing products procured from Tanzanian suppliers. This approach not only ensures timely delivery and cost efficiency but also contributes to the development of local industries and supports the growth of domestic manufacturing and distribution networks. By engaging local firms for materials such as ready-mix concrete, cement blocks, and roofing sheets, the project directly stimulates internal markets and fosters job creation within the construction supply chain.

- **Consultancy Services:** In addition to materials, the project has incurred consultancy and professional service costs essential to ensuring quality and compliance throughout construction. These include services from civil and structural engineers for design and supervision, architects for layout and functionality optimization, and project management consultants for coordination and cost control. Specialized advisory services have also been engaged in environmental and sustainability consultancy, ensuring adherence to environmental regulations and sustainable building practices. Collectively, these services ensure that the Mapinga factory is constructed to international standards while maximizing local participation and knowledge transfer.

3.6 PLANT AND MACHINERY (USD 5,434,155)

a) Machinery for manufacturing Chassis for the 2 and 3 Wheeler electric vehicles:

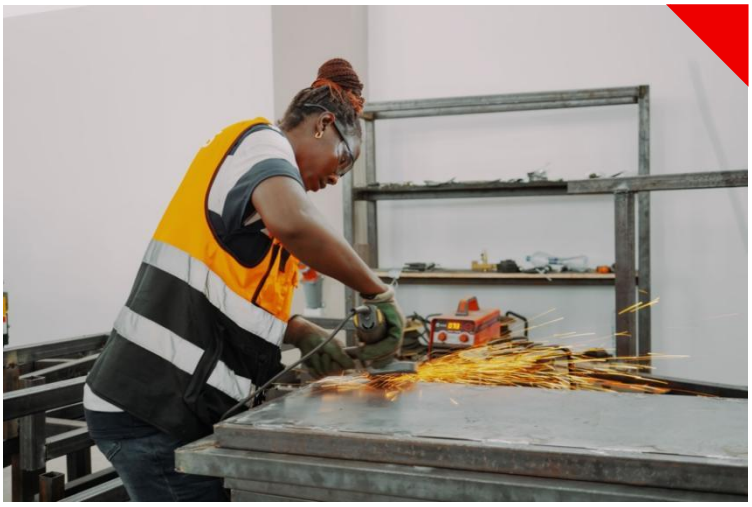
To establish a modern and competitive chassis manufacturing plant, Payless Energy Ltd will invest in state-of-the-art machinery that guarantees efficiency, precision, and durability. The investment covers five key categories of equipment: cutting, pressing, bending, welding, and coating/painting. Together, these machines form a complete production line capable of delivering world-class chassis suitable for both domestic and export markets.

Machinery Type	Description (State-of-the-Art Capability)	Estimated Cost (US $)
Cutting Machinery	CNC laser and plasma cutting systems for precision profiling, high-speed cutting, and minimal material waste.	61,000
Pressing Machinery	Hydraulic and mechanical presses for forming/stamping steel sheets into chassis components with consistency and strength.	285,000
Bending Machinery	CNC press brakes and tube benders for programmable, high-accuracy shaping of complex geometries.	105,000
Welding Machinery	Robotic MIG/MAG welding systems with sensors for uniform weld penetration, structural integrity, and quality assurance.	58,000
Coating & Painting Machinery	Powder coating and electrostatic spray line with automated curing ovens for corrosion resistance, durability, and eco-friendly finishing.	730,000

Total Investment	**1,239,000**

Technical Narrative;

- **Cutting Machinery:**
  CNC laser and plasma cutters deliver highly accurate and efficient material cutting, ensuring consistent dimensions and reducing rework. Their automation allows for precise profiling at industrial scale.
- **Pressing Machinery:**
  Hydraulic and mechanical presses apply high tonnage force to stamp and form steel sheets into standardized chassis components. These machines guarantee uniformity, strength, and scalability for mass production.
- **Bending Machinery:**
  Advanced CNC press brakes and tube bending machines provide programmable accuracy for shaping chassis frames. They maintain material integrity while allowing flexibility to meet varied vehicle specifications.
- **Welding Machinery:**
  Robotic MIG/MAG welding stations ensure strong, consistent joints with minimal human error. Integrated sensors monitor weld quality in real time, enhancing both safety and production efficiency.
- **Coating & Painting Machinery:**
  A powder coating and electrostatic spray painting line, supported by automated curing ovens, provides a durable and environmentally friendly finish. This protects the chassis against corrosion and ensures compliance with international automotive standards.



b) Machinery for making lithium batteries

To strengthen the electric mobility value chain, Payless Energy Ltd will establish a state-of-the-art lithium-ion battery assembly line. This facility will be equipped with advanced machinery designed to ensure precision, safety, and international quality compliance. The assembly line will cover all critical processes, from cell grading and tab cutting to welding, testing, and digital monitoring through MES. Together, these investments will guarantee high-performance battery packs with long cycle life and safety standards suitable for both local and export markets.

Machinery Type	Description (State-of-the-Art Capability)	Estimated Cost (US$)
Cell Grading Machine	Automated testing and classification of individual cells by voltage, resistance, and capacity to ensure pack consistency.	31,000
Tab Cutting Machinery	High-precision cutting of electrode tabs to exact dimensions, ensuring uniform connections and reducing defects.	46,000
Laser Welding Machine	Non-contact high-precision laser welders for joining tabs and connectors, delivering strong, reliable joints.	42,000
Module Section Lines	Automated assembly line for arranging and assembling cells into modules prior to pack integration.	60,000
EOL Testing Equipment	Comprehensive end-of-line testing of full battery packs for voltage, capacity, insulation resistance, and thermal safety.	84,000
MES System	Integrated digital Manufacturing Execution System for real-time monitoring, traceability, and quality control.	30,000
Total Investment		**293,000**

Technical Narrative

- **Cell Grading Machine:**
  Ensures uniformity by classifying cells according to voltage, resistance, and capacity. This process enhances performance and safety by matching only cells of similar quality in a pack.

- **Tab Cutting Machinery:**
  Provides precise cutting of electrode tabs to exact specifications, enabling reliable connections and minimizing risk of short circuits or defects during assembly.
- **Laser Welding Machine:**
  Enables high-strength, low-heat welds for cell interconnections. Its precision guarantees long-term reliability of electrical joints and reduces thermal stress on cells.
- **Module Section Lines:**
  Automates the arrangement of cells into modules before final pack assembly. This improves efficiency, scalability, and uniformity in production.
- **EOL Testing Equipment :**
  Performs rigorous safety and performance tests on completed battery packs, including charge/discharge capacity, insulation resistance, and thermal stability, ensuring compliance with EV battery standards.
- **MES System:**
  Provides a digital backbone for the assembly line, allowing real-time monitoring, defect analysis, and full traceability of every battery produced. This system reduces waste, ensures compliance, and improves productivity.

c) Swapping Station:

To accelerate adoption of electric mobility, Payless Energy Ltd will deploy state-of-the-art battery swapping stations. These stations will provide fast, efficient, and user-friendly energy solutions, reducing downtime for electric vehicles and increasing operational efficiency for users. Each station integrates physical swapping cabinets, digital software platforms, and a pool of standardized lithium-ion batteries.

Component	Description (State-of-the-Art Capability)	Estimated Cost (USD)
Swapping Cabinets (1,000 units)	Each cabinet has 12 slots, enabling automated battery exchange within minutes. Supports scalability and reliability.	4,000,000 (USD 4,000 × 1,000)
Battery Pool (12,000 batteries)	Standardized lithium-ion batteries ensuring compatibility, safety, and long cycle life. Critical for uninterrupted service.	4,800,000
Software System	Centralized software platform for monitoring usage, managing payments, optimizing battery rotation, and enabling real-time data analytics.	25,000
Total Investment		**8,825,000**

Technical Narrative

- **Swapping Cabinets :**

Payless Energy Ltd will invest in 1,000 automated swapping cabinets, each with a 12-battery capacity. These advanced cabinets allow users to exchange depleted batteries for fully charged ones within minutes, eliminating long charging waits. Designed for scalability and durability, the system ensures continuous service in urban and peri-urban centers.

- **Battery Pool :**

The swapping ecosystem will be supported by a fleet of 12,000 standardized lithium-ion batteries. Each battery is engineered for long cycle life, safety, and compatibility with multiple vehicle types. Maintaining a robust pool of batteries is critical to ensuring uninterrupted service and user confidence.

- **Software System:**

A dedicated digital platform will manage the entire swapping ecosystem. Features include real-time monitoring of battery health, predictive analytics for replacement cycles, user authentication, mobile app integration for seamless swapping, and payment systems for

customer convenience. The software also ensures optimal utilization of the battery pool, reducing downtime and extending asset life.

3.7 LAND AND BUILDINGS (USD 2,195,963)

a) Land Acquisition and Administrative buildings

Payless Energy has acquired strategically located lands one at Kunduchi–Ununio, Dar es Salaam, covering an area of 6,006 square meters. And there other at Mapinga, measuring 98,227 square meters which is intended for expansion plans such as the future development of its manufacturing plant.

On the land at Kunduchi, there are administration offices that have adequate space for core departments such as operations, finance, human resources, and administration, supported by conference and meeting rooms, as well as a reception area to accommodate clients and visitors. The buildings also have facilities such as a staff break room, restroom facilities, and parking areas. There are plans to construct more buildings at Mapinga which is bigger in size.

b) Office Equipment and Technology:

To support efficient administrative operations, Payless Energy will invest in modern office equipment and technology, including:

- **Computer Systems and Software:** High-performance computers and specialized software will be procured to manage critical tasks such as EV assembly scheduling, battery production tracking, quality control analysis, financial accounting, and real-time communication across the facility. Software will include CAD tools for design optimization, ERP systems for resource planning, and data analytics platforms to monitor production efficiency.

- **Furniture and fittings:** The offices have modern, ergonomic desks, chairs, and workstations for staff. Meeting rooms are furnished with durable tables and seating, while the reception and break areas have comfortable fittings. Storage cabinets and presentation equipment are provided, with all items selected for durability, safety, and functionality.

- **Communication Systems:** Reliable communication equipment, including VoIP telecommunication devices, ruggedized mobile devices for on-floor coordination, and integrated intercom systems, will be installed to ensure seamless communication between engineers, assembly line workers, quality inspectors, and management, facilitating rapid decision-making and operational alignment.

- **Security Systems:** The office premises within the structure will be equipped with advanced security systems, including high-definition surveillance cameras with

night vision, biometric access control systems for restricted areas (e.g., battery storage zones), and motion-sensor alarm systems to safeguard personnel, proprietary technology, and valuable assets against theft or unauthorized access.

- **GPS and IoT Tracking System:** A sophisticated pilot program will be introduced, utilizing on-board vehicle tracking and IoT sensors to provide comprehensive data on equipment performance, assembly line status, worker safety, location tracking for material transport within the facility.

c) Repair and Maintenance facility

Based on the nature of the manufacturing activities, Payless Energy acknowledges for a facility for testing, repairs and maintenance of the EVs and batteries that have been manufactured. The facility will also serve as a repair and maintenance hub for EVs and batteries that have already been sold to clients but need repairs and periodic maintenance. The facility will include:-

- **Battery Component Storage Tanks:** Adequate storage tanks for critical battery materials, such as electrolytes and lithium salts, will be procured to ensure a continuous supply for the assembly process. These tanks will comply with local regulations and industry standards to guarantee safe containment, prevent contamination, and maintain material purity essential for high-performance battery production.

- **Battery Testing Chambers**: Specialized environmental testing chambers will be installed to simulate extreme conditions (such as temperature, vibration, rain) for lithium-ion batteries, ensuring reliability and safety. These chambers will include automated data logging and fail-safe mechanisms to meet standards.

- **Service Bay;** The bay will be equipped with advanced diagnostic tools, lifting equipment, and specialized instruments designed for EV and battery servicing.

3.8 WORKING CAPITAL

The project requires dedicated working capital to support daily operational activities essential for battery cell production, EV assembly, and distribution. This includes financing the procurement of raw materials and components, cell-assembly inputs, electrode materials, casings, electronics, and packaging; meeting labour and administrative costs; covering utilities for high-energy manufacturing processes; supporting quality-testing

operations; maintaining logistics and warehousing; and ensuring continuous after-sales and technical-support services. The working capital ensures smooth production cycles, uninterrupted supply chains, and stable operational capacity during the initial years of the project.

3.8 PROJECT IMPLEMENTATION TIMELINES

Based on the fast pace of the project, it is planned that from June to December 2025 all necessary procurement such that the prefabricated steel structure, and machines will completed.

The pilot stage is expected to commence from January 2026 and full scale operations by June 2026. All preliminary activities such as site preparation, obtaining necessary permits and licenses, conducting feasibility and design studies have already been completed.

ITEM	WORK DESCRIPTION	Expected Completion Date
1	Project design, engineering, and site preparation	Completed
2	Procurement of additional machinery, and equipment	May-26
3	Construction works (Mapinga)	June-26
4	Pilot Operations	June to Dec 2026
5	Full scale operations	Jan-27

4. PROJECT SOCIO-ECONOMIC BENEFITS

4.1 JOB CREATION

- The project is expected to create vital employment opportunities and other income generating opportunities to the Tanzanian workforce. The operational phase of the

project will require significant manpower that is expected to be sourced locally within the Tanzania workforce.

- More than 300 direct local jobs will be created across management, technical, and support roles.
- It will drive over 1,200+ indirect jobs opportunities especially for independent mechanics, delivery and ride-hailing operators, suppliers, students, telecom providers, spare parts vendors, recyclers, insurers, banks, and boda boda riders.

TZS 4.27 billion

Annual labour costs are expected to reach TZS 4.27 billion during the operational phase of the project for direct employees.

- Employment opportunities created by the project will generate income for the Tanzanian workforce and promote social stability. The jobs to be created will help to address the unemployment issues affecting the Country. The workforce will primarily be comprised of youth, hence playing a role in addressing youth unemployment, reduction of poverty and fostering economic growth. Through factory-based training programs, students from science and technology universities will access field attachments, enabling them to gain practical skills and valuable experience.

4.2 INCREASE IN GOVERNMENT REVENUE AND TAXES

- Payless Energy will contribute to government revenue in terms of corporate taxes, city service levy, withholding tax, employment taxes and other taxes and levies.
- Payless Energy projects that once the company is fully operational, annual government revenue in terms of taxes will increase significantly. Provided the incentive, the company is projected to pay TZS 81.46 billion in corporate tax from all its lines of business which is equivalent to USD 31.94 million in the first year of is full scale operations.

TZS 81.46 billion

Corporate taxes payments to the Government in the first year of the company's full scale operations.

- Other government revenue such as PAYE, SDL, WCF are projected to reach TZS 500 million annually.
- However, these fiscal returns are only possible when the company is granted the incentives that will allow the company to reinvest in its operations.

4.3 Environmental Impact

- The project will play a significant role in reducing the country's carbon footprint. By promoting widespread adoption of electric vehicles (EVs), it is projected to cut annual greenhouse gas emissions by over 30,000 tonnes of CO_2each year. This not only supports national climate goals but also contributes to cleaner air, healthier communities, and long-term environmental sustainability.

4.4 Accessibility

- The project will also enhance access to clean, affordable, and reliable transport, especially for underserved groups. By deploying over 50,000 low-emission electric vehicles (EVs) by 2030, it will expand mobility options, lower transportation costs, and promote inclusive economic participation while reducing environmental impacts

4.5 Foreign Exchange Earnings

- The establishment of an electric vehicle (EV) and lithium battery manufacturing plant will position the country as a regional hub for sustainable mobility solutions, supplying not only the domestic market but also neighboring countries across East Africa.
- It is projected that the 40% of the generated revenue per year will be from exported products and services.The project will generate significant foreign exchange earnings, reducing reliance on imports and strengthening the trade balance.

- In its start of full scale operations, the company is projected to generate USD 1.08 billion in foreign currencies from exports.

> **USD 24.32 million**
>
> Forex Generated from exported sales in the year 2027.

- As demand for low-emission transport rises across the region, the country will benefit from being a first-mover in EV manufacturing, attracting international buyers, regional distributors, and long-term investment partnerships. This will contribute to consistent inflows of foreign currency through vehicle sales, battery exports, licensing fees, and after-market services.

- Additionally, by replacing imported vehicles and batteries with locally manufactured alternatives, the project ensures foreign exchange savings. Reduced import bills, combined with increased export revenues, will enhance the country's reserves, improve macroeconomic stability, and reinforce its industrial competitiveness in the global green economy.

4.6 TECHNOLOGY TRANSFER

- The EV and lithium battery manufacturing project will be a key driver of technology transfer from China to Tanzania, enabling the country to build world-class capacity in advanced automotive and energy storage technologies.

- Through strategic partnerships, Chinese experts will work hand-in-hand with Tanzanian engineers and technicians, offering structured trainings, on-the-job mentorship, and knowledge-sharing programs. This collaborative approach ensures that local staff gain the technical expertise and confidence needed to operate, maintain, and innovate within the manufacturing processes.

- Payless Energy envisions a clear roadmap: by 2026, all critical stages of EV and battery manufacturing will be fully operated by Tanzanian professionals, marking a successful localization of skills.

- Beyond skills development, the project will also embed innovation, quality assurance, and global best practices into Tanzania's industrial ecosystem, thereby fostering a culture of technological self-reliance and positioning the country as a regional leader in green technology manufacturing.

4.7 MULTIPLIER EFFECT

- The project will act as a catalyst for growth in associated industries, including insurance and banking. Given its scale, the project will generate insurance premiums for the insurance industry and generate interest income for banks through loans provided for project implementation.

- The operation of the facility will also stimulate upstream and downstream enterprises. Locally, this includes raw material suppliers, component manufacturers, and maintenance services; regionally, it extends to EV dealerships, charging infrastructure providers, and recycling businesses for used batteries.

- The project will create a multitude of business opportunities, resulting in a multiplier effect across various sectors such as delivery of foodstuffs and urban transportation. This, in turn, will further drive the economic development of the country, fostering a vibrant business ecosystem and spurring overall growth.

4.8 INDUSTRIALIZATION AND VALUE CREATION

- The project will accelerate the industrialization agenda by moving the country up the value chain from being an importer of vehicles and batteries to a producer and exporter of advanced technology products.
- Local manufacturing of EVs and batteries creates high-value jobs in engineering, design, and precision manufacturing while also fostering supplier development for parts, materials, and related services.

- By embedding modern production standards, the facility will serve as a benchmark for future industrial projects in Tanzania, contributing to stronger industrial capabilities nationwide.

5. REQUEST FOR INCENTIVES

We humbly request the Government of Tanzania to grant our company Strategic Investor Status and approve the following fiscal and non-fiscal incentives in support of the Payless Energy project.

These incentives will play a pivotal role in securing the project's success and financial sustainability, while also generating employment opportunities and boosting the Tanzanian economy. We firmly believe that with the Government's assistance, we can overcome the challenges associated with the substantial capital investment and drive the project forward.

5.1 FISCAL INCENTIVES

Fiscal Incentive	Incentive Rationale
i. Corporate Income Tax	
Corporate income tax holiday for a period of 5 Years	❑ The project entails a significant capital investment. Payless Energy aims to operate a robust and efficient operation and hence plans to invest massively on the project. The capital investment expected to be invested is USD 26,117,730.00 ❑ Substantial upfront costs associated with acquiring land, machinery, raw materials for batteries, and steel structures and other necessary infrastructure is required hence necessitating government support in making the project financially viable. ❑ The project is expected to contribute to social economic development of the country from its onset especially in terms of employment and multiplier effect in other industries. ❑ Governments support in granting of a corporate income tax relief will increase the profit prospects of the project and hence provide motivation to the project promoters in executing the project.
ii. Exemption on Import and Excise Duty	
Exemption of customs duties (including import duty, customs processing fee and excise duty) on items indicated in **"Annexure C "** a. Steel Structure	❑ Custom duties on steel structures and machinery increase the startup cost of the project and are to be paid upfront before the project commences. ❑ A relief on these pre-operational taxes will attract the investor and enable the Company to effectively implement the cargo haulage project. It will also ease the burden to the investors and reduce risks associated with the investment.

Fiscal Incentive	Incentive Rationale
b. Machinery	❑ 100% exemptions on customs duties as per attached annexures is requested and its approval would support the project investment significantly.
iii. Exemption from Payment of Value Added Tax	
Exemption from payment of value added tax on items indicated in **"Annexure C "** a. Pre fabricated Steel structure b. Machinery	❑ The upfront payment of Value Added Tax (VAT) on steel structures and machinery significantly raises the initial cost of the project and must be paid before commencement. ❑ Providing a relief on these will not only attract the investors but also facilitate the smooth implementation of the project. Furthermore, the relief will reduce the financial burden on the project promoters and help mitigate risks associated with the investment.
iv. Exemption from Payment of Withholding Tax	
Payless Energy requests exemptions from payment of withholding tax for 5 years on the following: a. Interest on foreign loans (**Annexure D**) b. Local and international services related to construction and engineering services. c. Local and international services related to business consultation and advisory services. d. Dividends and unallocated income	❑ To meeting the funding requirements of the project, the investors expect to borrow funds from international money lenders. ❑ To implement the project, the investors plan seeks various technical expertise from local and international service providers, whose skill and competence will aid in the successful execution of the project. ❑ However, the imposition of withholding tax on these service providers creates disincentives for them and leads to an increase in their costs as they pass on the tax burden. Consequently, this places a significant burden on the investors and, in some cases, requires them to bear the tax element themselves. Such practices inflate project costs and increase the risks associated with undertaking the project. ❑ The project Investors expect their return in form of dividends. Due to significant investments made the company will take a long time to earn profit and distribute dividends. An exemption on withholding taxes on dividend will at least ensure that the investors get better return after a long wait. ❑ As such an exemption from these taxes is necessary.
v. Exemption from Payment of Capital Gains and Stamp Duty	
a. Exemption of capital gain tax for sale of all	❑ To increase operational efficiency, the Company aims to dispose off old machinery and replace them with more

Fiscal Incentive	Incentive Rationale
capital assets for a period of 5 years. b. Exemption of stamp duty for a period of 5 years.	efficient ones. Exemptions from capital gains tax will immensely encourage the replacement of old vehicles with new ones. ❑ Exemption from stamp duty will reduce the operational cost of the company and assist the company to break even and become profitable faster.

5.2 Non-Fiscal Incentives

The below non-fiscal incentives are requested by the Company:

Non- Fiscal Incentive	Incentive Rationale
i. Exemption from Pre- shipment Inspection and Related Fees	
a. Exemption from pre-inspection of imported goods and payment of pre-inspection fees	❑ The exemption will aid fast tracking of importation of goods and waiver of the inspection fees will enable the investors to use the funds in other areas of the project.
ii. City service levy exemption	
a. Exemption from city service levy	❑ The project is expected to boost local business and the city will benefit from this multiplier effect. Exemption from the levy will go a long way towards successful implementation of the project.

6. SUSTAINABLE INVESTING

Payless Energy understands the importance of sustainability and environmental conservation and its role in promoting sustainable practices and minimizing environmental impact from its operations.

Payless Energy pledges to conduct its business in an environmentally friendly manner. The business will carry out an environmental impact assessment (EIA) to determine any potential environmental effects of its operations, and it will create a plan to reduce such effects while safeguarding the environment's natural resources.

Additionally, the organization will make sure that all workers and contractors participating in the project work in a safe and healthy atmosphere because safety and health precautions are of the utmost significance. The business will take a number of steps to detect, stop, and reduce any safety and health concerns in order to accomplish this.

Adopting sustainable investing practices brings numerous benefits for the EV and lithium battery manufacturing business. These include an enhanced brand reputation as a leader in green technology, stronger stakeholder relationships with governments, communities, and investors, access to sustainable capital from climate-focused funds and development partners, reduced operational costs through energy-efficient processes, and compliance with emerging environmental regulations across global markets. Embracing sustainability not only fulfills our ethical responsibility to combat climate change but also strengthens our competitive advantage as the first large-scale EV and battery manufacturer in East Africa, positioning us to attract long-term investment and regional market leadership.

6.1 SUSTAINABLE MANUFACTURING PRACTICES

The Company recognizes the environmental impact of large-scale industrial operations and is committed to responsible and sustainable manufacturing. Payless Energy will adopt best practices in waste management, recycling, and safe disposal of by-products to ensure that no harmful waste is released into the environment.

Key measures will include:

- **Waste Recycling & Reuse**: Materials such as scrap metals, plastics, and battery components will be recycled or repurposed within the production cycle wherever possible.

- **Safe Disposal**: Hazardous materials, particularly from battery production, will be disposed of using internationally approved methods to prevent soil, water, or air contamination.

- **Employee Training**: Staff will be trained in proper handling, storage, and disposal of materials to ensure strict compliance with environmental standards.

By embedding sustainability into every stage of production, the Company ensures that manufacturing growth does not come at the expense of the environment.

6.2 CARBON FOOTPRINT REDUCTION

Reducing the carbon footprint is a critical aspect of sustainable practices for the Company. By taking proactive measures to minimize carbon emissions, the company will contribute to environmental conservation and demonstrate their commitment to sustainable operations. Payless Energy will define key performance indicators (KPIs) to monitor and measure the company's carbon footprint. As part of the carbon footprint reduction, the company has taken the following measures:-

- **Electrified Manufacturing Machinery**: Unlike traditional factories that rely on fuel-powered equipment, the Company's production lines will operate on electric machinery powered by clean energy sources, significantly lowering operational emissions.

- **Green Products for a Green Future**: By manufacturing EVs and lithium batteries, the Company provides products that enable individuals, businesses, and governments to transition away from fossil fuel dependence, amplifying the regional shift toward clean energy.

6.3 SAFETY AND HEALTH

Ensuring health and safety is a top priority and the Company plans to implement comprehensive measures to protect employees, reduce the risk of accidents and injuries, and maintain a safe working environment. As part of the health and safety measures, the company will do the following:

- Health and Safety Policies and Procedures: Establishment of clear health and safety policies that outline Payless Energy' commitment to maintaining a safe workplace. The Company will also develop and implement standard operating procedures (SOPs) for various tasks and operations, including loading and unloading, maintenance, and emergency response. SOPs will cover various areas to ensure consistent adherence to safety protocols.

- Employees will undergo comprehensive training programs health and safety practices specific to their roles and tasks. Training will cover topics such as proper use of personal protective equipment (PPE), hazardous material handling, and emergency response procedures.

- ❑ Payless Energy will promote a culture of safety through ongoing awareness campaigns, toolbox talks, and safety reminders. Employees will be encouraged to report any safety concerns or near-miss incidents.

- ❑ Employees will be provided with the necessary personal protective equipment, such as high-visibility vests, safety helmets, safety glasses, gloves, and safety footwear.

- ❑ First aid kits and medical support will be readily available in at the workplace. The company will establish protocols for accessing medical assistance in case of injuries or medical emergencies.

7. CONCLUDING REMARKS

In conclusion, the proposed project Payless Energy Logistics Ltd. represents a significant opportunity for Tanzania's economic growth, regional development and a positive step towards zero emissions. By establishing a state of art factory and producing quality and affordable Evs and batteries, we aim to revolutionize the country's vehicle manufacturing industry and position Tanzania as a key player in East And Southern Africa as a hub of economic development.

Through its operations, strategic partnerships and innovative practices, Payless Energy will create thousands of direct and indirect job opportunities, addressing unemployment and contributing to poverty reduction. The project's positive impact will reduce the countries CO2 emissions, it will multiply its effects in

extend beyond the logistics sector, benefiting ancillary industries and fostering socio-economic development across the country.

The project's financial implications are equally promising, with substantial government revenue expected from taxes and levies. By promoting responsible business conduct and prioritizing environmental sustainability, the Company align with Tanzania's commitment to eco-friendly practices and contribute to the global efforts towards a greener future.

Furthermore, the project will enhance Tanzania's global competitiveness and attractiveness as a trade destination. With a modern logistics infrastructure and seamless supply chain operations, Tanzania will attract foreign investments, strengthen international trade relations, and position Tanzania as a regional trade and transit hub.

Payless Energy Logistics Ltd. is fully dedicated to the successful implementation of the project and maintains a steadfast commitment to closely collaborate with the Tanzanian government. The project promoters possess unwavering confidence in the project's execution and its potential to generate significant value for the broader Tanzania economy.