

AXIAN TELECOM

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTH AND SIX MONTH PERIODS
ENDED JUNE 30, 2022**



LET'S GROW TOGETHER

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CORPORATE INFORMATION

COMPANY REGISTRATION No.	C46569 C1/GBL		
		Date of appointment	Date of resignation
DIRECTORS	Mr. Hassanein Shahreza Hiridjee	June 21, 2003	-
	Mr. Ahmud Ismael Parwiz Jugoo	April 30, 2018	-
	Mrs. Anja Blumert	August 15, 2020	-
	Mr. Afsar Azize Abdulla Ebrahim	November 16, 2020	-
	Mr. Michael Jimmy Wong Yuen Tien	December 1, 2021	-
ADMINISTRATOR & SECRETARY <i>(as from 01 December 2021)</i>	DTOS Ltd 10 th Floor Standard Chartered Tower 19 Cybercity Ebène Republic of Mauritius		
REGISTERED OFFICE <i>(as from 01 December 2021)</i>	c/o DTOS Ltd 10 th Floor Standard Chartered Tower 19 Cybercity Ebène Republic of Mauritius		
AUDITOR	PricewaterhouseCoopers PwC Centre Avenue de Telfair Telfair 80829 Moka Republic of Mauritius		
INVESTOR RELATIONS CONTACT	investorrelations@axian-telecom.com		

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DISCLAIMER

Forward-looking statements

The unaudited condensed consolidated financial statements (the “financial statements”) may contain certain statements which are not historical facts and are forward-looking. We may from time to time make written or oral forward-looking statements in reports to shareholders and in other communications.

Forward-looking statements include statements concerning our plans, expectations, projections, objectives, targets, goals, strategies, future events, future operating revenues or performance, capital expenditures, financing needs, the expected terms or timeline of the Acquisition, plans or intentions relating to any other acquisitions, our competitive strengths and weaknesses, our business strategy, and the trends we anticipate in the industries and the political and legal environments in which we operate and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “target”, “potential”, “expect”, “intend”, “predict”, “project”, “could”, “should”, “may”, “will”, “plan”, “aim”, “seek” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

The forward-looking statements contained in these financial statements are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. We caution all readers that the forward-looking statements contained in these financial statements are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond our control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. For the avoidance of doubt, the Company does not accept any liability in respect of any such forward-looking statements.

Non-IFRS financial measures

In these financial statements, we present certain financial measures of the Group that are not defined in, and thus, not calculated in accordance with International Financial Reporting Standard (“IFRS”), United States Generally Accepted Accounting Practice (“U.S. GAAP”) or generally accepted accounting principles in any other relevant jurisdiction.

These include EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin (each as defined on page 47). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

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GROUP AND COMPANY INFORMATION AND BASIS OF PREPARATION

The unaudited condensed consolidated financial statements (the “financial statements”) are the financial statements of Axian Telecom (the “Company”) and its subsidiaries, together the “Group”.

The Group is a leading pan-African telecommunications services provider, operating in eight markets through subsidiaries in Tanzania (including the completion of the Acquisition as defined below), Madagascar, Togo, Mauritius and Uganda, and nonconsolidated joint ventures in Senegal, Réunion/Mayotte and Comoros. The Group’s activities span a diverse range of telecommunication assets and services, including retail mobile, residential and business fixed-line telephone, broadband internet, digital services offerings, including mobile financial services (“MFS”), and wholesale infrastructure (tower and bandwidth).

The ultimate holding company of the Group is Axian Telecom, a private company limited by shares incorporated under the laws of Mauritius on June 20, 2003, under the name Société Financière Malgache Ltée. The Company holds a Global Business License under the Financial Services Act 2007 and is regulated by the Financial Services Commission.

In February 2022, Axian Telecom, as Issuer, completed the offering of US\$420,000,000 in aggregate principal amount of its 7.375% Senior Notes due 2027 (the “Notes”), under an indenture dated February 16, 2022. Interest on the Notes will be paid semi-annually in arrear on February 16 and August 16 of each year, commencing on August 16, 2022. Interest on the Notes will accrue at a rate of 7.375% per annum. The Notes will mature on February 16, 2027.

Basis of preparation

These unaudited condensed consolidated financial statements do not constitute statutory accounts, and thus do not fully comply with International Financial Reporting Standards (“IFRS”), specifically, they do not comply with IFRS 34 “*Interim Financial Reporting*”. The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group’s audited financial statements for the year ended December 31, 2021.

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

The Group acquired several operations during the year ended December 31, 2021 (the “2021 acquisitions”) and one operation during the six month period ended June 30, 2022. These acquisitions are described in more detail in note 18. The impacts of the 2021 acquisitions have not been included in these financial statements on a pro forma basis if the acquisitions are not deemed material by reference to the size of the acquired operations, or if this is not required under the indenture; this is the case for the acquisitions of Silver Links Ltd (formerly Telma International Carrier Services Ltd) and its subsidiaries, Axian Support Services Ltd and its subsidiaries, Ubuntu Towers Uganda Limited, and Axian Financial Services Ltd and its subsidiaries.

On April 16, 2021, the Group entered into a share purchase agreement to acquire 98.5% of the issued and outstanding shares of MIC Tanzania Public Limited Company (“MIC Tanzania”), a public limited company incorporated under the laws of Tanzania, registered under company number 24275 (the “Acquisition”). The Acquisition completed on April 5, 2022, and the impact thereof is described in more detail in note 18. These financial statements include the results of the operations of MIC Tanzania from the date of acquisition, and the statement of financial position of MIC Tanzania as at June 30, 2022; both incorporated into the consolidated numbers. These financial statements do not include the results of the operations of MIC Tanzania on a pro forma basis prior to the acquisition. We separately present the statements of profit or loss and the statements of other comprehensive income on a combined basis, as if the Acquisition had occurred as at the beginning of the earliest comparative period; in this case January 1, 2021. The pro forma adjustments made to the consolidated data and the resulting pro forma numbers are described in more detail and disclosed on pages 43 to 46 of these financial statements.

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OPERATING AND FINANCIAL REVIEW

Highlights for the quarter and year to date

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Revenue	220,399,112	118,166,597	348,009,046	230,334,156
Operating profit	50,794,741	36,336,915	89,708,254	66,608,279
Adjusted EBITDA*	90,607,647	64,786,199	160,192,580	120,622,333
Adjusted EBITDA Margin*	41.1%	54.8%	46.0%	52.4%
	Units'000		Units'000	Units'000
	As at June 30, 2022		As at June 30, 2021	As at December 31, 2021
	Units'000		Units'000	Units'000
Revenue generating subscribers ("RGS") ^φ	28,268		11,459	12,582
Active data users	10,792		6,019	7,303
Active MFS users	11,209		1,171	3,264

* Non-IFRS measures are presented here to provide users with information which is regularly reviewed by management. Refer to Note 16 for a reconciliation of the non-IFRS measures to their nearest IFRS equivalent. We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

^φ Represents Revenue generating subscribers monitored over a 90-day period at the Group level (a block of which we refer to as an "RGS90").

Operating results and market data

Revenue generating subscribers and other operational key performance indicators

Revenue generating subscribers increased by 15.7 million and 16.8 million during the six month and twelve month periods ended June 30, 2022, respectively, resulting in 28.3 million RGS at June 30, 2022. Active data users increased by 3.5 million and 4.8 million in the six month and twelve month periods ended June 30, 2022 respectively. Active MFS users increased by 8.0 million and 10.0 million during the six month and twelve month periods ended June 30, 2022, respectively.

The Acquisition of MIC Tanzania resulted in the addition 14.9 million RGS, 4.0 million Active data users, and 7.5 million Active MFS users. The remaining increases in RGS, and Active MFS users, for the six month period ended June 30, 2022 are primarily driven by our operations in Madagascar which saw increases of 0.7 million RGS and 0.1 million Active MFS users in the six month period ended June 30, 2022. MIC Tanzania also saw increases in RGS and MFS users of 0.4 million and 0.4 million respectively between the date of acquisition and June 30, 2022.

Excluding MIC Tanzania, Active data users decreased by 0.3 million for the six month period ended June 30, 2022 mainly from our operations in Madagascar where pricing changes to our low value data offers in Q1 2022, resulted in the loss of 0.6 million Active data users with low average data revenue per user.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Revenue

Revenue for the three month period ended June 30, 2022 increased year-on-year by \$102.2 million or 86.5%, to \$220.4 million in Q2 2022 compared to \$118.2 million in Q2 2021. Included in this year-on-year increase is an amount of \$89.7 million from MIC Tanzania. The remaining year-on-year increase of \$12.5 million represents a year-on-year increase of 10.6%, and is primarily comprised of an increase in revenue related to our operations in Madagascar and Uganda which increased by \$19.0 million and \$1.4 million year-on-year respectively.

The year-on-year increase in revenue in Madagascar is primarily comprised of an increase in the Mobile and fixed-line communications segment, primarily driven by the increase in RGS and Active data users, and increase in revenue from our mobile financial services, primarily driven by increased activity and the increase in Active MFS users, and is partially offset by a year-on-year decreases in revenue in our Infrastructure segment of \$0.6 million.

The net year-on-year increases in Madagascar and Uganda for the three month period ended June 30, 2022 are partially offset year-on-year decrease in revenue in our Other segment of \$3.5 million, mainly related to management fees previously charged to companies which are now within the scope of the Group, thus resulting in the elimination and decrease of such revenue in the current year period. Revenue from our Togo operation, as expressed in USD, has also decreased year-on-year by \$4.5 million for the same period. This is primarily driven by translation impacts which decreased revenue in USD terms by \$6.3 million (or 9.6%) year-on-year.

Revenue for the six month period ended June 30, 2022 increased year-on-year by 117.7 million or 51.1%, to \$348.0 million in the six month period ended June 30, 2022 compared to \$230.3 million in the six month period ended June 30, 2021. Included in this year-on-year increase is an amount of \$89.7 million from MIC Tanzania. The remaining year-on-year increase of \$28.0 million represents a year-on-year increase of 12.2%, and is primarily comprised of an increase in revenue related to our operations in Madagascar and Uganda which increased by \$37.7 million and \$2.3 million year-on-year respectively.

The year-on-year increase in revenue in Madagascar is comprised primarily of increases in our fixed line and telecommunications segment of \$11.0 million, primarily driven by the increase in RGS and Active data users, and increase in revenue from our mobile financial services of \$26.1 million, primarily driven by increased activity and the increase in Active MFS users.

The net year-on-year increases in revenue for the six month period ended June 30, 2022 are also partially offset year-on-year decrease in revenue in our Other segment of \$6.2 million, mainly related to management fees previously charged to companies which are now within the scope of the Group, thus resulting in the elimination and decrease of such revenue in the current year period. Revenue from our Togo operation, as expressed in USD, has also decreased year-on-year by \$5.9 million for the same period. This is primarily driven by translation impacts which decreased USD revenue by \$12.9 million (or 9.9%) year-on-year.

Revenue by segment is presented below:

For the three month period ended:

	June 30, 2022 USD	June 30, 2021 USD	Movement USD	Movement%
Mobile and fixed-line communications	176,062,676	109,813,134	66,249,542	60.3%
Infrastructure	5,148,120	4,232,632	915,488	21.6%
Digital and mobile financial services	39,025,906	451,971	38,573,935	8534.6%
Other	162,410	3,668,860	(3,506,450)	(95.6%)
	220,399,112	118,166,597	102,232,515	86.5%

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Revenue (continued)

Revenue by segment (continued)

For the six month period ended:

	June 30, 2022 USD	June 30, 2021 USD	Movement USD	Movement%
Mobile and fixed-line communications	286,432,717	216,278,277	70,154,440	32.4%
Infrastructure	9,506,449	6,571,260	2,935,189	44.7%
Digital and mobile financial services	51,724,179	875,505	50,848,674	5807.9%
Other	345,701	6,609,114	(6,263,413)	(94.8%)
	348,009,046	230,334,156	117,674,890	51.1%

Operating costs

Operating costs for the three month period ended June 30, 2022 increased year-on-year by \$87.7 million, to \$172.3 million in Q2 2022 compared to \$84.4 million in Q2 2021, and include an amount of \$76.9 million in operating costs from MIC Tanzania. The year-on-year increase of \$10.8 million, excluding MIC Tanzania, is primarily comprised of increases in cost of devices and equipment of \$1.2 million, commission costs paid to sales agents of \$3.2 million, technology operation costs of \$0.7 million, staff costs of \$1.3 million, professional fees of \$5.4 million, and an increase in other operating expenses of \$5.8 million. This aggregate year-on-year increase in operating costs is partially offset by year-on-year decreases in the impairment of financial and contract assets of \$3.2 million, and depreciation and amortization of \$3.6 million.

Operating costs for the six month period ended June 30, 2022 increased year-on-year by \$94.4 million or 55.6%, to \$263.9 million in six month period ended June 30, 2022, (which includes an amount of \$76.9 million from MIC Tanzania) compared to \$169.5 million in the six month period ended June 30, 2021. The year-on-year increase of \$17.5 million, excluding MIC Tanzania, is primarily comprised of increases in cost of devices and equipment of \$1.6 million, commission costs paid to sales agents of \$8.9 million, staff costs of \$4.9 million, professional fees of \$2.6 million, and an increase in other operating expenses of \$5.7 million. This aggregate year-on-year increase in operating costs is partially offset by year-on-year decreases year-on-year decreases in the impairment of financial and contract assets of \$3.6 million, and technology operational costs of \$4.6 million.

Excluding MIC Tanzania, the year-on-year increases for the three month period and six month periods ended June 30, 2022 in respect of cost of devices and equipment, and commissions paid to sales agents are primarily related to increased sales of more expensive mobile devices, prepaid cards, and accessories, and increased revenue for the period which attracts higher commission. The increase in commission paid to sales agents is also partly driven by the mix of revenue following the acquisition of Axian Financial Services Ltd, with mobile financial services revenue attracting a higher rate of commission and thus increasing the overall commission as a percentage of revenue.

Excluding MIC Tanzania, the year-on-year increases for the three month period and year ended June 30, 2022 in respect of staff costs is primarily driven by the consolidation of companies acquired part-way through the prior year period, and a general increase in staff numbers and welfare benefits, such as medical insurance. The year-on-year increase for the three month period ended June 30, 2022 in respect of professional fees is primarily related to the MIC Acquisition.

Excluding MIC Tanzania, the year-on-year decrease in the impairment of non-financial and contract assets for the three month and six month periods ended June 30, 2022, mainly results from reversals of provisions for bad and doubtful debts following improved rates of collection. This benefit is partially offset by increased expected credit loss provisions in respect of microloan customers, as the value of microloans granted has increased year-on-year.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Operating costs (continued)

Excluding MIC Tanzania, the year-on-year increases for the three month and six month periods ended June 30, 2022 in respect of other operating expenses is primarily related to increases of \$3.7 million and \$2.7 million for the three month and six month periods respectively, related to penalties. These penalties have been incurred by our operation in Togo for failure to comply with the obligation of permanent, continuous and regular availability in the supply of electronic communication services.

Other year-on-year increases for the three month and six month periods ended June 30, 2022 in respect of other operating expenses relate to office supplies and other general costs (including security and utility costs) which have increased by an aggregate of \$1.6 million and \$2.1 million year-on-year for the three month and six month periods, respectively.

Operating costs of MIC Tanzania for the three month period ended June 30, 2022 (which are included in the Group's consolidated numbers for the three month and six month periods ended June 30, 2022), mainly consist of costs of interconnection and roaming of \$3.9 million, government and regulatory costs of \$5.6 million, commissions to sales agents of \$24.3 million, technology operational costs of \$7.9 million, staff costs of \$6.4 million, depreciation and amortization of \$20.0 million, and other operating expenses of \$5.0 million.

Other operating income, and non-operating income and expenses

Other operating income was \$2.7 million and \$5.6 million for the three month and six month periods ended June 30, 2022 respectively, compared to \$2.6 million and \$5.8 million for the three month and six month period ended June 30, 2021 respectively. Year-on-year, these amounts have remained stable, and primarily represent the release of government grants following the completion towers.

Non-operating income increased by \$0.3 million year-on-year for the three month and six month periods ended June 30, 2022, increasing to \$0.3 million in the current year periods, from nil in the prior year comparative periods. The year-on year increases relate to the release of deferred profits on the sale of property, plant and equipment as a result of MIC Tanzania's sale and leaseback of their towers in 2010.

Non-operating expenses increased by \$5.9 million year-on-year for the three month and six month periods ended June 30, 2022, increasing to \$5.9 million in the current year periods, from nil in the prior year comparative periods. The year-on year increases relate to write-off of a related party loan receivable during Q2 2022 following a net settlement clean-up exercise.

Net finance costs

Our net finance cost was \$28.2 million in the three month period ended June 30, 2022, compared to \$13.0 million in the three month period ended June 30, 2021; a year-on-year increase of \$15.2 million. This increase includes \$12.0 million in net finance costs for the period from MIC Tanzania, which, if excluded, results in a year-on-year increase in net finance costs of \$3.2 million, or 24.3%.

The year-on-year increase in net finance costs, excluding MIC, is primarily driven by a year-on-year loss of \$2.6 million in respect of the valuation of embedded derivatives in the Notes, a year-on-year increase of \$1.1 million in net other finance costs, and an aggregate year-on-year increase in interest expense on bank loans, listed bonds and related party loans of \$8.4 million (primarily as a result of the issue of the Notes). The aggregate year-on-year increase in net finance costs for the three month period ended June 30, 2022 is partially offset by a year on year increases of \$1.4 million in respect of interest income on deposits, a decrease of \$5.0 million in net foreign exchange losses (mainly resulting from Euro denominated loans), a year-on-year decrease in interest on decommissioning provisions of \$1.8 million, and a year-on-year decrease of \$0.8 million in respect of finance costs on other borrowings.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Net finance costs (continued)

Our net finance cost was \$40.8 million in the six month period ended June 30, 2022, compared to \$17.7 million in the six month period ended June 30 2021; a year-on-year increase of \$23.1 million. This increase includes \$12.0 million in net finance costs for the period from MIC Tanzania, which, if excluded, results in a year-on-year increase in net finance costs of \$11.1 million, or 62.6%.

The year-on-year increase in net finance costs, excluding MIC, is primarily driven by a year-on-year increase of \$1.6 million in net other finance costs, and an aggregate year-on-year increase in interest expense on bank loans, listed bonds and related party loans of \$13.0 million (primarily as a result of the issue of the Notes). The aggregate year-on-year increase in net finance costs for the six month period ended June 30, 2022 is partially offset by a year on year increases of \$2.7 million in respect of interest income on deposits, and a decrease of \$1.9 million in net foreign exchange losses (mainly resulting from Euro denominated loans).

The net finance cost of MIC Tanzania of \$12.0 million is primarily comprised of interest of \$8.6 million in respect of lease liabilities and includes net other finance income of \$2.5 million, net foreign exchange losses of \$0.7 million and interest accrued on bank loans prior to their settlement, of \$0.2 million.

Share of profit in joint ventures and associates

Our share of profit in joint ventures and associates decreased year-on-year by \$62.2 million for the three month period ended June 30, 2022 and by \$58.9 million for the six month period ended June 30, 2022.

The year-on-year decreases for both the three month and six month period ended June 30, 2022 mainly results from decreases in profits in Maya Africa Holding Ltd and Telecom Reunion Mayotte of \$37.7 million and \$24.9 million respectively for the three month period ended June 30, 2022 and \$35.7 million and \$24.7 million respectively for the six month period ended June 30, 2022.

The decreases are mainly due to profits on the sale of towers in both entities which occurred in the prior year and were not repeated in the current year. In respect of Maya Africa Holdings, the sale of the towers was in fact a sale and leaseback of towers which was initially recognised in the statement of profit or loss in May 2021 and reversed in order to be capitalised to the resulting right-of-use asset (in accordance with IFRS 16 – Leases) in Q4 2021, as was evidenced in our Q4 2021 reporting.

Income tax

Income tax expense increased by \$6.8 million year-on-year for the three month period ended June 30, 2022. The increase is primarily due to a year-on-year decrease in deferred tax credits of \$4.2 million and a year-on-year increase in actual income tax of \$2.4 million primarily related to higher year-on year taxable profits for the period.

Income tax expense increased by \$15.6 million year-on-year for the six month period ended June 30, 2022. The increase is primarily due to a year-on-year decrease in net deferred tax credits of \$12.4 million, from a credit of \$12.9 million in the prior period, to a credit of \$0.5 million in the current period; and mainly results from year-on-year decreases in deferred tax credits related tax losses carried forward and provisions for impairments. Actual income tax expense also increased by \$3.0 million year-on-year, mainly due to increased taxable profits as a result of a year-on-year increase in operating and taxable profits for the current year period.

The Group also incurred withholding taxes of \$1.1 million for the three month and six month periods ended June 30, 2022. The withholding tax expense is related to infrastructure revenue contracts in Silver Links Limited which are subject to withholding taxes when customers pay. Such withholding taxes are not set off against future tax liabilities and are thus recognized as a tax expense in the period in which they are withheld.

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OPERATING AND FINANCIAL REVIEW (CONTINUED)

Profit for the period

Our profit for the period decreased by \$75.2 million year-on-year in the three month period ended June 30, 2022, to a profit of \$10.2 million in the three month period ended June 30, 2022 (including a profit of \$0.6 million in respect of MIC Tanzania), compared to a profit of \$85.6 million in the three month period ended June 30, 2021. The year-on-year decrease, excluding MIC Tanzania, is \$75.8 million and is primarily driven by a year-on-year decrease in share of profit in joint ventures and associates of \$62.2 million, a year-on-year increases in operating costs of \$11.0 million, and year-on-year increases in net non-operating expenses, net finance costs and tax expense of \$5.9 million, \$3.2 million and \$6.3 million respectively. The year-on-year decrease is partially offset by a year-on-year increases in revenue of \$12.5 million.

Our profit for the period decreased by \$80.1 million year-on-year in the six month period ended June 30, 2022, to a profit of \$32.7 million in the six month period ended June 30, 2022 (including a profit of \$0.6 million in respect of MIC Tanzania), compared to a profit of \$112.8 million in the six month period ended June 30, 2021. The year-on-year decrease, excluding MIC Tanzania, is \$80.7 million and is primarily driven by a year-on-year decrease in share of profit in joint ventures and associates of \$58.9 million, a year-on-year increases in operating costs of \$17.5 million, and year-on-year increases in net non-operating expenses, net finance costs and tax expense of \$5.9 million, \$11.1 million and \$15.1 million respectively. The year-on-year decrease is partially offset by a year-on-year increases in revenue of \$28.0 million.

Adjusted EBITDA

Our Adjusted EBITDA for the three month period ended June 30, 2022 increased year-on-year by \$25.8 million, to \$90.6 million in the three month period ended June 30, 2022 (including an amount of \$33.2 million in respect of MIC Tanzania), compared to \$64.8 million in the prior year comparative period. Year-on-year, excluding MIC Tanzania, Adjusted EBITDA decreased by \$7.4 million, primarily as a result of increase in net other non-operating expenses of \$5.9 million and costs incurred in respect of the MIC acquisition.

Our Adjusted EBITDA for the six month period ended June 30, 2022 increased year-on-year by \$39.6 million, to \$160.2 million in the six month period ended June 30, 2022 (including an amount of \$33.2 million in respect of MIC Tanzania), compared to \$120.6 million in the prior year comparative period. Year-on-year, excluding MIC Tanzania, Adjusted EBITDA increased by \$6.4 million, primarily as a result of an increase in operating profits of \$10.2 million which includes the impact of costs incurred in respect of the MIC acquisition, partially offset by an increase in net other non-operating expenses of \$5.9 million.

Statements of Cash flow and liquidity

The Group had cash and cash equivalents (net of bank overdrafts) of 243.0 million as at June 30, 2022 (December 31, 2021: \$112.0 million), of which a total of \$151.0 million (December 31, 2021: \$52.9 million) was held in either USD or Euro.

Net cash generated from/(used in) operating activities

Net cash generated from operating activities increased by \$49.1 million year-on-year for the three month period ended June 30, 2022 (including MIC Tanzania), mainly as a result of increased operating profits, resulting in a year-on-year increase of \$31.3 million in cash generated from operations before working capital changes, and from a year-on-year net positive cash flow impact of \$34.0 million in respect of working capital which reflected a net cash outflow in the current quarter of \$1.3 million compared to a net cash outflow of \$35.3 million in the prior year comparative period. We also had a year-on-year increase in interest received of \$2.7 million for the three month period ended June 30, 2022. This year-on-year increase in cash generated from operations is partially offset by year-on-year increases in interest paid of \$11.1 million, mainly related to leases, and taxes paid of \$7.6 million, due to higher taxable profits.

AXIAN TELECOM

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Statements of Cash flow and liquidity (continued)

Net cash generated from operating activities (continued)

Net cash generated from operating activities increased by \$31.8 million year-on-year for the six month period ended June 30, 2022 (including MIC Tanzania), mainly as a result of increased operating profits, resulting in a year-on-year increase of \$41.4 million in cash generated from operations before working capital changes, and from a year-on-year net positive cash flow impact of \$5.4 million in respect of working capital which reflected a net cash outflow in the six month period ended June 30, 2022 of \$20.9 million compared to a net cash outflow of \$26.3 million in the prior year comparative period. We also had a year-on-year increase in interest received of \$2.8 million for the three month period ended June 30, 2022. This year-on-year increase was partially offset by a year-on-year increase of \$10.7 million in interest paid (mainly related to leases), and a year-on-year increase of \$7.1 million in cash outflows for tax paid, due to higher taxable profits.

Net cash used in investing activities

Net cash outflows used in investing activities increased by \$132.2 million year-on-year for the three month period ended June 30, 2022, primarily due to cash outflows, net of cash acquired, of \$77.8 million, in respect of the acquisition of MIC Tanzania, a decrease in cash inflows from share buy-back transactions in our joint ventures of \$22.4 million, and an increase in aggregate cash utilized in the purchase of property, plant and equipment and intangible assets of \$51.1 million. The year-on-year cash outflow impacts are partially offset by a year-on-year increase in net cash inflows in respect of dividends received from joint ventures of \$12.6 million, an increase in cash inflows from the repayment of loans made to or repaid by related parties of \$2.2 million, and an increase of \$2.1 million in respect of grants received related to telecom sites built in Madagascar.

Net cash outflows used in investing activities increased by \$161.8 million year-on-year for the six month period ended June 30, 2022, primarily due to cash outflows, net of cash acquired, of \$77.8 million, in respect of the acquisition of MIC Tanzania, a decrease in net cash inflows from subsidiary acquisitions of \$9.5 million, a decrease in cash inflows from share buy-back transactions in our joint ventures of \$22.4 million, and an increase in aggregate cash utilized in the purchase of property, plant and equipment and intangible assets of \$67.0 million. The year-on-year cash outflow impacts are partially offset by a year-on-year increase in net cash inflows in respect of dividends received from joint ventures of \$12.6 million, and an increase of \$1.7 million in respect of grants received related to telecom sites built in Madagascar.

Net cash used in or generated from financing activities

We had net cash inflows from financing activities of \$180.1 million in the three month period ended June 30, 2022, compared with net cash outflows of \$16.0 million in the prior year comparative period; a year on year net cash inflow impact of \$196.1 million. We had net cash inflows from financing activities of \$195.6 million in the six month period ended June 30, 2022, compared with net cash outflows of \$43.4 million in the prior year comparative period; a year on year net cash inflow impact of \$239.0 million.

The year-on-year net increase in cash inflows is primarily driven by an aggregate increase in cash inflows from third party loans (net of repayments) of \$191.5 million and \$230.0 million for the three month and six month periods ended June 30, 2022 respectively, representing cash received from the issue of the Notes, net of cash paid for the settlement of the MIC Tanzania and Agou Holdings bank facilities. We also had a year-on-year decrease in dividends paid of \$7.8 million and \$16.5 million for the three month and six month periods ended June 30, 2022 respectively, and a year on-year increase in cash inflows from loans from our non-controlling interest which relates to the NCI share of the MIC Tanzania purchase consideration.

The aggregate year-on-year net cash inflows for the three month and six month periods ended June 30, 2022 are partially offset by the payment of costs related to the issue of the Notes, amounting to \$7.0 million and \$11.5 million respectively in the three month and six month periods ended June 30, 2022.

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the three month and six month periods ended June 30, 2022

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Revenue (Note 3)	220,399,112	118,166,597	348,009,046	230,334,156
Cost of devices and equipment (Note 5)	(4,524,499)	(2,304,611)	(6,566,584)	(3,870,038)
Cost of interconnection and roaming (Note 5)	(8,234,166)	(3,956,279)	(12,043,972)	(8,000,735)
Government and regulatory costs (Note 5)	(11,201,411)	(5,519,116)	(16,887,633)	(10,977,573)
Advertising and distribution costs (Note 5)	(3,200,209)	(1,394,733)	(4,430,158)	(2,506,940)
Commission to sales agents (Note 5)	(36,280,245)	(8,776,959)	(47,669,211)	(14,489,610)
Net reversals of impairment/(impairment) on financial and contract assets (Note 5)	2,804,831	(974,984)	2,459,971	(1,788,990)
Technology operation costs (Note 5)	(18,021,171)	(9,443,462)	(27,945,114)	(24,670,373)
Staff costs (Note 5)	(21,147,764)	(13,383,327)	(34,973,415)	(23,655,803)
Other operating expenses (Note 5)	(19,476,466)	(8,650,541)	(29,273,168)	(18,577,039)
Write-off of financial assets (Note 5)	346,998	(1,682)	-	(3,344)
Professional fees, non-technical (Note 5)	(8,803,547)	(1,706,961)	(11,331,672)	(7,116,929)
Depreciation and amortization (Note 5)	(45,639,745)	(29,220,215)	(76,311,165)	(54,784,011)
Reversal of impairment/(impairment) of non-financial assets (Note 5)	1,108,138	902,145	1,108,138	902,145
Other income (Note 4)	2,664,885	2,601,043	5,563,191	5,813,363
OPERATING PROFIT	50,794,741	36,336,915	89,708,254	66,608,279
Finance income (Note 6)	6,816,324	959,253	14,827,278	8,097,176
Finance costs (Note 6)	(35,052,103)	(13,992,287)	(55,612,778)	(25,777,071)
Non-operating income (Note 4)	258,502	-	258,502	-
Non-operating expenses (Note 4)	(5,874,829)	-	(5,874,829)	-
Share of profit in joint ventures and associates	6,383,133	68,591,927	11,303,140	70,164,388
PROFIT BEFORE INCOME TAX	23,325,768	91,895,808	54,609,567	119,092,772
Income tax expense (Note 7)	(13,129,899)	(6,342,965)	(21,899,202)	(6,282,128)
PROFIT FOR THE PERIOD	10,195,869	85,552,843	32,710,365	112,810,644
Profit for the period attributable to:				
- Owners of the Company	6,014,528	78,816,576	20,132,867	95,687,695
- Non-controlling interest	4,181,341	6,736,267	12,577,498	17,122,949
	10,195,869	85,552,843	32,710,365	112,810,644

AXIAN TELECOM

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

For the three month and six month periods ended June 30, 2022

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
PROFIT FOR THE PERIOD	10,195,869	85,552,843	32,710,365	112,810,644
OTHER COMPREHENSIVE INCOME				
<i>Items that may be re-classified to profit or loss</i>				
Exchange differences on translation of foreign subsidiaries	(10,236,773)	(1,217,471)	(15,152,721)	(6,548,604)
Exchange differences on translation of foreign joint ventures	(2,689,353)	443,358	(1,959,994)	(1,549,858)
Other comprehensive loss for the period, net of tax	(12,926,126)	(774,113)	(17,112,715)	(8,098,462)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(2,730,257)	84,778,730	15,597,650	104,712,182
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
- Owners of the Company	(5,699,476)	78,157,337	4,778,317	88,049,539
- Non - controlling interest	2,969,219	6,621,393	10,819,333	16,662,643
	(2,730,257)	84,778,730	15,597,650	104,712,182

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	June 30, 2022 USD	December 31, 2021 USD
ASSETS		
Non-current assets		
Property, plant and equipment (Note 8)	637,906,375	495,789,056
Intangible assets (Note 9)	110,900,612	86,968,628
Interests in joint ventures and associates (Note 10)	62,827,311	68,846,258
Deferred tax assets	34,118,207	36,514,957
Trade and other receivables	39,701,392	30,582,014
Deposits receivable	3,149,396	2,628,252
Loans receivable	5,085,000	-
Right-of-use assets (Note 11)	199,664,903	44,007,136
Goodwill	269,087,197	49,759,990
Financial assets at fair value through profit or loss	5,792,111	5,867,383
Financial assets at fair value through OCI	15,631,188	-
Embedded derivative assets	2,800,000	-
Treasury bonds	1,921,200	2,392,521
	1,388,584,892	823,356,195
Current assets		
Inventories	25,099,597	17,044,520
Loan receivables	9,806,697	5,862,653
Trade and other receivables	212,529,128	141,013,207
Income tax receivable (Note 7)	5,778,460	445,763
Cash and cash equivalents (Note 12)	267,596,571	134,506,254
Restricted cash	234,115,811	82,199,911
	754,926,264	381,072,308
Total assets	2,143,511,156	1,204,428,503

AXIAN TELECOM

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2022

	June 30, 2022 USD	December 31, 2021 USD
EQUITY AND LIABILITIES		
Equity and reserves		
Stated capital	1,372,564	1,372,564
Reorganization reserves	76,511,569	76,511,569
Other reserves	(39,344,647)	6,059,348
Legal reserves	781,146	781,147
Translation reserves	(23,942,534)	(8,587,980)
Retained earnings	103,838,947	83,706,080
Equity attributable to owners of the Company	119,217,045	159,842,728
Non-controlling interest	97,224,124	91,152,614
Total equity	216,441,169	250,995,342
LIABILITIES		
Non-current liabilities		
Borrowings (Note 14)	286,902,341	267,477,680
Bond borrowings (Note 14)	412,114,001	-
Trade and other payables (Note 13)	81,778,097	85,777,942
Government grants	23,936,672	26,397,175
Provisions	39,210,318	36,584,910
Lease liability (Note 11)	197,587,547	45,310,470
NCI put option liability	46,298,000	-
Deposits payable	5,611,743	6,073,969
Deferred tax liability	49,007,828	27,942
Retirement benefit obligations	2,183,248	2,308,036
	1,144,629,795	469,958,124
Current liabilities		
Trade and other payables (Note 13)	615,684,429	342,125,698
Client savings accounts	895,990	695,993
Borrowings (Note 14)	34,254,759	79,000,856
Bond borrowings (Note 14)	11,551,450	-
Provisions	4,461,698	1,308,775
Lease liability (Note 11)	49,321,652	5,943,398
Bank overdraft (Note 12)	24,613,270	22,554,266
Dividend payable	21,690,656	21,690,698
Income tax payable (Note 7)	19,966,288	10,155,353
	782,440,192	483,475,037
Total liabilities	1,927,069,987	953,433,161
Total equity and liabilities	2,143,511,156	1,204,428,503

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated Capital USD	Retained Earnings USD	Other reserves* USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total Equity USD
At January 1, 2021	117,389,774	23,525,675	32,575,773	173,491,222	63,553,316	237,044,538
Comprehensive income:						
Profit for the period	-	56,643,615	-	56,643,615	30,772,006	87,415,621
Other comprehensive income for the period, net of tax	-	-	(10,822,119)	(10,822,119)	(1,614,527)	(12,436,646)
Total comprehensive income for the period	-	56,643,615	(10,822,119)	45,821,496	29,157,479	74,978,975
Transactions with owners in their capacity as owners:						
Disposal of shares	-	-	-	-	10	10
Acquisition through business combination (Note 18)	-	-	52,530,010	52,530,010	2,694,488	55,224,498
Capital reduction	(56,017,210)	56,017,210	-	-	-	-
Share buy-back	(60,000,000)	-	-	(60,000,000)	-	(60,000,000)
Dividend declared	-	(52,000,000)	-	(52,000,000)	(4,252,679)	(56,252,679)
Transfer to legal reserve	-	(480,420)	480,420	-	-	-
Total transactions with owners	(116,017,210)	3,536,790	53,010,430	(59,469,990)	(1,558,181)	(61,028,171)
At December 31, 2021	1,372,564	83,706,080	74,764,084	159,842,728	91,152,614	250,995,342

*Other reserves are comprised of reorganization reserves, legal reserves, translation reserves (in respect of the translation of foreign currency subsidiaries and joint ventures), and other equity reserves.

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Stated Capital USD	Retained Earnings USD	Other reserves* USD	Equity attributable to owners of the parent USD	Non-controlling interest USD	Total Equity USD
At January 1, 2022	1,372,564	83,706,080	74,764,084	159,842,728	91,152,614	250,995,342
Comprehensive income/(loss):						
Profit for the period	-	20,132,867	-	20,132,867	12,577,498	32,710,365
Other comprehensive loss for the period, net of tax	-	-	(15,354,550)	(15,354,550)	(1,758,165)	(17,112,715)
Total comprehensive income/(loss) for the period	-	20,132,867	(15,354,550)	4,778,317	10,819,333	15,597,650
Transactions with owners in their capacity as owners:						
Recognition of NCI put option	-	-	(45,404,000)	(45,404,000)	-	(45,404,000)
Acquisition through business combination (Note 18)	-	-	-	-	(4,543,165)	(4,543,165)
Dividend declared	-	-	-	-	(204,658)	(204,658)
Total transactions with owners	-	-	(45,404,000)	(45,404,000)	(4,747,823)	(50,151,823)
At June 30, 2022	1,372,564	103,838,947	14,005,534	119,217,045	97,224,124	216,441,169

* Other reserves are comprised of reorganization reserves, legal reserves, translation reserves (in respect of the translation of foreign currency subsidiaries and joint ventures), and other equity reserves.

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
For the three month and six month periods ended June 30, 2022

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
Cash flows from operating activities				
Cash flows from operations (Note 15)	85,403,660	20,174,867	132,866,217	86,036,802
Interest paid	(14,923,283)	(3,809,496)	(18,895,678)	(8,183,858)
Interest received	2,885,398	243,431	3,271,976	516,908
Tax paid	(17,536,560)	(9,930,095)	(21,871,465)	(14,799,397)
Net cash generated from operating activities	55,829,215	6,678,707	95,371,050	63,570,455
Cash flows from investing activities				
Acquisition of financial assets at fair value through profit or loss	-	(2,500,000)	-	(2,500,000)
Proceeds from disposal of property, plant and equipment	24,834	-	24,834	-
Proceeds from disposal of intangible assets	-	2	-	2
Purchase of property, plant and equipment	(62,088,481)	(15,332,086)	(96,811,642)	(34,611,912)
Buy-back of shares by joint ventures	-	22,387,945	-	22,387,945
Acquisition of investment in subsidiaries (net of cash acquired) (Note 18)	(77,793,423)	(30,486)	(77,793,423)	9,454,085
Disposal of subsidiary, net of cash disposed	-	-	-	-
Purchase of intangible assets	(4,529,665)	(206,443)	(6,441,337)	(1,585,462)
Dividend received from investment in joint ventures	12,555,028	-	12,555,028	-
Loan granted to related parties	-	(639,650)	-	(1,388,713)
Repayment made by related parties	5,084,379	3,526,707	5,312,521	8,224,267
Net deposits paid	(367,946)	(1,510)	(564,512)	(79,297)
Treasury bonds deposited	(313,005)	-	-	-
Corporate bonds matured/(deposited)	304,712	(45)	304,712	172,219
Grants received/(adjusted)	2,086,665	(3,913)	2,086,665	445,315
Dividend received	23,856	22,344	23,856	22,344
Net cash (used in)/ generated from investing activities	(125,013,046)	7,222,865	(161,303,298)	540,793
Cash flows from financing activities				
Proceeds from issue or disposal of own shares	-	10	-	10
Additional borrowings	429,568,456	609,836	457,783,297	30,464,171
Repayment of borrowings	(245,109,484)	(7,642,145)	(252,231,717)	(54,875,444)
Repayment of lease liability	(2,029,290)	(981,097)	(3,172,939)	(2,269,257)
Dividend paid	(204,658)	(8,000,000)	(204,658)	(16,700,000)
Payment of bond transaction costs	(6,998,319)	-	(11,525,796)	-
Loan from non-controlling interest	4,915,000	-	4,915,000	-
Net cash flow generated from/(used in) financing activities	180,141,705	(16,013,396)	195,563,187	(43,380,520)
Net increase in cash and cash equivalents	110,957,874	(2,111,824)	129,630,939	20,730,728
Effect of exchange rate on cash and cash equivalents	3,798,925	2,922,774	1,400,374	1,304,282
Cash and cash equivalents at beginning of the period	128,226,502	83,231,828	111,951,988	62,007,768
Cash and cash equivalents at end of the period (Note 12)	242,983,301	84,042,778	242,983,301	84,042,778

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE
MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The unaudited condensed consolidated financial statements (the “financial statements”) are the financial statements of Axian Telecom (the “Company”) and its subsidiaries, together the “Group”.

The Group is a leading pan-African telecommunications services provider, operating in eight markets through subsidiaries in Tanzania (including the completion of the Acquisition as defined below), Madagascar, Togo, Mauritius and Uganda, and nonconsolidated joint ventures in Senegal, Réunion/Mayotte and Comoros. The Group’s activities span a diverse range of telecommunication assets and services, including retail mobile, residential and business fixed-line telephone, broadband internet, digital services offerings, including mobile financial services (“MFS”), and wholesale infrastructure (tower and bandwidth).

The ultimate holding company of the Group is Axian Telecom, a private company limited by shares incorporated under the laws of Mauritius. In February 2022, Axian Telecom, as Issuer, completed the offering of US\$420,000,000 in aggregate principal amount of its 7.375% Senior Notes due 2027 (the “Notes”), under an indenture dated February 16, 2022. Interest on the Notes will be paid semi-annually in arrear on February 16 and August 16 of each year, commencing on August 16, 2022. Interest on the Notes will accrue at a rate of 7.375% per annum. The Notes will mature on February 16, 2027.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements do not constitute statutory accounts, and thus do not fully comply with International Financial Reporting Standards (“IFRS”), specifically, they do not comply with IFRS 34 “*Interim Financial Reporting*”. The principal accounting policies applied in the preparation of these financial statements are consistent with those of the Group’s audited financial statements for the year ended December 31, 2021.

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported numbers. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

The functional and presentation currency of the Company is US dollar (“USD”, “\$”). Unless otherwise indicated, the financial information is presented in US dollar, rounded to the nearest US dollar.

The financial statements were approved by the board of directors on August 29, 2022.

AXIAN TELECOM
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
3. REVENUE

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
Mobile services	133,074,188	79,700,458	214,782,063	155,623,157
Fixed services	16,128,943	13,812,815	30,745,034	27,797,325
Interconnection/Roaming/MVNO	10,663,091	5,947,750	16,419,625	12,492,776
Customer Equipment and Infrastructure	1,737,413	1,567,583	3,011,997	3,113,018
Operator Infrastructure services	6,404,459	6,493,622	12,188,053	13,046,024
Commissions received on electronic money activities	41,125,207	2,124,688	54,417,653	3,838,418
Content and value added services	3,084,203	-	3,084,203	-
Other revenue	1,127,081	407,930	1,961,315	883,854
Hosting and rental of sites	4,274,008	3,503,116	7,787,415	5,128,704
Trademark and license fees	38,735	385,810	103,081	774,921
Administration and general management fees	114,147	536,140	242,620	795,856
Digital solutions and other support services	2,627,637	3,686,685	3,265,987	6,840,103
	220,399,112	118,166,597	348,009,046	230,334,156

4. OTHER INCOME AND EXPENSES

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
Other income				
Dividend income	23,856	22,503	23,856	22,503
Reversal of provision/(provision) for risks and charges	(8,885)	(45,029)	-	-
Release of government grant	2,530,558	2,306,834	5,016,242	4,463,987
Other income	119,356	316,735	523,093	1,326,873
	2,664,885	2,601,043	5,563,191	5,813,363
Non-operating income				
Amortization of deferred gain on sale of PPE	258,502	-	258,502	-
	258,502	-	258,502	-
Non-operating expenses				
Loss on disposal of subsidiary				
Loan receivable written off	(5,867,712)	-	(5,867,712)	
Loss on lease modification	(7,117)	-	(7,117)	
	(5,874,829)	-	(5,874,829)	-

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING COSTS

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Cost of equipment, devices	2,895,108	1,592,728	4,589,072	2,446,187
Reversal of provision for device inventories	518,774	40,447	590,439	39,761
Prepaid cards and accessories	1,110,617	671,436	1,387,073	1,384,090
Cost of devices and equipment	4,524,499	2,304,611	6,566,584	3,870,038
Interconnection fees	7,781,956	3,811,221	11,494,078	7,696,906
Roaming fees	452,210	145,058	549,894	303,829
Cost of interconnection and roaming	8,234,166	3,956,279	12,043,972	8,000,735
Telecom operator and regulatory fees	8,236,511	3,611,393	12,038,962	7,158,615
Frequency fees	2,964,900	1,907,723	4,848,671	3,818,958
Government and regulatory costs	11,201,411	5,519,116	16,887,633	10,977,573
Advertising and distribution costs	3,200,209	1,394,733	4,430,158	2,506,940
Commission to sales agents	36,280,245	8,776,959	47,669,211	14,489,610
Reversal of impairment of financial assets	(4,924,177)	-	(4,924,177)	-
Loss allowance on trade receivables	2,119,346	974,984	2,464,206	1,788,990
Net impairment losses on financial and contract assets	(2,804,831)	974,984	(2,459,971)	1,788,990
Transmission fees	3,089,782	156,866	3,619,320	1,263,923
Content and value added service (VAS) charges	1,003,770	277,319	1,003,770	277,319
Satellite and bandwidth charges	793,950	728,083	1,591,145	1,304,929
Site energy	5,121,095	3,766,910	9,105,948	7,418,519
Site and network repairs and maintenance	3,189,572	2,441,478	4,768,202	6,990,079
Professional fees, technical	1,577,817	810,530	1,635,314	1,240,983
Rental expenses for short term and low value leases, technical sites	(254,864)	(1,656,509)	220,446	721,393
Maintenance of Materials, software and Network	3,500,049	2,918,785	6,000,969	5,453,228
Technology operation costs	18,021,171	9,443,462	27,945,114	24,670,373
Payroll and social charges	20,104,030	12,815,324	33,171,716	22,629,800
Travel expenses	1,025,126	732,339	1,756,819	823,223
Training	53	(243,341)	53	23,031
Provision for retirement benefit obligations	18,555	79,005	44,827	179,749
Staff costs	21,147,764	13,383,327	34,973,415	23,655,803
(Recovery)/write-off of financial assets	(346,998)	1,682	-	3,344
Professional fees, non-technical	8,803,547	1,706,961	11,331,672	7,116,929
Depreciation of property, plant & equipment	35,834,080	24,869,692	58,801,236	46,586,897
Amortization of intangible assets	3,211,217	2,058,091	5,199,815	3,793,183
Depreciation of rights of use assets	6,594,448	2,292,432	12,310,114	4,403,931
Depreciation and amortization	45,639,745	29,220,215	76,311,165	54,784,011

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OPERATING COSTS (CONTINUED)

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Reversal of impairment of property, plant and equipment, and intangible assets	(210,512)	(769,957)	(210,512)	(769,957)
Provision of depreciation on advances to suppliers	60,915	-	60,915	-
(Reversal of impairment)/impairment on inventory	(958,541)	(132,188)	(958,541)	(132,188)
(Reversal of impairment)/impairment of non-financial assets	(1,108,138)	(902,145)	(1,108,138)	(902,145)
Other operating expenses*	19,476,466	8,650,541	29,273,168	18,577,039
Total operating costs	172,269,256	84,430,725	263,863,983	169,539,240

*Other operating expenses are comprised of the following significant items, among other items: general IT expenses, bank charges, utility costs, security and cleaning costs, insurance costs, operating levies and taxes, penalties, and provisions for litigations.

6. FINANCE INCOME AND EXPENSE

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Finance income				
Foreign exchange gain	7,013,533	1,170,646	10,221,804	6,392,501
Interest income	1,714,436	289,286	3,275,801	606,539
Loss on fair valuation of embedded derivatives	(2,100,000)	-	-	-
Other finance income	188,355	(500,679)	1,329,673	1,098,136
	6,816,324	959,253	14,827,278	8,097,176
Finance costs				
Foreign exchange loss	(10,516,684)	(9,067,221)	(14,880,715)	(12,323,929)
Interest on bank loans	(3,520,192)	(4,055,373)	(7,734,463)	(8,612,796)
Interest on listed bonds	(8,051,964)	-	(11,891,247)	
Interest on loan and amount payable to related parties	(1,716,921)	(719,374)	(3,413,197)	(1,185,925)
Bank overdraft	(324,107)	(49,675)	(600,571)	(91,527)
Lease liability	(9,361,690)	(757,467)	(10,786,941)	(1,888,674)
Interest expense on provision for dismantling costs	1,245,913	(505,689)	(771,204)	(865,609)
Finance costs on other borrowings	617,450	(210,148)	(327,158)	(356,239)
Loss on fair valuation of embedded derivatives	(500,000)	-	(500,000)	-
Other interest charges	(2,923,908)	1,372,660	(4,707,282)	(452,372)
	(35,052,103)	(13,992,287)	(55,612,778)	(25,777,071)
Net finance costs	(28,235,779)	(13,033,034)	(40,785,500)	(17,679,895)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX

a) Income tax expense

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Actual income tax	11,904,973	9,504,143	21,287,063	18,293,922
Withholding tax	1,116,431	926,675	1,144,267	900,329
Deferred tax charge/(credit)	108,495	(4,087,853)	(532,128)	(12,912,123)
	13,129,899	6,342,965	21,899,202	6,282,128

As at 31 December 2021, the Company is liable to income tax in Mauritius on its chargeable income at the rate of 15%. Until 30 June 2021, the Company was entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax payable with respect to its foreign source income.

The Company's GBC1 licence has been converted to a GBC licence on July 1, 2021 and the Company now operates under the new tax regime. Under the new regime, the Company is able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption are taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

The Malagasy, Togo, Ugandan and Tanzanian subsidiaries are subject to income tax on their income at 20%, 27%, 30%, and 30% respectively (2021 – Malagasy 20%, Togo 27%, Ugandan 30%). The subsidiary in Uganda has been acquired in 2021. Local law in Madagascar further provides that all loss-making entities should be liable to a minimum tax of 5% of revenue.

b) Tax liability

	June 30, 2022 USD	December 31, 2021 USD
At January, 1	9,709,590	7,392,793
Acquisition through business combination (Note 18)	5,775,754	682,282
Charge during the period/year	21,287,063	32,510,534
Tax paid	(21,871,465)	(30,403,947)
Translation difference	(713,114)	(472,072)
At June 30/December 31	14,187,828	9,709,590

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8. PROPERTY, PLANT AND EQUIPMENT

	Materials USD	Land and Building USD	Technical Equipment USD	Others USD	Assets in Progress USD	Total USD
Cost						
At January 1, 2021	87,390,853	196,730,788	1,300,744,896	22,764,330	44,114,210	1,651,745,077
Reclassification adjustments*	(3,414,250)	7,758,737	(41,983,472)	-	37,638,985	-
Acquisition through business combinations (Note 18)	471,213	212,302	343,968	-	83,118	1,110,601
Additions	1,746,395	7,783,813	34,517,523	2,256,673	66,442,268	112,746,672
Transfers	-	40,170,805	52,502,877	692,202	(93,365,884)	-
Disposals and scrap	(2,022,207)	(313,354)	(230,653)	(1,939,676)	-	(4,505,890)
Provision for dismantling	-	7,090,031	-	-	-	7,090,031
Translation difference	(5,281,369)	(9,264,690)	(82,333,786)	(610,524)	(2,632,122)	(100,122,491)
At December 31, 2021	78,890,635	250,168,432	1,263,561,353	23,163,005	52,280,575	1,668,064,000
Acquisition through business combinations (Note 18)	-	143,452,893	4,545,848	416,382	15,514,797	163,929,920
Additions	462,404	553,030	15,876,826	570,194	48,521,997	65,984,451
Transfers	36,156	21,351,998	9,671,589	-	(31,059,743)	-
Disposals and scrap	(122,352)	(6,691,821)	(1,368,876)	(464,873)	-	(8,647,922)
Provision for dismantling	-	(4,210,023)	-	-	-	(4,210,023)
Translation difference	(4,767,210)	(14,282,897)	(78,129,054)	(640,341)	(3,948,655)	(101,768,157)
At June 30, 2022	74,499,633	390,341,612	1,214,157,686	23,044,367	81,308,971	1,783,352,269

*Togocom Group has made changes in the presentation of the property, plant and equipment on reviewing the nature of each asset. Thus, a reclassification adjustment has been made.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Materials USD	Land and Building USD	Technical Equipment USD	Others USD	Assets in Progress USD	Total USD
Accumulated depreciation						
At January 1, 2021	(70,885,451)	(71,416,970)	(996,473,295)	(17,593,485)	-	(1,156,369,201)
Reclassification adjustments*	(1,116,398)	(4,869,026)	5,985,424	-	-	-
Acquisition through business combinations (Note 18)	(152,107)	(6,217)	(137,642)	-	-	(295,966)
Charge for the year	(6,431,677)	(20,509,536)	(66,210,912)	(2,835,257)	-	(95,987,382)
Impairment	237,285	(736,966)	207,917	-	-	(291,764)
Disposals and scrap	1,917,502	272,328	176,095	1,859,594	-	4,225,519
Translation difference	4,377,751	3,994,157	67,598,296	473,646	-	76,443,850
At December 31, 2021	(72,053,095)	(93,272,230)	(988,854,117)	(18,095,502)	-	(1,172,274,944)
Charge for the year	(1,398,977)	(20,776,581)	(35,410,432)	(1,215,246)	-	(58,801,236)
Impairment	17,931	1,149	189,419	-	-	208,499
Disposals and scrap	122,352	6,636,118	1,367,778	464,873	-	8,591,121
Translation difference	4,224,792	6,979,603	65,116,575	508,701	995	76,830,666
At June 30, 2022	(69,086,997)	(100,431,941)	(957,590,777)	(18,337,174)	995	(1,145,445,894)
Net book value						
At June 30, 2022	5,412,636	289,909,671	256,566,909	4,707,193	81,309,966	637,906,375
At December 31, 2021	6,837,540	156,896,202	274,707,236	5,067,503	52,280,575	495,789,056

*Togocom Group has made changes in the presentation of the property, plant and equipment on reviewing the nature of each asset. Thus, a reclassification adjustment has been made.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. INTANGIBLE ASSETS

	Software USD	License USD	Assets in progress USD	IRU USD	International bandwidth capacity USD	Networking USD	Others USD	Total USD
Cost								
At January 1, 2021	179,997,917	35,892,379	13,893,722	2,094,612	4,891,058	-	5,915,528	242,685,216
Acquisition through business combinations	327,262	318,440	82,952	-	-	18,605	1,466	748,725
Additions	1,706,854	36,703	14,729,972	-	-	490,766	22,091	16,986,386
Transfers	(144,930,430)	147,660,004	(14,560,634)	-	10,111,105	-	1,719,955	-
Disposals and scrap	-	-	-	-	-	-	(128,917)	(128,917)
Translation difference	(7,961,665)	(8,023,600)	(1,017,089)	(116,008)	(762,410)	6,429	(169,405)	(18,043,748)
At December 31, 2021	29,139,938	175,883,926	13,128,923	1,978,604	14,239,753	515,800	7,360,718	242,247,662
Acquisition through business combinations (Note 18)	-	12,327,551	-	16,892,072	-	-	-	29,219,623
Additions	65,186	17,064	5,766,564	109,406	-	333,065	150,053	6,441,338
Transfers	-	-	-	-	-	-	-	-
Disposals and scrap	-	-	-	-	-	-	-	-
Translation difference	(2,141,513)	(12,741,479)	(1,205,327)	(288,062)	(1,120,525)	(53,441)	(191,066)	(17,741,413)
At June 30, 2022	27,063,611	175,487,062	17,690,160	18,692,020	13,119,228	795,424	7,319,705	260,167,210

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. INTANGIBLE ASSETS (CONTINUED)

	Software USD	License USD	Assets in progress USD	IRU USD	International bandwidth capacity USD	Networking USD	Others USD	Total USD
Accumulated amortization								
At January 1, 2021	(122,718,109)	(29,820,690)	-	(757,964)	(40,759)	-	(5,264,130)	(158,601,652)
Acquisition through business combinations (Note 18)	(234,109)	(31,496)	-	-	-	(249)	(548)	(266,402)
Amortization charge for the year	(1,923,101)	(3,782,472)	-	(126,595)	(892,020)	(12,689)	(1,269,019)	(8,005,896)
Impairment	(121,055)	-	-	-	-	-	-	(121,055)
Disposals and scrap	-	-	-	-	-	-	23,070	23,070
Transfers*	94,112,327	(94,112,327)	-	-	-	-	-	-
Translation difference	5,648,846	5,818,344	-	39,229	37,893	(161)	148,750	11,692,901
At December 31, 2021	(25,235,201)	(121,928,641)	-	(845,330)	(894,886)	(13,099)	(6,361,877)	(155,279,034)
Amortization charge for the year	(583,774)	(2,576,250)	-	(883,041)	(451,162)	(29,572)	(676,016)	(5,199,815)
Impairment	2,012	-	-	-	-	-	-	2,012
Translation difference	1,875,888	8,910,497	-	137,774	89,412	14,395	182,273	11,210,239
At June 30, 2022	(23,941,075)	(115,594,394)	-	(1,590,597)	(1,256,636)	(28,276)	(6,855,620)	(149,266,598)
Net book value								
At June 30, 2022	3,122,536	59,892,668	17,690,160	17,101,423	11,862,592	767,148	464,085	110,900,612
At December 31, 2021	3,904,737	53,955,285	13,128,923	1,133,274	13,344,867	502,701	998,841	86,968,628

Others include other licenses and IT support. Assets in progress relate to assets (mainly licenses and software) purchased but not yet brought into use.

*The net book values of software and license were inter-changed as at 31 December 2020. Thus, a reclassification has been made in 2021.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INTEREST IN JOINT VENTURES AND ASSOCIATES

	June 30, 2022 USD	December 31, 2021 USD
At January, 1	68,846,258	72,717,052
Acquisition through business combination (Note 18)	-	17,986,429
Buy-back of shares by joint ventures	-	(22,387,945)
Share of profit in joint ventures and associates	11,303,140	22,442,120
Share of translation reserves	(1,959,994)	(1,908,364)
Share of other reserves	-	269,695
Dividend received	(12,555,028)	(17,853,053)
Translation difference	(2,807,065)	(2,419,676)
At June 30/December 31	62,827,311	68,846,258

Details pertaining to the investment in joint ventures and associates at June 30, 2022 and December 31, 2021 are as follows:

Name of Company	Country of Incorporation /place of activity	Class of shares held	% Holding		Direct/ Indirect	Relationship	Activities
			Jun 30, 2022	Dec 31, 2021			
Telecom Comores Holding Ltd	Mauritius	Ordinary	15%	15%	Direct	Joint venture	Investment holding
Telecom Comores Holding Ltd	Mauritius	Ordinary	43.28%	43.28%	Direct & Indirect	Joint venture	Investment holding
Maya Africa Holding Ltd	Mauritius	Ordinary	40%	40%	Direct	Joint venture	Investment holding
Telecom Reunion Mayotte	France	Ordinary	50%	50%	Direct	Joint venture	Telecommunications
Societe D'Exploration et de Promotion Iliad Axian	Reunion	Ordinary	50%	50%	Direct	Joint venture	Real estate
BNI Madagascar	Madagascar	Ordinary	31.2%	-	Direct & Indirect	Associate	Banking
Indian Ocean Financial Holdings Limited	Mauritius	Ordinary	41.57%	-	Direct	Associate	Investment holding

During the year ended December 31, 2021, following the directors' resolution dated May 19, 2021, it was resolved to approve the capital reduction of 160,202 ordinary shares of EUR 1 each and the buy-back of 18,360,000 ordinary shares of EUR 1, held by the Group in Maya Africa Holding Ltd.

During the year ended December 31, 2021, the Group acquired 73,247 ordinary Shares of EUR 100 each in Indian Ocean Financial Holdings Limited.

The Group has a direct interest of 10% in BNI Madagascar by acquiring 54,000 ordinary shares of MGA 20,000 each during the year ended December 31, 2021. Following the acquisition of 41,57% in Indian Ocean Financial Holdings Limited who in turn holds 51% of BNI Madagascar, the Group has an indirect interest of 21.2%.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INTEREST IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

Telecom Comores Holdings Ltd and Maya Africa Holding Ltd are both investment entities holding stake in subsidiaries operating in the telecommunication sector. These are strategic investments for the Group which complement the telecommunication services being provided by the Group.

Telecom Reunion Mayotte is a telecommunication operator and service provider. It is a strategic investment for the Group which complements the telecommunication services being provided by the Group.

Societe D'Exploration et de Promotion Iliad Axian operates in the real estate development and is not significant to the Group.

BNI Madagascar operates in the banking sector and Indian Ocean Financial Holdings Limited is an investment holding company, which in turn holds BNI Madagascar. Both are strategic investments for the Group.

11. RIGHT OF USE ASSETS AND LIABILITIES

	June 30, 2022 USD	December 31, 2021 USD
<i>Right of use assets</i>		
At January, 1	44,007,136	36,632,210
Additions during the year	7,298,320	16,992,062
Acquisition through business combination (Note 18)	163,350,416	680,458
Disposals during the year	(7,117)	-
Remeasurements	411,624	-
Amortization charge during the year	(12,310,114)	(8,306,213)
Translation difference	(3,085,362)	(1,991,381)
At June 30/December 31	199,664,903	44,007,136
<i>Lease liabilities</i>		
At January, 1	51,253,868	37,999,618
Additions during the year	7,298,320	16,992,062
Acquisition through business combination (Note 18)	191,828,092	760,564
Remeasurements	411,624	-
Interest expense	10,786,941	3,526,646
Principal paid on lease liabilities	(3,172,939)	(3,480,062)
Interest paid on lease liabilities	(8,386,480)	(3,526,646)
Translation difference	(3,110,227)	(1,018,314)
At June 30/December 31	246,909,199	51,253,868
<i>Of which non-current</i>	197,587,547	45,310,470
<i>Of which current</i>	49,321,652	5,943,398

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12. CASH AND CASH EQUIVALENTS

	June 30, 2022 USD	December 31, 2021 USD
Cash at bank	267,596,571	134,506,254
Bank overdraft	(24,613,270)	(22,554,266)
	242,983,301	111,951,988

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of IFRS 9, the identified expected credit loss was immaterial as the Group and the Company place its cash at bank with highly reputable financial institutions.

13. TRADE AND OTHER PAYABLES

	June 30, 2022 USD	December 31, 2021 USD
Non-current		
Trade payables	2,699,252	5,810,594
Deferred revenue	25,124,969	16,512,511
Amounts payable to entities under common control*	48,537	-
Other payables	53,905,339	63,454,837
	81,778,097	85,777,942
Current		
Trade payables	181,575,147	133,640,880
Other payables	83,573,011	12,772,777
Deferred revenue	31,508,062	26,928,114
VAT payable	86,247,970	64,669,970
Mobile financial services creditors	230,057,997	83,961,325
Amounts payable to shareholder**	-	92,778
Amounts payable to entities under common control*	2,722,242	20,059,854
	615,684,429	342,125,698
Total trade and other payables	697,462,526	427,903,640

* The amount payable to entities under common control is unsecured, interest free and repayable on demand.

** The amount payable to shareholder is unsecured, interest free and repayable on demand

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14. BORROWINGS

	June 30, 2022 USD	December 31, 2021 USD
Non-current		
Bank loans (a)	138,934,296	129,140,310
Listed bonds	412,114,001	-
Loans payable to related parties	145,983,488	136,189,314
Other borrowings	1,984,557	2,148,056
	699,016,342	267,477,680
Current		
Bank loans	28,263,058	77,531,041
Listed bonds	11,551,450	-
Loans payable to related parties	4,915,000	382,263
Other borrowings	1,076,701	1,087,552
	45,806,209	79,000,856
Total borrowings	744,822,551	346,478,536
(a) Bank loans		
Bank of Africa	22,877,580	26,615,981
Banque Malgache de L'Océan Indien	10,631,243	20,167,593
BFV Société Générale	29,319,246	5,365,929
BNI Banque de l'Industrie	17,617,298	19,442,941
Uganda Development Bank	-	2,962,741
Société de Gestion et d'Intermédiation	21,000,000	26,475,313
Société Générale Togo	-	49,276,500
Banque Togolaise pour le Commerce et l'Industrie	10,546,830	13,623,100
Union Togolaise de Banque	14,487,439	16,710,433
Orabank	21,041,224	24,532,619
Stanbic Bank Uganda	19,195,116	-
Accrued interest	481,378	1,498,201
Total bank loans	167,197,354	206,671,351
Loans payable within one year	28,263,058	77,531,041
Loans payable after one year	138,934,296	129,140,310

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14. BORROWINGS (CONTINUED)

The bank loans of the Group and the Company are refundable monthly, quarterly or semi-annually at interest rates varying between 6.6% and 9.0%.

The bank loans are secured as follows:

- First rank pledge of the Group's business and associated rights, and equipment with transfer of benefits and rights under insurance contracts.
- Mortgage with transfer of benefits and rights under insurance contracts.
- Pledge of shareholders' bank current accounts, with preferential rights.
- Letter of intent made by the Group

On February 16, 2022, Axian Telecom, as Issuer, completed the offering of US\$420,000,000 in aggregate principal amount of its 7.375% Senior Notes due 2027 (the "Notes"), under an indenture dated February 16, 2022. Interest on the Notes will be paid semi-annually in arrear on February 16 and August 16 of each year, commencing on August 16, 2022. Interest on the Notes accrues at a rate of 7.375% per annum. The Notes will mature on February 16, 2027.

The below table reflects the carrying values and future cash flows associated with our total borrowings as at the end of the reporting period:

	Carrying value USD	Total cash flows USD	Cash flows within 1 year USD	Cash flows between 1 and 2 years USD	Cash flows between 3 and 4 years USD	Cash flows after 5 years USD
Borrowings	321,157,100	393,250,468	43,726,390	59,200,663	113,307,691	177,015,724
Listed bonds	423,665,451	574,875,000	30,975,000	30,975,000	512,925,000	-

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15. CASH FLOW FROM OPERATING ACTIVITIES

	3 month period ended		6 month period ended	
	June 30, 2022 USD	June 30, 2021 USD	June 30, 2022 USD	June 30, 2021 USD
Cash flows from operating activities:				
Profit before income tax	23,325,768	91,895,808	54,609,567	119,092,772
<i>Adjustments:</i>				
Amortization of right-of-use assets	6,594,448	2,292,432	12,310,114	4,403,931
Depreciation of property, plant and equipment	35,834,080	24,869,692	58,801,236	46,586,897
Amortization of intangible assets	3,211,217	2,058,091	5,199,815	3,793,183
Gain/(loss) on disposal of property, plant and equipment	31,968	-	31,968	-
Scrapping of property, plant and equipment and intangible assets	-	(974)	-	-
Gain on disposal of intangible assets	-	974	-	974
Release of deferred profits on sale of property, plant and equipment	(258,502)	-	(258,502)	-
Provision on litigations	79,344	(368,018)	70,459	(1,640)
Provision for short term risks on operating activities	566,833	377,606	914,254	332,577
Write-back of government grants	(2,530,558)	(2,306,834)	(5,016,242)	(4,463,987)
Share of loss/(profit) in associates and joint ventures	(6,383,133)	(68,591,927)	(11,303,140)	(70,164,388)
Interest expense on lease liability	9,361,690	757,467	10,786,941	1,888,674
Interest expense on provision for dismantling costs	(1,245,913)	505,689	771,204	865,609
Other interest expense	15,919,642	3,661,910	28,673,918	10,698,859
Finance income	(1,902,791)	211,393	(4,605,474)	(1,704,675)
Dividend income/(reversal)	(23,856)	(22,503)	(23,856)	(22,503)
Gain on fair valuation of derivatives	2,600,000	-	500,000	-
Write-off of financial assets	5,520,714	1,682	5,867,712	3,344
Waiver of financial liabilities	-	(13,778)	-	(13,778)
Provision for impairment of receivables	(673,008)	974,984	(328,148)	1,788,990
Impairment of loans receivable and other financial assets	(2,131,823)	-	(2,131,823)	-
(Reversal)/additional provision on provision for slow moving inventories	(958,541)	(132,188)	(958,541)	(132,188)
Reversal of provision for retirement benefits obligation	18,555	79,005	44,827	179,749
Loss on lease modification	7,117	-	7,117	-
Provision for impairment of property, plant and equipment and intangible assets	(210,512)	(769,957)	(210,512)	(769,957)
Cash generated from operating activities before working capital changes	86,752,739	55,480,554	153,752,894	112,362,443
Changes in working capital:				
(Increase)/decrease in inventories	(2,117,105)	1,398,427	(5,374,595)	1,783,569
(Increase)/decrease in trade and other receivables	(27,422,964)	46,343,665	(48,955,968)	167,812,909
Increase/(decrease) in trade and other payables	32,762,469	(83,047,779)	40,331,229	(195,922,119)
Increase in loan to clients	(4,748,589)	-	(7,087,340)	-
Increase in deposits from customers	177,110	-	199,997	-
Net cash generated from operating activities	85,403,660	20,174,867	132,866,217	86,036,802

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16. NON-IFRS MEASURES

The table below reflects the reconciliation of profit for the period to Adjusted EBITDA:

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
(Loss)/profit for the period	10,195,869	85,552,843	32,710,365	112,810,644
<i>Adjustments:</i>				
Income tax expense	13,129,899	6,342,965	21,899,202	6,282,128
Finance income	(6,816,324)	(959,253)	(14,827,278)	(8,097,176)
Finance costs	35,052,103	13,992,287	55,612,778	25,777,071
Depreciation of property, plant and equipment	35,834,080	24,869,692	58,801,236	46,586,897
Amortization of right of use assets	6,594,448	2,292,432	12,310,114	4,403,931
Amortization of intangible assets	3,211,217	2,058,091	5,199,815	3,793,183
EBITDA	97,201,292	134,149,057	171,706,232	191,556,678
Share of net profit in joint ventures	(6,383,133)	(68,591,927)	(11,303,140)	(70,164,388)
Impairment of property, plant and equipment and intangible assets	(210,512)	(769,957)	(210,512)	(769,957)
Gain on disposal of property, plant and equipment and intangible assets	-	(974)	-	-
Adjusted EBITDA	90,607,647	64,786,199	160,192,580	120,622,333

17. SEGMENTAL REPORTING

Business Segments

For the six month period ended June 30, 2022, and for the year ended December 31, 2021, internal reports reviewed by the Chief Operating Decision Makers (i.e the Directors) in order to allocate resources to the segments and to assess their performance, are comprised of the following segments: mobile and fixed line communications, infrastructure, digital and mobile financial services, and other (which includes holding companies and their associated income and costs). The following disclosures are made with respect to segmental reporting, including a reconciliation of profit before tax for the period to Adjusted EBITDA for each segment.

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17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the three month period ended June 30, 2022:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	176,062,676	5,148,120	39,025,906	162,410	220,399,112
Profit/(loss) for the period before tax	46,347,701	(1,474,993)	5,516,864	(27,063,804)	23,325,768
<i>Adjustments:</i>					
Finance income	(2,355,558)	(2,687,517)	(1,299,807)	(473,442)	(6,816,324)
Finance costs	14,949,407	1,866,230	174,317	18,062,149	35,052,103
Depreciation of property, plant and equipment	29,021,276	6,741,387	69,984	1,433	35,834,080
Amortization of right of use assets	6,294,892	299,556	-	-	6,594,448
Amortization of intangible assets	3,007,872	257,581	(54,236)	-	3,211,217
EBITDA	97,265,590	5,002,244	4,407,122	(9,473,664)	97,201,292
Share of net loss/(profit) in joint ventures and associates	93,239	-	-	(6,476,372)	(6,383,133)
Reversal of impairment of property, plant and equipment and intangible assets	(210,512)	-	-	-	(210,512)
Adjusted EBITDA	97,148,317	5,002,244	4,407,122	(15,950,036)	90,607,647

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the three month period ended June 30, 2021:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	109,813,134	4,232,632	451,971	3,668,860	118,166,597
Profit/(loss) for the period before tax	38,936,236	(8,702,753)	(1,238,743)	62,901,068	91,895,808
<i>Adjustments:</i>					
Finance income	2,020,807	(241,758)	(19,074)	(2,719,228)	(959,253)
Finance costs	3,359,747	4,442,604	27,821	6,162,115	13,992,287
Depreciation of property, plant and equipment	19,352,701	5,472,916	42,644	1,431	24,869,692
Amortization of right of use assets	1,514,919	777,513	-	-	2,292,432
Amortization of intangible assets	1,747,782	273,940	36,369	-	2,058,091
EBITDA	66,932,192	2,022,462	(1,150,983)	66,345,386	134,149,057
Share of net loss/(profit) in joint ventures	79,578	-	-	(68,671,505)	(68,591,927)
Reversal of impairment of property, plant and equipment and intangible assets	(769,957)	-	-	-	(769,957)
Gain on disposal of property, plant and equipment and intangible assets	-	-	-	(974)	(974)
Adjusted EBITDA	66,241,813	2,022,462	(1,150,983)	(2,327,093)	64,786,199

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the six month period ended June 30, 2022:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	286,432,717	9,506,449	51,724,179	345,701	348,009,046
Profit/(loss) for the period before tax	90,862,873	(14,779,001)	12,485,070	(33,959,375)	54,609,567
<i>Adjustments:</i>					
Finance income	(4,840,888)	(2,905,161)	(2,557,816)	(4,523,413)	(14,827,278)
Finance costs	21,591,488	5,654,455	215,056	28,151,779	55,612,778
Depreciation of property, plant and equipment	44,963,653	13,709,342	125,375	2,866	58,801,236
Amortization of right of use assets	11,421,006	889,108	-	-	12,310,114
Amortization of intangible assets	4,586,975	552,288	60,552	-	5,199,815
EBITDA	168,585,107	3,121,031	10,328,237	(10,328,143)	171,706,232
Share of net profit in joint ventures and associates	-	-	-	(11,303,140)	(11,303,140)
Reversal of impairment of property, plant and equipment and intangible assets	(210,512)	-	-	-	(210,512)
Adjusted EBITDA	168,374,595	3,121,031	10,328,237	(21,631,283)	160,192,580
Segment assets	1,519,704,716	199,825,049	251,471,764	198,502,630	2,169,504,159
Segment liabilities	(1,119,709,537)	(121,935,247)	(222,512,720)	(488,761,363)	(1,952,918,867)

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17. SEGMENTAL REPORTING (CONTINUED)

Summarized financial information for the six month period ended June 30, 2021:

	Mobile and fixed-line communications USD	Infrastructure USD	Digital and mobile financial services USD	Other USD	Total USD
Revenue	216,278,277	6,571,260	875,505	6,609,114	230,334,156
Profit/(loss) for the period before tax	76,071,039	(18,528,563)	(1,136,424)	62,686,720	119,092,772
<i>Adjustments:</i>					
Finance income	(1,383,836)	(1,827,092)	(19,837)	(4,866,411)	(8,097,176)
Finance costs	9,384,241	5,569,957	40,129	10,782,744	25,777,071
Depreciation of property, plant and equipment	35,354,904	11,184,350	45,734	1,909	46,586,897
Amortization of right of use assets	3,328,264	1,075,667	-	-	4,403,931
Amortization of intangible assets	3,287,337	467,659	38,187	-	3,793,183
EBITDA	126,041,949	(2,058,022)	(1,032,211)	68,604,962	191,556,678
Share of net profit in joint ventures	-	-	-	(70,164,388)	(70,164,388)
Reversal of impairment of property, plant and equipment and intangible assets	(769,957)	-	-	-	(769,957)
Adjusted EBITDA	125,271,992	(2,058,022)	(1,032,211)	(1,559,426)	120,622,333

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18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS

For acquisitions that meet the definition of a business combination, the Group applies the acquisition method of accounting where assets acquired and liabilities assumed are recorded at fair value at the date of each acquisition, and the results of operations are included with those of the Group from the dates of the respective acquisitions.

For acquisitions involving entities under common control (which are excluded from the scope of IFRS 3 – Business Combinations), the Group has elected to recorded assets and liabilities at the carrying value in the accounts of the acquiree, at the date of each acquisition, and the results of operations are included with those of the Group from the dates of the respective acquisitions. The difference between the net assets or liabilities of the acquiree on the date of acquisition and the consideration paid, is recorded within reorganization reserves, directly in equity.

The Group acquired the following entities during the period ended December 31, 2021;

- On August 26, 2021, it was resolved to acquire 100 % of the share capital of Axian Financial Services Ltd and its subsidiaries for a consideration of USD 92,900,000. This is a business combination under common control.
- Following the directors' resolution dated November 4, 2020, it was proposed for the Company to acquire the 100 ordinary shares of par value EUR 1 each in Axian Support Services Ltd and its subsidiaries. The acquisition of the shares was effective on March 1, 2021. This is a business combination under common control.
- Following the directors' resolution of Towerco of Africa Ltd dated May 6, 2021, it was resolved to approve the investment agreement dated May 6, 2021, in relation with the contemplated equity investment of the Company in Ubuntu Towers Uganda Limited.

The above acquisitions have significantly increased the group's market share in this industry and complements the group's existing business units.

The assets and liabilities of Axian Support Services Ltd and its subsidiaries, Axian Financial Services Ltd and its subsidiaries, and Ubuntu Towers Uganda Limited at the date of acquisition are reflected in the table below. The fair value of the assets and liabilities of Ubuntu Towers Uganda Limited approximate their fair values.

	Book values	Book values	Fair values	
	Axian	Axian		
	Financial	Support	Ubuntu	
	Services Ltd and	Services Ltd	Towers	
	its subsidiaries	and its	Uganda	
	USD	subsidiaries	Limited	Total
		USD	USD	USD
ASSETS				
Property, plant and equipment	248,475	354,472	211,688	814,635
Intangible assets	205,237	94,071	183,015	482,323
Investment in associates	17,986,429	-	-	17,986,429
Right of use assets	-	-	680,458	680,458
Loan receivables	-	73,134,287	-	73,134,287
Inventories	-	-	55,069	55,069
Trade and other receivables	14,648,033	83,813,302	106,615	98,567,950
Cash and cash equivalents	63,462,909	9,484,699	32,364	72,979,972
Income tax receivable	118	48,128	-	48,246
Total assets	96,551,201	166,928,959	1,269,209	264,749,369

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18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

	Book values Axian Financial Services Ltd and its subsidiaries USD	Book values Axian Support Services Ltd and its subsidiaries USD	Fair values Ubuntu Towers Uganda Limited USD	Total USD
LIABILITIES				
Other borrowings	125,580	157,876	-	283,456
Lease liability	-	-	760,564	760,564
Trade and other payables	72,552,556	41,712,458	638,444	114,903,458
Loan payable to shareholder	59,077	-	-	59,077
Bank overdraft	-	9	-	9
Income tax liability	510,108	220,420	-	730,528
Dividend payable	4,478	-	-	4,478
Total liabilities	73,251,799	42,090,763	1,399,008	116,741,570
Cost of investment	92,900,000	120	62,849	92,962,969
Add: Non-controlling interest share of net assets at date of acquisition	2,707,468	-	(12,980)	2,694,488
Less: Net (assets)/liabilities at date of acquisition	(23,299,402)	(124,838,196)	129,799	(148,007,799)
Reorganization (surplus)/deficit	72,308,066	(124,838,076)	-	(52,530,010)
Goodwill	-	-	179,668	179,668
Revenue - post acquisition	16,317,323	3,776,232	941,201	21,034,756
Net profit/(loss) – post acquisition	3,319,669	23,494,562	(1,318,737)	25,495,494

The net reorganization surplus of \$52.5 million represents the difference between the net asset value of the acquired entities and the purchase price. The goodwill of \$0.2 million is attributable to acquired customer base and economies of scale expected from combining the operations of the Group. These will not be deductible for tax purposes.

The cash flows associated with the business acquisitions are as follows:

	Axian Financial Services Ltd and its subsidiaries USD	Axian Support Services Ltd and its subsidiaries USD	Ubuntu Towers Uganda Limited USD	Total USD
<i>Cash outflow/(inflow) from acquisition of subsidiaries</i>				
Purchase consideration	92,900,000	120	62,849	92,962,969
Cash and cash equivalents	(63,462,909)	(9,484,699)	(32,364)	(72,979,972)
Bank overdraft	-	9	-	9
Acquisition of subsidiaries, net of cash	29,437,091	(9,484,570)	30,485	19,983,006

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18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

On April 16, 2021, the Group entered into a share purchase agreement to acquire 98.5% of the issued and outstanding shares of MIC Tanzania Public Limited Company ("MIC Tanzania"), a public limited company incorporated under the laws of Tanzania, registered under company number 24275 (the "Acquisition"). The Acquisition completed on April 5, 2022.

The accounting for the business combination is incomplete for valuation of all assets and liabilities. The amounts recognized in the financial statements for the business combination thus have been determined provisionally on the basis of the carrying values of the MIC Tanzania group.

The assets and liabilities of MIC Tanzania and its subsidiaries at the date of acquisition are reflected in the table below at their IFRS carrying values at the date of acquisition. The provisional goodwill reflected below has also been determined on this basis.

	Book values MIC Tanzania Public Limited Company and its subsidiaries USD
ASSETS	
Property, plant and equipment	163,929,920
Intangible assets	29,219,623
Right of use assets	163,350,416
Financial assets at fair value through OCI	15,689,508
Deposits receivable	850,114
Inventories	1,721,940
Trade and other receivables	48,551,052
Income tax receivable	648,320
Restricted cash	137,486,426
Cash and cash equivalents	23,604,840
Total assets	585,052,159
LIABILITIES	
Borrowings	335,149,412
Provisions	9,721,183
Lease liability	191,828,092
Deferred tax liability	49,279,564
Trade and other payables	295,497,136
Income tax liability	6,424,074
Total liabilities	887,899,461
Cost of investment	101,398,263
Add: Non-controlling interest share of net liabilities at date of acquisition	(4,543,165)
Less: Net (assets)/liabilities at date of acquisition	302,847,302
Less: Net loans payable to sellers transferred to purchasers*	(144,502,161)
Less: Net trade payable to sellers transferred to purchasers*	(32,209,000)
Provisional goodwill	222,991,239

*Related party loans and trade payable accounts owed by the acquiree group to the sellers were transferred to Honora Holdings as part of the acquisition, this decreasing the net liability value acquired.

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 FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. ACQUISITIONS THROUGH BUSINESS COMBINATIONS (CONTINUED)

MIC Tanzania Continued:

**MIC Tanzania
 Public Limited
 Company and
 its subsidiaries
 USD**

Revenue - post acquisition	89,732,720
Net profit – post acquisition	556,793

The cash flows associated with the business acquisitions are as follows:

<i>Cash outflow/(inflow) from acquisition of subsidiaries</i>	
Purchase consideration	101,398,263
Cash and cash equivalents acquired	(23,604,840)
Cash outflow from acquisition, net of cash acquired	77,793,423

19. SUBSEQUENT EVENTS

There are no events after the reporting date which require disclosure in or amendments to the financial statements.

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PRO FORMA AND COMBINED FINANCIAL INFORMATION

On April 16, 2021, the Group entered into a share purchase agreement to acquire 98.5% of the issued and outstanding shares of MIC Tanzania Public Limited Company ("MIC Tanzania"), a public limited company incorporated under the laws of Tanzania, registered under company number 24275 (the "Acquisition"). The Acquisition completed on April 5, 2022.

These financial statements include the results of the operations of MIC Tanzania from the date of acquisition, and the statement of financial position of MIC Tanzania as at June 30, 2022; both incorporated into the consolidated numbers. These financial statements do not include the results of the operations of MIC Tanzania on a pro forma basis prior to the acquisition. In order to provide useful information to the users of the financial statements, we present the following combined and pro forma information:

- The combined statements of profit or loss and the statements of comprehensive income beginning from the earliest comparative period, in this case January 1, 2021. We present the combined results by incorporating the financial performance of MIC Tanzania into the numbers presented in the statements of profit or loss and statements of other comprehensive income, from January 1, 2021.

Pro forma adjustments

The pro forma combined statements of profit or loss do not include any pro forma adjustments. The results for the respective periods are combine with no further adjustment. Note that that consolidate results for the three month period ended June 30, 2022 as presented in these financial statements are equal to the combined pro forma position; this period is still shown for the purposes of comparability.

The financial information of MIC Tanzania is translated to USD using an average exchange rate of TZS2,306.01/USD1 for the three month and six month periods ended June 30, 2022. The average exchange rate used for the three month and six month periods ended June 30, 2021 is TZS2,305.93/USD1.

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PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results

Condensed combined statements of profit or loss for the three month and six month periods ended June 30, 2022

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
Revenue	220,399,112	207,464,893	436,496,211	408,702,408
Cost of devices and equipment	(4,524,499)	(2,988,536)	(7,561,542)	(5,195,505)
Cost of interconnection and roaming	(8,234,166)	(6,966,693)	(15,947,370)	(14,031,926)
Government and regulatory costs	(11,201,411)	(10,681,612)	(22,474,903)	(21,268,810)
Advertising and distribution costs	(3,200,209)	(3,894,081)	(5,245,259)	(7,600,229)
Commission to sales agents	(36,280,245)	(32,564,247)	(69,373,147)	(62,318,929)
Net (reversal of impairment)/impairment losses on financial and contract assets	2,804,831	(1,896,738)	2,081,923	(2,847,886)
Technology operation costs	(18,021,171)	(15,844,698)	(33,299,884)	(38,225,859)
Staff costs	(21,147,764)	(20,328,249)	(41,057,756)	(37,175,180)
Write-off of financial assets	(19,476,466)	(14,210,738)	(34,108,249)	(29,042,452)
Professional fees	346,998	(1,682)	-	(3,344)
Depreciation and amortization	(8,803,547)	(3,401,540)	(15,190,651)	(12,630,257)
Impairment of non-financial assets	(45,639,745)	(49,644,367)	(96,524,895)	(95,940,554)
Other operating expenses	1,108,138	911,141	1,108,138	925,094
Other income, general	2,664,885	2,606,461	5,567,388	5,845,512
OPERATING PROFIT	50,794,741	48,559,314	104,470,004	89,192,083
Finance income	6,816,324	977,343	14,838,979	8,149,090
Finance costs	(35,052,103)	(27,927,876)	(68,963,356)	(55,296,578)
Non-operating income	258,502	538,045	942,371	1,103,345
Non-operating expenses	(5,874,829)	(946,854)	(5,859,965)	(2,172,493)
Share of profit in joint ventures and associates	6,383,133	68,591,927	11,303,140	70,164,388
PROFIT BEFORE INCOME TAX	23,325,768	89,791,899	56,731,173	111,139,835
Income tax (expense)/credit	(13,129,899)	(11,877,818)	(26,539,569)	5,695,208
(LOSS)/PROFIT FOR THE PERIOD	10,195,869	77,914,081	30,191,604	116,835,043
Profit for the period attributable to:				
- Owners of the Company	6,014,528	72,044,813	17,899,985	99,255,325
- Non-controlling interest	4,181,341	5,869,268	12,291,619	17,579,718
	10,195,869	77,914,081	30,191,604	116,835,043

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,306.01/USD1 for the three month and six month periods ended June 30, 2022 (for the three month and six month periods ended June 30, 2021: TZS2,305.93/USD1).

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PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results (continued)

Condensed combined statements of other comprehensive income for the three month and six month periods ended June 30, 2022

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
PROFIT FOR THE PERIOD	10,195,869	77,914,081	30,191,604	116,835,043
OTHER COMPREHENSIVE INCOME				
<i>Items that may be re-classified to profit or loss</i>				
Exchange differences on translation of foreign subsidiaries	(10,092,650)	2,149,953	(17,887,911)	(6,060,493)
Exchange differences on translation of foreign joint ventures	(2,689,353)	443,358	(1,959,994)	(1,549,858)
Other reserves of joint ventures	-	-	-	-
Other comprehensive (loss)/ income for the period, net of tax	(12,782,003)	2,593,311	(19,847,905)	(7,610,351)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(2,586,134)	80,507,392	10,343,699	109,224,692
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
- Owners of the Company	(5,555,353)	74,370,796	137,047	92,049,879
- Non - controlling interest	2,969,219	6,136,596	10,206,652	17,174,813
	(2,586,134)	80,507,392	10,343,699	109,224,692

Note: The local currency numbers of MIC Tanzania have been translated at average exchange rate of TZS2,306.01/USD1 for the three month and six month periods ended June 30, 2022 (for the three month and six month periods ended June 30, 2021: TZS2,305.93/USD1).

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PRO FORMA AND COMBINED FINANCIAL INFORMATION (CONTINUED)

Combined financial results (continued)

The table below reflects the reconciliation of profit for the period to Adjusted EBITDA, on a condensed, combined basis:

	3 month period ended		6 month period ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	USD	USD	USD	USD
Profit for the period	10,195,869	77,914,081	30,191,604	116,835,043
<i>Adjustments:</i>				
Income tax expense/(credit)	13,129,899	11,877,818	26,539,569	(5,695,208)
Finance income	(6,816,324)	(977,343)	(14,838,979)	(8,149,090)
Finance costs	35,052,103	27,927,876	68,963,356	55,296,578
Depreciation of property, plant and equipment	35,834,080	36,149,844	69,242,655	69,398,978
Amortization of right of use assets	6,594,448	9,848,397	20,192,864	19,600,883
Amortization of intangible assets	3,211,217	3,646,126	7,089,376	6,940,693
EBITDA	97,201,292	166,386,799	207,380,445	254,227,877
Share of net profit in joint ventures and associates	(6,383,133)	(68,591,927)	(11,303,140)	(70,164,388)
Reversal of impairment of property, plant and equipment and intangible assets	(210,512)	(769,957)	(210,512)	(769,957)
Gain on disposal of property, plant and equipment and intangible assets	-	(974)	(34,361)	-
Other non-operating expense/(income) ⁽¹⁾	-	787,678	(14,864)	1,717,245
Adjusted EBITDA	90,607,647	97,811,619	195,817,568	185,010,777

(1) Other non-operating expenses for the three and six month periods ended June 30, 2021 are mainly comprised of provisions for withholding taxes in MIC Tanzania. This provision was subsequently reversed in Q4 2021 as reflected in that reporting.

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DEFINITIONS

In these financial statements, we present certain financial measures of the Group that are not defined in, and thus, not calculated in accordance with International Financial Reporting Standard ("IFRS"), United States Generally Accepted Accounting Practice ("U.S. GAAP") or generally accepted accounting principles in any other relevant jurisdiction.

These include EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin (each as defined below). Because these measures are not standardized, they may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS.

We do not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Adjusted EBITDA: We define "Adjusted EBITDA":

- in the case of Axian Telecom, EBITDA adjusted for: (i) share of net profit of joint ventures; (ii) loss on disposal of subsidiary; and (iii) gain on disposal of property, plant and equipment; and
- in the case of MIC Tanzania, EBITDA adjusted for other non-operating expenses/(income) – net.

Adjusted EBITDA Margin: We define "Adjusted EBITDA Margin" as the ratio of Adjusted EBITDA to our revenue, expressed as a percentage.

EBITDA: We define "EBITDA" as profit or loss for the year/period, excluding the impact of: (i) income tax expense; (ii) finance income; (iii) finance costs; (iv) depreciation of property, plant and equipment; (v) amortization of intangible assets; and (vi) amortization of right-of-use assets.

Revenue generating subscribers ("RGS"): We monitor our revenue generating subscribers over fixed periods, usually a 90-day period at the Group level (a block of which we refer to as an "RGS90"), and one-, seven-, 30- and 60-day periods at the operational level.

Active data users: We monitor the total number of customers using more than 5 MB of mobile data over a 30-day period.

Active MFS users: We monitor the total number of mobile financial subscribers that made, received or participated in a Mobile Money Active Event within 30 days. A Mobile Money Active Event is a transaction initiated by a mobile money user, whether or not it is revenue-generating.

Data penetration: We monitor the percentage of revenue generating subscribers that are also active data users over a 30-day period.

MFS penetration: We monitor the percentage of revenue generating subscribers that are also active MFS users over a 30-day period.